

## FOREWORD

The Charles C. Moskowitz Lectures are arranged by the College of Business and Public Administration of New York University and aim at advancing public understanding of the issues that are of major concern to business and the nation. Established through the generosity of Mr. Charles C. Moskowitz, a distinguished alumnus of the College and formerly Vice President-Treasurer and a Director of Loew's, Inc., they have enabled the College to make a significant contribution to public discussion and understanding of important issues facing the American economy and its business enterprises.

The thirteenth in the series of Charles C. Moskowitz Lectures centered on the topic "The Outlook for the Major Competing Economic Systems." This topic seemed especially appropriate

at a moment when the President of the United States was engaged in travels to China and to the Soviet Union in pursuit of greater understanding and hopefully of détente. Anticipating continued relaxation among the major powers of the world, we invited four world-famous economists to use the forum provided by the Moskowitz Lectures to discuss the topic. Employing our usual format, we asked Professor Jan Tinbergen of the Netherlands School of Economics, Rotterdam, and first Nobel Laureate in Economics, and Professor Abram Bergson, George F. Baker Professor of Economics at Harvard University, to present papers on facets of the central topic. Thus, Professor Tinbergen spoke about "Some Features of the Optimum Regime," and Professor Bergson presented a paper on "Productivity Under Two Systems: The USSR Versus the West." Comments on these papers were then made by Professors Fritz Machlup and Oskar Morgenstern, both formerly of Princeton University and now at New York University. Professor Machlup organized his comments around the title "The Best Society: Efficiency and Equality," while Professor Morgenstern used the title "Social Aspirations and Optimality."

In his paper Professor Tinbergen addressed this question: What system of economic institutions would produce optimum social welfare? The question is as important as it is complex and diffi-

cult, but Professor Tinbergen observed that it is imperative to the future well-being of mankind that it be addressed. One of the fundamental difficulties has to do with the definition of optimum welfare, and, in this connection, he considered the psychological state of mind of the human beings comprising society. In effect, Professor Tinbergen sought a system which would achieve the highest average psychological sense of well-being in society. He expressed the opinion that, while it is presently beyond our capacity to measure accurately such things as "the sense of well-being," in the future, perhaps twenty or thirty years ahead, it would be possible to do so. He thought that, along with some knowledge of the "sense of well-being" of the individuals comprising society, it would be possible to effect, through such means as lump-sum taxes, income transfer arrangements which would simultaneously raise the average welfare of society and avoid undue inhibition of incentives to work and to creativity.

Professor Bergson attempted to make a comparative analysis of productive efficiencies in several Western (capitalistic) economies and the Soviet Union, hoping thereby to discover whether or not such differences as emerged could be traced to variation in the several nations' socio-economic institutions. His conclusion was that the Soviet Union's record is not so bad as its most vigorous detractors would have us believe, and

the records of the several "capitalistic" nations are not so good as their protagonists would have us believe. However, it does appear that the latter, in particular the United States, have a continuing and significant edge in comparative productive efficiency.

Professors Machlup and Morgenstern devoted the major portion of their comments to Professor Tinbergen's paper, finding its emphasis on optimization of social welfare and of transfer of payments as a means of effecting such optimization especially intriguing and challenging. They mounted a vigorous challenge to Professor Tinbergen's theme, concentrating their attention mainly on the difficulties of defining and measuring social welfare, as well as on the unlikelihood that profound redistribution of income could be effected without producing fundamentally adverse effects on work incentives and creativity. In effect, Professors Machlup and Morgenstern seemed to have a view of human nature and its future development which was substantially different from that of Professor Tinbergen. But these divergencies of perception and of opinion made the thirteenth in the series of Charles C. Moskowitz Lectures one of the most vigorous and most stimulating of this exceptional series.

I would be remiss if I closed without adding a word of appreciation for the always competent help of Mrs. Patricia Matthias, my Administrative

Assistant. She carried the major burdens in connection with the lecture arrangements and the editorial preparation of this volume. In the last connection, the staff of the New York University Press was also most helpful.

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College of Business and  
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THE CHARLES C. MOSKOWITZ LECTURES

THE CHARLES C. MOSKOWITZ LECTURES were established through the generosity of a distinguished alumnus of the School of Commerce, Mr. Charles C. Moskowitz of the Class of 1914, who retired after many years as Vice President-Treasurer and a Director of Loew's, Inc.

In establishing these lectures, it was Mr. Moskowitz's aim to contribute to the understanding of the function of business and its underlying disciplines in society by providing a public forum for the dissemination of enlightened business theories and practices.

The School of Commerce and New York University are deeply grateful to Mr. Moskowitz for his continued interest in, and contribution to, the educational and public service program of his alma mater.

This volume is the eleventh in the Moskowitz series. The earlier ones were:

- February, 1961 *Business Survival in the Sixties*  
Thomas F. Patton, President and  
Chief Executive Officer  
Republic Steel Corporation
- November, 1961 *The Challenges Facing Management*  
Don G. Mitchell, President  
General Telephone and Electronics  
Corporation
- November, 1962 *Competitive Private Enterprise  
Under Government Regulation*  
Malcolm A. MacIntyre, President  
Eastern Air Lines
- November, 1963 *The Common Market: Friend or  
Competitor?*  
Jesse W. Markham, Professor of  
Economics, Princeton University  
Charles E. Fiero, Vice President,  
The Chase Manhattan Bank  
Howard S. Piquet, Senior Specialist  
in International Economics, Leg-  
islative Reference Service, The  
Library of Congress
- November, 1964 *The Forces Influencing the Ameri-  
can Economy*  
Jules Backman, Research Professor  
of Economics, New York Univer-  
sity



*Martin R. Gainsbrugh*, Chief Economist and Vice President, National Industrial Conference Board

November, 1965 *The American Market of the Future*  
*Arno H. Johnson*, Vice President and Senior Economist, J. Walter Thompson Company  
*Gilbert E. Jones*, President, IBM World Trade Corporation  
*Darrell B. Lucas*, Professor of Marketing and Chairman of the Department, New York University

November, 1966 *Government Wage-Price Guideposts in the American Economy*  
*George Meany*, President, American Federation of Labor and Congress of Industrial Organizations  
*Roger M. Blough*, Chairman of the Board and Chief Executive Officer, United States Steel Corporation  
*Neil H. Jacoby*, Dean, Graduate School of Business Administration, University of California at Los Angeles

November, 1967 *The Defense Sector in the American Economy*

*Jacob K. Javits*, United States Senator, New York

*Charles J. Hitch*, President, University of California

*Arthur F. Burns*, Chairman, Federal Reserve Board

November, 1968 *The Urban Environment: How It Can Be Improved*

*William E. Zisch*, Vice-chairman of the Board, Aerojet-General Corporation

*Paul H. Douglas*, Chairman, National Commission on Urban Problems

Professor of Economics, New School for Social Research

*Robert C. Weaver*, President, Bernard M. Baruch College of the City University of New York

Former Secretary of Housing and Urban Development

November, 1969 *Inflation: The Problems It Creates and the Policies It Requires*

*Arthur M. Okun*, Senior Fellow, The Brookings Institution

*Henry H. Fowler*, General Partner, Goldman, Sachs & Co.

*Milton Gilbert*, Economic Adviser, Bank for International Settlements

March, 1971

*The Economics of Pollution*

*Kenneth E. Boulding*, Professor of  
Economics, University of Colo-  
rado

*Elvis J. Stahr*, President, National  
Audubon Society

*Solomon Fabricant*, Professor of  
Economics, New York University  
Former Director, National Bureau  
of Economic Research

*Martin R. Gainsbrugh*, Adjunct  
Professor of Economics, New  
York University

Chief Economist, National Indus-  
trial Conference Board

April, 1971

*Young America in the NOW  
World*

*Hubert H. Humphrey*, Senator  
from Minnesota

Former Vice President of the  
United States