tion in the near future." In spite of this allegedly practical comment, one wishes the author had devoted more attention to the extent of the remaining capital gains and losses problem if it were assumed that averaging were in effect. There can be little doubt that any fairly good system of averaging would have important advantages in addition to the direct improvement of equity. It could lead to marked simplification in several parts of the tax law—notably the capital gains field—and perhaps would even be an over-all simplification despite the complexity of the averaging system itself. It would permit changes that would remove some of the pressure for avoidance devices designed to transform gains into the favored category of tax treatment. But as the author indicates without fully exploring, it would still leave a serious problem of realization and possible deterring of transactions in which gain is recognized. This problem exists partly by reason of the high marginal rates that some taxpayers would have even after averaging, and partly by reason of lack of income tax on appreciation in value of property existing at death. Granting that any solution of these problems would probably not be perfect, the area affected by them might be substantially narrowed if averaging were in effect. For example, upon such an assumption, it would probably prove fair to require a very long holding period—say ten years—for assets given a preferential capital gains treatment.

The interests of lawyers and economists are sufficiently different that the former might have put different emphasis on some parts of the subject of the book. Are there any meaningful statistics on the amount of controversy and litigation that has been caused by the differential treatment of capital gains and losses? How has the Code and the tax system as a whole been affected by this differentiation? For example, the problem of gain upon liquidation of a corporation is not confined to the problem of collapsible corporations.

Mr. Seltzer's book provides basic data necessary to an understanding of the capital gains problem. It is an important tool which will assist any working on possible solutions. It is, perhaps, ungrateful not to accept the material thus offered without asking for something more and different—solutions for our very real difficulties.

ROBERT W. WALES*

Collective Bargaining. By Neil W. Chamberlain. New York: McGraw-Hill, 1951. Pp. vii, 534. $6.00.

This work is primarily a textbook for courses in collective bargaining, or for supplementary use in broader courses in labor. It will also be useful to business men, union leaders, lawyers, and others interested in collective bargaining. Its chief value lies in its thorough and systematic coverage of collective bargaining practices, enlivened by the frequent use of quotations from such sources as court decisions, union publications, and the minutes of collective bargaining conferences.

When Professor Chamberlain moves from the descriptive to the theoretical

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level, he is less successful. In Chapters 6 and 7, entitled "The Nature of the Bargaining Process" and "The Nature of the Collective Agreement," respectively, he outlines three theories of collective bargaining: the marketing theory, the governmental theory, and the managerial theory, which he favors. To each is attached a corresponding view of the collective agreement, the agreement as a contract, as industrial jurisprudence, and as administrative standards. Chamberlain's stress is on the logical development of the theories, and the results of applying them. Thus he states: "The distinctions which have been made . . . are not simply abstract issues or of academic interest alone. They lead to differences of practice which may be vitally significant in determining the degree of success or failure of the bargaining relationship" (p. 157). This emphasis might well have been reversed, for it is the practice in a given bargaining relationship which determines which theory will fit it best, and the practice is in turn influenced as much by objective factors as by the theories of the participants.

The lack of attention to the external determinants of the nature of particular bargaining relationships is especially apparent in Chamberlain's discussion of union-management cooperation for productive efficiency. He is strongly in favor of such cooperation, and optimistic about its expansion, even, it seems, to very large firms. But, to date, cooperation has been confined to small firms in economic difficulties, and there is every reason to expect this to continue. To talk of the possibility of union-management cooperation in Westinghouse or U. S. Rubber is to ignore the fact that such firms are never likely to meet a competitive threat to their survival, or to the survival of the jobs of their workers. Without this threat, unions are likely to act as watchdogs over management rather than as partners with it. Nor is this necessarily undesirable, for in giant firms, management can achieve a high degree of productive efficiency without union assistance, but the individual worker may face pressing human problems. The union which competes with management for worker loyalty may be better able to solve these problems than the union which is primarily concerned with increasing output.

When he turns to the economic aspects of collective bargaining, Chamberlain indulges in the favorite indoor sport of labor economists—disparagement of the marginal productivity theory. His opposition to the orthodox theory of wages seems to be based largely on misunderstanding. For example, he gives as one of the fundamental assumptions of marginal productivity theory that "we are dealing with an economy composed of relatively small-scale business" (p. 336), thus ruling the theory out of court at the outset. It is true that only under perfect competition will the determination of wages according to marginal productivity principles produce the optimum allocation of resources. Yet, the descriptive as opposed to the normative application of marginal productivity principles to the monopoly case is so well known that it is hard to imagine how Chamberlain could have overlooked it. Some other assumptions of the theory—especially profit maximization—run into difficulty in the monopoly case, but this lies at a more sophisticated level of criticism.

Chamberlain also argues that "the collective method of wage determination would appear to invalidate the conclusions of a marginal productivity theory which rests on the assumption of a small-scale owner-operator entering into personal contractual relationship with individual workers" (p. 349). The error here lies in viewing the marginal productivity theory solely as a theory of wage determination. Actually, as it applies to collective bargaining, it attempts to predict the consequences of determining wages by other means.

Much of the discussion of wage theory in connection with collective bargaining is beside the point. Before any theory can be applied, it must first be determined whether collective bargaining has actually altered wages. As Chamberlain notes in passing (p. 373), research to date on this question has been inconclusive.

Chamberlain regards collective bargaining and the competitive price system as incompatible systems. In this he agrees with his colleague C. E. Lindblom, except that he welcomes the triumph of collective bargaining, while Lindblom deplores it. In the opinion of this reviewer, collective bargining has had little economic impact; its main impact has been on human relations. It has thus been possible for us to achieve widespread collective bargaining without substantial alteration in the nature of competition.

ALBERT REES*

Crime in America. By Estes Kefauver. New York: Doubleday, 1951. Pp. xvi, 333. $3.50.

Crime in America is a book deserving of thoughtful consideration by all citizens. Based on thousands of pages of testimony taken in various parts of the country, this book reveals a strikingly uniform pattern in our political life everywhere. In New York City, the senate committee concluded that the notorious gangster, Frank Costello, "has exercised a major influence upon the New York County Democratic organization" (p. 305), and has had close relationships with some Republican leaders as well. Costello, once convicted for carrying a pistol, but better known for his leadership among New York City's principal underworld characters, has been responsible for placing men on the bench and was sufficiently influential during Mayor William O'Dwyer's administration to have his close friends appointed to high public office. In California, Arthur Samish, the lobbyist for the brewing industry who has had "links with the underworld" (p. 254), boasted that he is "the governor of the legislature" and "to hell with the governor of the state" (p. 238).

In Chicago, the senate committee accumulated a mass of evidence that conclusively proved the interests and connections of the Capone gang with politicians of both major parties. Miami Beach was found to be a focal point for a vicious pattern of criminal and political corruption. During the 1948 campaign for governor in Florida, the head of several dog tracks who "has had a long ca-

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