Fritz Machlup and Oskar Morgenstern devote most of their comments to Tinbergen's paper, finding its emphasis on optimization of social welfare and on transfer payments as a means of effecting such optimization especially intriguing and challenging, but mounting a most vigorous challenge to Tinbergen's theme. They concentrate mainly on the difficulties of defining and measuring social welfare, as well as on the unlikelihood of success in effecting profound redistribution of income without fundamentally adverse effects on work incentives and creativity. These divergencies of perception and of opinion make for a most stimulating book.

JAN TINBERGEN is Professor of Development Planning at the Netherlands School of Economics. He is Chairman of the Board of the UN Research Institute for Social Development. He received the Erasmus Prize in 1967 and shared the Nobel Prize in Economics in 1969.

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OPTIMUM SOCIAL WELFARE
AND PRODUCTIVITY:
A Comparative View
Jan Tinbergen, Abram Bergson,
Fritz Machlup and
Oskar Morgenstern

Jan Tinbergen addresses the question:
What system of economic institutions
could produce optimum social welfare?
The question is obviously as important as
it is complex and difficult, but he observes
that it is an imperative one for the future
wellbeing of mankind. In defining opti-
mum welfare, he considers the psycho-
logical state of mind to be of major
importance. In effect, he seeks a system
which could achieve the highest average
psychological sense of wellbeing in so-
ciety. While it is presently beyond our
capacity to measure such things accu-
rately, he feels it can be done in perhaps
20 or 30 years. Along with knowledge of
the "sense of well-being" of individuals,
it will be possible to effect, through such
means as lump-sum taxes, income trans-
fer arrangements which would raise the
average welfare and avoid undue inhibi-
tion of incentives to work and creativity.

Abram Bergson attempts a compara-
tive analysis of productive efficiencies in
several Western (capitalistic) economies
and the Soviet Union to assay whether
such differences could be traceable to
variations in the nations' socio-economic
institutions. He concludes that the Soviet
Union's record is not so bad as its de-
tractors would have us believe, and the
"capitalistic" nations are not so good as
their protagonists claim. However, the
latter (specifically the U.S.) do have a
continuing and significant edge in pro-
ductive efficiency.

(Continued on back flap)