

WELFARE ECONOMICS AND THE ECONOMICS OF SOCIALISM: TOWARDS A COMMONSENSE CRITIQUE. By *Maurice Dobb*. Cambridge: Cambridge University Press, 1969. viii, 275 pp. \$9.50.

Professor Dobb is right. Welfare economics doesn't really tell us a lot about how to maximize social welfare. Its most powerful tool is the Pareto-optimum concept—that is, a statement of conditions ensuring that no reallocations are possible that could make someone better off without making someone else worse off. Since the assumed starting point is some given or market-determined distribution of income, an obvious objection is that this starting point may be quite inequitable, and that welfare might be increased by raising the incomes of some people (the poor or opera lovers, say) and lowering the incomes of others (the rich or the philistines). Most of us would agree, even without the skillful and thorough beating that Dobb administers to this dead horse. On the other hand it seems impossible to substantiate objectively or consensually a criterion of welfare to guide such reallocations. Dobb firmly believes in the existence of such a criterion (except when Bergson postulates its existence!) and so discounts the relevance of the Pareto-optimum concept. Apart from his failure to explain the nature of his criterion, he misses the main point, which is that if any distribution resulting from the use of his criterion does not meet the Pareto-optimum conditions, it can be improved on without hurting anyone.

Dobb dislikes this line of argument, disbelieving that one can with one hand redistribute income according to the more general criterion, while simultaneously meeting the Pareto-optimum conditions. (There *is* a problem, but most economists would argue that the practical difficulties are not so serious as he makes out.) His suggestion in general seems to be to redistribute real income by juggling prices (even lowering some to zero) and ignoring the Pareto-optimum rules. But the few illustrations he adduces are hardly convincing. For example, he accepts that wages should be based on productive contribution rather than on need, though this leaves the family man disadvantaged compared to the single worker. He rejects family allowances as a compensatory measure, since the money might not be spent on the intended object (i.e., the welfare of the children) and he would rather subsidize the price of bread and childrens' clothing. But surely if we believe a worker could be so little altruistic as to spend a family allowance on vodka for himself rather than on milk for his children, we can scarcely expect to control him by cheapening milk in the stores! The general philosophy is well expressed in his assertion that "one may not unreasonably hold that to seek to maximise welfare by distributing money income in some ideal manner, and leave its recipients free to spend it as their desires dictate is only wise policy if rather straitly limited and made subject to numerous exceptions."

This notion (which seems quite unreasonable to me) is partly founded on the "economics of socialism" portion of the book, consisting mostly of some ideas about how socialist planning will improve on the market outcome. The argument is based on the usual market-failure cases—the presence of externalities, a presumed individual bias against the needs of the future, the misleading nature of current market prices for long-range decisions, and so forth. But these are more the myths of socialist ideology than a reflection of reality. Socialist planners have as poor a record on the major externalities as anyone else, and any farsightedness they possess is as likely to find expression in the tenure beyond their time of ideas once forward-looking as in careful provision for the future. Experience suggests also that capitalist firms may be *less* prone to base long-range decisions on current scarcity

relationships than socialist planners are—after all, the former have a real stake in future outcomes.

Despite these objections to the fundamental idea of the book, I found in it many ideas and propositions with which to agree, and many that provoke a questioning and a rethinking of some position previously held.

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AN ANALYSIS OF SOVIET VIEWS ON JOHN MAYNARD KEYNES. By  
*Carl B. Turner*. Durham, N.C.: Duke University Press, 1969. vii, 183 pp. \$6.50.

In this work Professor Turner summarizes the views of Soviet economists on John Maynard Keynes. The book presents these views by historical periods beginning with the time prior to the publication of the *General Theory* and concluding with the Khrushchev era. This historical method of presentation allows the reader to trace the evolution of the Soviet attitude toward Keynes from one of tolerance during the 1920s to one of extreme hostility during the Cold War, and finally back to an attitude which displayed a more dispassionate form of criticism during the late 1950s and 1960s. Turner makes extensive use of quotations in his illustration of Soviet views.

The method of presentation by historical periods rather than by themes of criticism results in a great deal of repetition, since various authors sharing common opinions are quoted for each period. I think the book would have profited from a tighter form of organization that would have included for the noneconomist reader a brief summary of Keynes's major contributions to economic theory. It would also have been helpful if Turner had summarized in his introduction the recurring themes of criticism that appear in the Soviet works on Keynes.

On balance the book is a useful and interesting work for the historian or political scientist as well as for the economist because it allows the reader to correlate changing Soviet attitudes toward an important segment of Western economic theory with the shifting political situation. One is struck by the lack of in-depth economic analysis of the Soviet economists' critiques of Keynes's *General Theory*. The quotations selected certainly indicate that they were more interested in discrediting him as an apologist of capitalism than in investigating his contribution to economic theory.

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SOVIET TRANSPORT EXPERIENCE: ITS LESSONS FOR OTHER COUNTRIES. By *Holland Hunter*. Washington, D.C.: The Brookings Institution, Transport Research Program, 1968. xiii, 194 pp. \$6.00.

In this work Professor Hunter continues his investigation of problems first explored in his previous monograph, *Soviet Transportation Policy* (1957). Although specialists on the Soviet economy will probably find the earlier book more comprehensive, and therefore more useful, many scholars will welcome this new study as one that better meets their needs. Besides presenting an excellent chapter and two appendixes on the commanding place of railroads in Soviet transportation, which is an admirable compression and updating of his earlier work, the author gives fine