Chamberlain, emerging a small number who are willing to entertain the necessity of social change, but who are also beginning to ask themselves whether the corporation may not be the best instrument for bringing that change about.

Professor Chamberlain has provided us with an invaluable treatise on the modern corporation and its impact on consumers, the community, the nation, and the world. The interrelationship of social theory to the study of business is an especially valuable aspect of the book.

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RICHARD P. NATHAN and CHARLES F. ADAMS, JR. *Revenue Sharing: The Second Round*. Pp. ix, 268. Washington, D.C.: The Brookings Institution, 1977. $9.95. Paperbound, $3.95.

This is the second of three volumes by the Brookings Institution to monitor the political and economic consequences of the revenue sharing program. The book analyzes the 1972 law and the 1976 extension to evaluate the actual effects of the program compared to its goals and the various fiscal and structural changes the program could produce.

The approach to monitoring the uses of revenue sharing funds by the different political units was to use field associates to interview public decisionmakers, to review budgeting documents and expenditures, and to use their expertise to control other factors that influenced expenditure patterns. This methodology has the advantages of time series and cross-section survey data without the reliability problems of either. The authors investigated the use of revenue sharing funds for the first two rounds for sixty-five jurisdictions of state, county, city, or town governments.

The first objective is to evaluate the fiscal effects of revenue sharing on the various types of spending jurisdictions. This involved classifying receipts either into new spending programs, including new capital expenditures, expanded operations, and increased pay and benefits or into substitution programs, which included program maintenance, tax reduction, tax stabilization, avoidance of borrowing, increased fund balance, and restoration of federal aid lost from categorical grants. Local government units utilized a larger percent of the revenue sharing funds for new spending than did state governments, but for all four types of government units, the public sector impact of new and maintained spending exceeds the private sector impact of tax reduction and revenue stabilization uses of funds. This allocation was influenced by the level of fiscal pressure the units were faced with; that is, those under the most extensive fiscal pressure utilized the funds for tax stabilization or reduction purposes. The social impact on disadvantaged groups of the second round of expenditure was less than the first; however, even though the direct expenditures for social service programs were minimal, the spread effects of general expenditures on health, recreation, and education were deemed to be considerable but unquantifiable. The criticism that the revenue sharing expenditures fail to significantly help the disadvantaged was not invalidated by the study. In general, revenue sharing had lesser new spending effects and greater substitution effects than other federal grants.

The effect of revenue sharing on central cities is similar in its impact on the disadvantaged, that is, it is beneficial, but not a panacea. The nation's twenty-five largest cities received 36 percent more shared revenue per capita than the average of all local units; however, this differential is not significant enough to offset the urban crisis. The study also revealed that the civil rights provision against discrimination in use of shared funds has had little or no effect on most reporting jurisdictions. The decentralization of political decisionmaking from the federal to state and local government units moved power from the specialized bureaucracies to the generalist officials, but has not brought a dramatic redistribution of power in the budgetary process of state and local units.

The dire and diverse predictions concerning the structural effects of revenue sharing on intergovernmental relations was not substantiated by the study. Since there is no direct incentive for local units to use shared revenues to establish cooperative arrangements with other government units, it was argued that these funds would delay the formation of more efficient comprehensive, regional institutions; the study, however, does not validate this effect. Cooperative activities have not been any more affected by this funding than have the political and economic forces which determine the structural effects of revenue sharing.

The evaluation of the revenue sharing program is measured against four criteria or goals. The first goal of reducing fiscal disparities between governmental units has been relatively limited in its impact, but suggested improvements in the law could enhance this distributional objective. The second goal, to produce a more progressive national tax structure, has been achieved as there is less reliance on sales and property taxes to finance state and local expenditure. The third goal was to assist in financing state and local services, and the program has generated new spending programs as well as allowed for program maintenance. The final goal was to decentralize the decisionmaking process by reducing the control and constraints placed on use of funds from the federal government.

The Brookings study is a comprehensive, balanced evaluation of the political and economic effects of the revenue sharing program. The structure of the program is sound, but there are persuasive arguments to revise the distributional formula and the level of expenditures if the impact of the program is to fully meet the goals established for the program. The structural problems of public finance, as well as the social objectives desired by various political and interest groups, cannot be achieved by this program; however, the experience has been productive and has not generated the negative external effects feared by its opponents. It is neither the holy grail nor an ugly duckling, but a sound, pragmatic attempt to solve the problems inherent in the American system of public finance. This volume should be required reading for those interested in political science and public finance. Perhaps the greatest contribution is the methodology used for program evaluation.

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MORGAN REYNOLDS and EUGENE SMOLENSKY. *Public Expenditures, Taxes, and the Distribution of Income: The United States, 1950, 1961, 1970.* Pp. 145. New York: Academic Press, 1977. $14.00.

There is a considerable range of opinion among economists about the importance of the distribution of income. At one extreme, the position is taken that the normal functioning of factor markets leads to the observed inequality in income distribution. The market, the other extreme argues, is so dominated by imperfections, such as monopoly, that observed patterns in income are in fact the result of nonmarket forces directed by politically and economically powerful elites. An accompanying question, which initially appears to be a technical one not involving serious value judgments, simply asks what the distribution of income is. This book is concerned with the measurement problem. Reynolds and Smolensky compare the size distribution of income in the United States in 1950, 1961, and 1970 after the expenditures and taxes of all levels of government have been allocated across households.

This study is definitely a technical one. It will not be easily read by those unfamiliar with the theoretical and empirical work on the distribution of income. For those aware of this literature, a new set of empirical estimates of the size distribution of income will be found. The years 1950 and 1961 were selected because much of the relevant data had already been assembled in two previous studies by others; the year 1970, because of the availability of data from the