

Julian E. Zelizer. *Taxing America: Wilbur D. Mills, Congress, and the State 1945-1975.* Cambridge and New York: Cambridge University Press, 1998. xv + 384 pp. \$49.95, cloth, ISBN 978-0-521-62166-3.



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Julian Zelizer begins his award-winning book, *Taxing America*, with a question: "How did the American state achieve what it did between 1945 and 1975, despite the nation's anti-statist culture and despite its fragmented political institutions?" He posits four answers. First, Congress guarded jealously the power to tax. By maintaining its constitutional jurisdiction over taxation, and through various institutional and procedural changes, particularly the decentralized committee system, Congress maintained "tremendous influence" over how and by how much the federal government raised revenues and distributed tax expenditures (p. 7). Second, policy communities helped bridge gaps between "fragmented political institutions," and facilitated interaction among otherwise disconnected members of the policymaking process (pp. 8-11). Third, taxation was central "to postwar liberalism and its domestic agenda" (p. 11). It provided legislators an indirect expenditure route that bypassed the nation's anti-statist culture, and allowed them to enact and enlarge a social safety net that prominently included the Social Security and Medicare programs. And finally, fiscal conservatives "entered into a fragile alliance

with the state," accepting, for instance, stimulatory tax cuts, moderate deficit financing, and contributory social insurance (pp. 16-17).

Zelizer, an Associate Professor of History and Public Policy at the State University of New York at Albany, uses the career of Wilbur Mills to demonstrate how the American state achieved so much between the end of World War II and the mid-1970s. When Mills arrived in Washington in 1938 as a first-term Congressman from central Arkansas, he encountered a political system "dominated by political parties and interest groups" (p. 27). When Mills left Washington thirty years later, the policymaking process had changed dramatically, in large part because of the transformations that he and his generation wrought, including significantly increasing the power of committees and committee chairman, and insulating committees and Congressional politicking from public and even executive scrutiny. Theirs was a generation that emphasized technocratic, expert policymaking, not democratic processes. Attuned to the value of specialization, Wilbur Mills, Chairman of the House Ways and Means Committee from 1958 to

1974, carved out a power-niche for himself as Congress' resident tax expert. He poured over the Internal Revenue Code late at night -- not exactly light reading. More importantly, he forged alliances with what Zelizer terms the "tax policy community." The members of this community included politicians and key committee members, representatives and experts from business and financial associations (such as the Chamber of Commerce and the Committee for Economic Development), staff members from executive and congressional agencies (including the Treasury Department, the Council of Economic Advisors, and the Joint Committee on Internal Revenue Taxation), civil servants and administrative officials (from the Social Security Administration, for instance), policy experts (primarily lawyers and economists) from universities and thinktanks, and certain members of the media. While anti-statists guarded the expenditure side of the national budget, Mills and the tax policymaking community used the revenue side of the budget to undertake a remarkable expansion of the American state. By enlarging self-supporting programs like Social Security, moreover, fiscal conservatives such as Mills consolidated their state-building gains, and became partners with the federal government in providing social welfare services for millions of Americans.

Zelizer illustrates how taxation dominated the domestic political agenda in postwar America by discussing several high profile, yet largely neglected, fiscal policy discussions. He describes the Joint Economic Committee's 1955 and 1957 hearings on "Federal Tax Policy for Economic Growth and Stability," and "Federal Expenditure Policy for Economic Growth and Stability," respectively. Moreover, he recreates the 1959 "Tax Revision Compendium," sponsored by Wilbur Mills' Ways and Means Committee. These hearings and the multiple volumes that recorded them, Zelizer shows, set the postwar tax policy agenda of tax cuts and base-broadening that animated the Tax Reform Act of 1969, and ultimately, the much-her-

alded 1986 Tax Reform Act. *Taxing America* also adds to our understanding of both Social Security and Medicare. Zelizer provides a rich discussion of the financing arrangements of Social Security, and how they enhanced the program's appeal and secured its consolidation. Moreover, the chapter on Medicare -- by describing the difficulties that policymakers faced in financing health care benefits through payroll-tax expansions as well as the natural inclination of politicians to enlarge existing programs -- exposes the limited state-building capacity of fiscal conservatives.

In the end, *Taxing America* (winner of the Organization of American Historians' Ellis W. Hawley Prize in 1999 for the best book on U.S. political economy, politics, and institutions) describes, from the tax side, the "triumph" of growth liberalism in postwar America. It illustrates how taxation made comfortable bedfellows out of fiscal conservatives and growth liberals. And it reminds readers that much of what Mills and his generation accomplished in economic and social policy was facilitated by what economist Gene Steuerle has called, an "era of easy financing." That is, for twenty-five years after World War II, growth characterized the American economy. An expanding economic pie increased income tax revenues, created surpluses for the nation's social insurance system, and allowed legislators to enjoy a form of state-building that was largely devoid of tough choices such as tax increases and spending cuts.

We should keep in mind, however, that the era of easy financing and the "triumph" of growth liberalism also involved the defeat of alternative liberal agendas. Unfortunately, *Taxing America* ignores the vanquished. Liberal politicians such as Paul Douglas and Albert Gore make quick appearances in the book, but primarily as gadflies (pp. 141, 306). Liberal economists such as John Kenneth Galbraith and Leon Keyserling are relegated hardly a mention; Zelizer dismisses them as "social Keynesians" in a short paragraph under a section entitled, "The Alternatives Rejected." Indeed,

there is no discussion of alternative visions for postwar America beyond the fiscally conservative, supply-side, rising-tide vision articulated by Mills and his tax policymaking community. At several points in the book, Zelizer alludes to alternatives to growthmanship, but he never explores them. For instance, he quotes liberal economist Richard Musgrave criticizing the Kennedy administration's tax package at a Treasury Department consultants' meeting. "I am bothered by the Administration's failure to emphasize the importance of the equity objectives in the whole reform issue," Musgrave stated. "To argue for base broadening as needed merely to permit rate cuts (required on incentive grounds) without exceeding the 'permissible' deficit, and not urge it on equity grounds, is a pretty weak position from which to defend the reform case. One cannot but note a change in flavor, in this respect," Musgrave observed, "between the tax messages of '62 and '63" (p. 192). Regrettably, Zelizer foregoes investigating the implications of Musgrave's complaint. The tradeoff between growth and equity was real, as Musgrave suggested. Potentially, it involved redistributing the economic pie, not just enlarging it. It involved, moreover, evaluating relative societal benefits and burdens, and considering the moral, not just the economic, implications of taxation. *Taxing America* disregards this alternative vision of state-building altogether.

In Zelizer's defense, he set out to tell the story of "how American government has worked," not how it might have worked (p. 372). In this endeavor, he has succeeded admirably. *Taxing America* is a must read for economic, political, and policy historians, as well as political scientists and sociologists interested in state-building. It reminds scholars of postwar America that the nation's tax system played a crucial role in the formation of the modern American state. And it points the way for further research into the myriad ways tax policy also acts as social policy.

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