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Book Review: Fraud: An American History from Barnum to Madoff by Edward Balleisen

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Balleisen, Edward J. *Fraud: An American History from Barnum to Madoff*. Princeton: Princeton University Press, 2017. xiv + 479 pages. Hardcover, \$43.95.

The author, an associate professor of history and public policy and vice provost for Interdisciplinary Studies at Duke University, utilizes manuscripts and collections, law journals, interviews, newspaper archives, and other sources to trace the four phases of fraud conducted by businesses in American history together with regulatory efforts to limit commercial deceit. He observes that actions taken against occupational fraud help to explain the broader history of American business regulation.

After a few introductory chapters constituting the first section, Part II includes Chapters 3 and 4 and covers the period from the 1810s to the 1880s. As the size of American businesses grew, it became apparent that state and local protections against fraud were inadequate. The Gilded Age witnessed trade groups, newspapers, and private monitoring of businesses, though few convictions of commercial personnel for fraud-related offenses.

Part III, encompassing Chapters 5 through 8, traverses the period from the 1860s to the 1930s. During this span, American society progressed in areas of law, education, and science. These sectors influenced how government approached its obligation to control crime. In addition, American government officials at all levels were impacted by moralism and religious groups. With the transition to a consumer-based society, governments became more paternalistic in oversight of business dealings. Simultaneously, anti-fraud organizations were created and joined other entities in battling business deceit. However, large companies fought back by taking advantage of ambiguities in the law and by hiring top legal representation to oppose charges of wrongdoing. In Chapter 8, Balleisen reviews the evolution of the Better Business Bureau and how the Post Office and Federal Trade Commission responded to cases of fraud.

In Part IV, which contains Chapters 9 through 11, Balleisen analyzes how regulation of business fraud fared over the duration from the 1930s to the 1970s. An impressive array of successful legislation was enacted, including the 1934 Securities and Exchange Act, the 1945 McCarron-Ferguson Act, the 1958 Auto Information Disclosure Act, and the 1966 Fair Packaging and Labeling Act among others. Amid the establishment of a White House Council on Consumer Affairs, defendants in fraud cases still enjoyed lenient treatment from Federal and state courts. After Richard Nixon's election to the presidency in 1968, the nation moved in a conservative direction. This trend ushered in a period of tax relief, deregulation, and budget cuts by groups charged with monitoring big business.

The book's final chapter constitutes Part V; it focuses on reaction to fraud from the 1970s up to the current decade. It depicts the return of large-scale commercial fraud, caused partially by the aforementioned conditions, but likewise by advances in technology, demographic changes, and increasing globalization. While needed laws were enacted each decade in reaction to the Savings and Loan scandal (1980s), securities fraud (1990s), and wayward investment schemes (2000s), they have not prevented new methods which big business utilizes to swindle the public. Still, Balleisen ends on an optimistic note, contending that through antifraud actions, "inventive governance can stay abreast of all new twists on old games, shut down the worst frauds, fortify consumers and investors against imposition, and sustain, at a reasonable cost, the social trust necessary for modern capitalism" (p. 383).

Other recent studies have approached the same topic from different perspectives. David Sarna's 2010 book is about the same length as Balleisen's work, but contains three times the number of chapters and subdivides fraud into many more types, including that committed by

small business. In their 2018 study, Thomas McCraw and William Childs comprehensively review the record of big business since the end of World War I. Conversely, Diana Henriques' 2017 book concentrates solely on the Bernie Madoff scandal, while Kurt Andersen's 2017 offering contains a chapter on contemporary financial failures.

Balleisen's book certainly presents a longitudinal picture of big business boondoggles. Though he mixes in case studies with the information relayed, these stories could have been more prominently included. Balleisen misses an opportunity in Chapter 8 to complete the biography of onetime Federal Trade Commission member William Humphrey, whose dismissal by President Franklin Roosevelt created a firestorm and led to an important U.S. Supreme Court ruling on the parameters of presidential removal power. The use of figures and illustrations is inconsistent, as one chapter employs seven but three chapters lack any such representations. Given that all other parts of the book have multiple chapters, the alignment of the final section with a single chapter is flawed.

In the end, the effort to eliminate fraud in the United States is both impacted and inhibited by the capitalist form of economy. The value of Balleisen's work is to remind us that government cannot solve such bad business behavior alone.

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