New Worlds Emerging is not, however, primarily a refutation. It is important, not because it cancels, but because it complements, much of the current literature on man and resources. It gets back to the fundamental fact that conservation is a way of life, and hence a moral problem, with technology the proper servant, not the master, of human choice. It presents instances of good adjustment between man and environment which are much older than science, and argues that we have been kept from making good use of the tropics and polar regions more by our attitudes than by scientific consideration.

Mr. Hanson concedes—so tersely that many readers may miss it—that we have gutted the temperate regions in record time. He is all for conservation. But he wants no hysteria, and he knows, so far as effective birth control is concerned, that the longest way around is the shortest way home. It is a blessed event to see the brotherhood of man defended with not the least trace of sentimentality, and to see the possibilities of relatively free enterprise pointed out by a relentless critic of its weaknesses.

Steffanson and Wilkins are praised for their constructive work in the Arctic, much to the satisfaction of this reviewer. So, very sensibly, are the Russians. The follies of colonial exploitation are fully documented. The ability of the white race, through self-discipline, to adjust itself to almost any climate, is made beautifully clear. The utility of the tropics is demonstrated in many ways, not least by the little-known fact that considerable cultures lined the "impossible" Amazon until destroyed by European invaders. The ability of mankind to be civilized with a minimum of physical advantages is shown by an account of Icelandic history.

Mr. Hanson does not mention the good evidence we have that the period of cultural deterioration in Greenland and Iceland, which he ascribes to politics, was a time of climatic deterioration too. Political changes in Scandinavia may have been a result rather than a cause of retrogression. Mr. Hanson disarms criticism by admitting that social science is at present inadequate to interpret the meaning of Iceland as a human laboratory. But the social science of the future can no more discard the ecological record than it can dispense with the study of normal human cultural processes. I am certain that the author of this stimulating book would agree.

PAUL B. SEARS

Oberlin College

FELLNER, WILLIAM. *Competition Among the Few.* Pp. ix, 327, iii. New York: Alfred A. Knopf, 1949. $3.75 text; $5.00 trade.

Before Professor Fellner's book appeared recently, the troublesome problem of oligopoly had received a book-length treatment only from the hands of the late Professor Stackelberg. If Professor Fellner had done no more than make American readers familiar with Stackelberg's ideas and procedures, his book would be worth reading. He has, in fact, done a great deal more, and for once the statements which the publisher has printed on the jacket give a reasonable indication of the importance of the book.

After discussing the classical treatment of the problem from Cournot up to and including Stackelberg's indifference maps, Fellner sets the stage for his contribution proper by discussing the maximization of the aggregate profits of industry (pp. 120–41). A tendency towards such a maximization of industry profits "is counteracted by several factors" (p. 134).

The first of these counteracting factors discussed is the safety margins, defined as "the margins by which the outcome of a venture may fall short of the 'best guess' without causing losses" (p. 152). "A firm seeking a compromise between maximizing its safety margins . . . *and* maximizing best-guess aggregate profits would be charging average variable cost plus a mark-up . . . which is less than the maximum obtainable on the market. Again, such a firm will sell whatever the market will take, given the price policy adopted" (p. 155). Such behavior of firms has been noted before, usually to "prove" the "wrongness" of "theory." Here it is derived from reasonable assumptions.

Fellner, in agreement with traditional theory, points out that the "profit incentive is not typically a short-run incentive" (p. 158). He suggests, therefore, "substituting for the profit-maximization principle the principle of maximizing the present value of the enterprise" (p. 162), which, though related, is not identical with profit maximization. With this redefinition in mind, Fellner concludes that

"The framing of monopolistic or oligopolistic business policies from the long run . . . point of view is probably largely responsible for so-called price rigidities. It seems very likely that a high proportion of the shifts in the market functions is expected to cancel out in the long run. . . . Rigid price policies may require somewhat more flexible output policies . . . within limits, a strong firm can act as its own buffer-stock agency: To this extent price flexibility is replaced by inventory flexibility, not by output flexibility" (pp. 166–67).

Among the further limitations on joint profit maximization, Fellner discusses the fact that the ideas of management and stockholders on safety margins may not coincide; the possibility of cutthroat competion ("It is likely . . . that, while actual price warfare makes for lower prices, the *potentiality* of warfare raises prices beyond the monopoly level, provided warfare is avoided"—p. 183); incomplete spontaneous co-ordination of oligopolists (essentially because each firm, being unable to foresee the future, attempts to safeguard itself against its rivals); and many more.

The discussion leads Fellner to a theory of "qualified joint profit maximization" (p. 198) which is systematically discussed on pp. 198–232. One quotation from this chapter may suffice:

"Businessmen do not probably believe that they are more skillful than their rivals in cutting the price; hence price warfare is not a normal feature of oligopolistic markets, except when it is necessary to test relative standing power. But businessmen *are* apt to believe that they are more skillful than their rivals in such things as technological and organizational improvement, product variation, and advertising; hence they may never end testing their skills in these respects. Yet non-price competition on the assumption that the rival is completely uninfluenced or impotent is an extreme case. Limited non-price competion which restricts itself to certain methods of improvement and of new advertising is more likely . . ." (p. 221).

The limits of space imposed upon any review do not permit the close discussion which these theoretical statements and their derivations certainly deserve. Nor is it possible to go into the extensive policy discussions in which Fellner applies his analysis to bilateral monopoly (pp. 240–51), to labor-management relations (pp. 252–81), and to the group of problems he discusses under the heading of "Problems of Appraisal and Policy" (pp. 282–328). This review may perhaps be ended with one of Fellner's several important conclusions:

"When we stress the dynamic aspects of the problem, the general case against monopoly appears to be stronger than the case against oligopoly . . . except when the static cost disadvantage is *substantial* and except when even that amount of uncertainty which goes with increased oligopolistic competition is considered excessive. It seems reasonable to maintain as a general proposition that a market structure compares favorably with another if it brings *somewhat* worse allocation of resources on a 'static' level but, at the same time, markedly speeds up technological advance, especially if it also improves the distribution of income" (p. 286).

W. F. STOLPER

University of Michigan

VON MISES, LUDWIG. *Human Action* Pp. xv, 889. New Haven: Yale University Press, 1949. $10.00.

In this massive volume Dr. von Mises says a great deal that is sound, interesting, and valuable, and it is a pity that his many worth-while and often acute observations should be presented in a manner and context which will probably greatly reduce their influence and efficacy.

The book is almost two books. Dr. von Mises distinguishes between what he calls "praexology" "the general theory of human action" and "catallactics" "the science of exchanges" or of markets. We