

E. H. Phelps Brown, "The Underdevelopment of Economics," 1-10  
Presidential Address, Royal Economic Society, July 8, 1971.

G. D. N. Worswick, "Is Progress in Economic Science Possible?"  
Presidential Address, Section F, British Association, Sept 2 1971,  
Econ Journ 82 1972 73-86

Michal Kalecki, Selected Essays in the Dynamics of the Capitalist  
Economy, Cambridge University Press 1971, viii 198, 2.40.

Reviewed by Maurice Dobb, EJ 82, 215-217.

215: Thus "capitalists as a class gain exactly as much as they  
invest or consume, and if -- in a closed system -- they ceased to  
construct or consume they could not make any money at all";  
hence "capitalists, as a whole, determine their own profits by  
the extent of their investment and personal consumption."

BL Kalecki quoted by reviewer.

Jan Pen, Income Distribution, London: Allen Lane the Penguin  
Press, 1971. Pp. 424. 3.50.

EJ review 82, 242-4, praises treatment of Norms and Policies.

Simon Kuznets, Economic Growth of Nations, Harv<sup>r</sup>ard University  
and Oxford University Presses, 1971

EJ review 82, 774-6

318-320: review of

by David T. Llewellyn

G. D. N. Worswick (ed.)

Uses of Economics, Papers presented to Section F...

Oxford: Basil Blackwell, 1972.

319: A few common themes can be discerned: (i) the irrelevance of much economics and econometrics judged by their contribution to understanding of the workings of real economic phenomena and better policy decisions, (ii) the dangers of increased specialization and the requirements for more integration with other social science disciplines and (iii) the view that more progress would be made if there were greater contact between theorists and researchers on the one hand and practical decision makers on the other. Overall, economic theory and econometrics have become more sophisticated than useful. As for the future, Worswick concludes that progress will be slow: "We must reconcile ourselves to remaining inexact scientists."

905-907: review of

Roy Harrod

Economic Dynamics, London: Macmillan, 1973. Pp. vii 195. 2.95

by J. A. Kregel

906: It is in treating these problems of the real world (all undergraduates as well as so-called Keynesians should be required to read the chapters on Interest, Inflation, Foreign Trade and International Capital Movements) that Harrod shows how much can be done with the original // 907 // Keynes theory. Here his wisdom is magnificent, but here he finds himself continually running up against what he calls "sociological problems" and it is hard to see where the "basic axioms" come into it all.

922: D. Jackson, H. A. Turner, F. Wilkinson

Do Trade Unions Cause Inflation? Two Studies with a Theoretical Introduction and Policy Conclusion.

University of Cambridge Department of Applied Economics Occasional Paper 36.

Cambridge University Press, 1972. viii 128. 1.20.

Review by J. R. Crossley, EJ 922-924.

923: Trade unions do contribute to inflation, but so does almost everybody else, in modern economies where inflation has become institutionalised as the expression of conflicts over the distribution of income between organised socio-economic groups. Inflation is inevitable in modern economies and since we cannot therefore easily imagine what the world would be like without inflation, it is almost impossible either to refute this theory, or to derive policy recommendations from it, except perhaps to warn all parties including especially governments that the consequences of breaking the rules of the institutionalised inflation game are not predictable. Meanwhile we can hope to gain some understanding of the socio-economic dynamics of inflation by a methodology which combines broad sweep comparison with concrete historical case studies.

That is the approach and it works best in the first study, of "Inflation, strato-inflation and social conflict" by Jackson and Turner. "Strato-inflation" (of the Latin-American kind) is one order of magnitude below hyper-inflation and... is also quite definitely one order of magnitude higher than the "equilibrium-inflation" of Western industrialised economies. It appears therefore that a qualitatively different theory is needed to explain ~~inflation~~ the experience in each group of countries, with a comparison of the two then giving some clues as to the change in conditions which might shift a country from one group to the other.

In the equilibrium inflation countries, the mechanism which reconciles conflict over the distribution of income is wage leadership by oligopolistic industries with higher productivity growth rates than industries which conventionally follow their percentage wage increases. While it would be difficult for overall price stability to be achieved under such a régime, unless unions

in the leading sectors negotiated price (and perhaps wage) reductions, the rate of inflation is in practice shown to be moderated substantially by international competition, when exchange rates are fixed. In the strato-inflationary countries by contrast social conflict about income distribution is an overt and dominant political issue, and one which has been aggravated by repeated devaluation.

924: .. the authors find that the upper bound of exceptional experience in the first group of countries, at which destabilising adjustments begin to be made (for example by the price indexation of contracts) coincides with the lower bound of experience in the strato-inflationary group, at an annual rate of wage increase of about 10%. That being so the fundamental policy question for the Western industrialised countries is whether they have sufficient political maturity to be able to face up to that overt political confrontation on the distribution of the whole income -- as distinct from the distribution of the marginal increments to it each year -- to which the various experiments with prices and incomes policies are inevitably leading them.

The study by Wilkinson and Turner of ~~the~~ "The wage-tax spiral and labour militancy"...

The authors... are far from establishing their claim to have found a common cause among countries of the conjuncture which several of them experienced since about 1967 both of high rates of inflation and of strikes, in the face of the high unemployment levels of that period.

Richard R. Nelson and Sidney G. Winter

NEOCLASSICAL vs. EVOLUTIONARY THEORIES OF ECONOMIC GROWTH:  
CRITIQUE AND PROSPECTUS

Economic Journal 84 1974 886 - 905

886: In economics (as in physics) what we refer to as a theory is more a set of basic premises -- a point of view that delineates the phenomena to be explained and modes of acceptable explanation -- than a set of testable propositions. The theory points to certain phenomena and key explanatory variables and mechanisms, but generally is quite flexible about the expected conclusions of empirical research, and a wide class of models is consistent with it. Inadequate or incomplete explanations or even contradictions with the data, generally are interpreted as puzzles and problems to be worked out within the broad framework of the theory, rather than grounds for its rejection.

888: ... available in the body of research on technological change done by economic historians, researchers within the industrial organization tradition, and scholars interested in invention and innovation per se.... However, while some of these are in harmony with neoclassical themes, others are quite discordant. We have, for example, much evidence of the role of insight in the major invention process, and of significant differences in ability of inventors to "see things" that are not obvious to all who are looking. The same pattern apparently obtains in innovation. Relatedly, there are considerable differences among ~~existing~~ firms at any time in terms of the technology used, productivity and profitability. While these studies show clearly that purpose and calculation play an important role, the observed differences among persons and firms are hard to reconcile with simple notions of maximisation, unless some explicit account is taken of differences in knowledge, maximising capabilities, or luck. The role of competition seems better characterised in the Schumpeterian terms of competitive advantages gained through innovation, or early adoption of a new product or process, than in the equilibrium language of neoclassical theory.

890: It seems obvious that research on economic growth within the neoclassical theory is creating new intellectual problems more rapidly than it is solving them. One can continue to search for solutions to these problems guided by the assumptions of neoclassical theory. Or one can try a new tack.

As the Nordhaus-Tobin quote remarks, it is apparent that many economists studying growth are much attracted to the perspective sketched out by Schumpeter 60 years ago in Chapter 2 of his Theory of Economic Development (1934, original publication 1911).

The core ideas of Schumpeterian theory are of course quite different from those of neoclassical theory. For Schumpeter the most important firms are those that serve as <sup>the</sup> vehicles for action of the real drivers of the system -- the innovating entrepreneurs. Firms (and entrepreneurs) may seek profit, and may innovate or imitate to achieve higher profit. However, the emphasis of careful calculation over well-defined choice sets is absent. The competitive environment within which firms operate is one of struggle and motion. It is a dynamic selection environment, not an equilibrium one. The essential forces of growth are innovation and selection, with augmentation of capital stocks more or less tied to these processes.

What accounts for the fact that this highly plausible interpretation has been relatively neglected in theoretical discussion? As Nordhaus and Tobin suggest, the likely explanation is that the ~~the~~ neoclassical approach has held sway because of its greater susceptibility to formal modelling. Fuller assimilation of the Schumpeterian contribution may be achieved if an appropriate formal framework for it can be developed.

Nordhaus W and Tobin J (1972). "Is Growth Obsolete?" in R. Gordon (ed.), Economic Research: Retrospect and Prospect, Economic Growth, National Bureau of Economic Research, New York.

BL: the appropriate theoretical framework for creativity is open system and so basically transcendental method

888: Studies by historians like Usher, Landes, Habakkuk, David, Temin, Rosenberg, and by students of industrial organization and technical change like Schmookler, Jewkes, Sawers and Stillerman, MacLaurin, Peck, Gilliches, Mansfield, and Freeman have revealed extremely interesting facts about the technological change process.

Reference is to bibliographies in:

- E.  
R. Nelson, M. Peck, Kalachek, Technology, Economic Growth and Public Policy, Brookings Institution, Washington DC, 1967.
- M. I. Nadiri, "Some approaches to the theory of total factor productivity: A Survey," Journal of Economic Literature 8 1970 (December)
- K. Pavitt, "Conditions of Success in Technological Innovation," Paris: O. E. C. D., 1971.
- E. Mansfield, "Contribution of R and D to Economic Growth in the United States," Science 175 1972 (February).
- C. Kennedy & A. P. Thirlwall, "Surveys in Applied Economics," Technical Progress," Economic Journal 82 1972 (March). pp. 11-63 with bibliography of 294 items, pp. 63-72.

Economic Journal 84 1974 447-450

Book review by John G. Gurley (Stanford) of

An Introduction to Modern Economics by

Joan Robinson and John Eatwell

London: McGraw-Hill, 1973. Pp. xvii 349. 3.90 2.95 paper.

447: The book is divided into three parts. It first traces the development of economic thought from the mercantilists to Keynes and present-day theory. The authors frequently note how changes in the real economy gave rise to new economic theories and to defences of newly emerging classes. (Mercantilists, the overseas trader; Physiocrats, the landlords' interest; Smith Ricardo, entrepreneur profit reinvestment; Marx the workers; Marshall, the rentier).

In the second part of the book, on economic analysis... the authors present micro- and macro-theory within the context of explicit models. The first is an agricultural model featuring land and labour; the second is an industrial one, focusing on labour and capital (produced means of production)....

In this part of the book the authors are especially careful to relate what Marx called the forces of production to the social relations of production (the class structure of society) and these to the superstructure (the values and institutions that support the class structure). As the authors express it: "The most essential element to include in any piece of analysis is an indication of the nature of the social system to which it is applied. [This in itself sets the book apart from almost all others.] Economic relationships are relations between people. Technical relationships -- between mankind and the physical universe -- set the conditions within which economic life is carried on, and while the level of technical development of a human society (or an animal society, for that matter) has an important influence on relationships within, technical conditions do not determine them completely... At the same time, relations between people in an economy have an important influence on the kind of technology it develops... The characteristics of a society which are relevant to its economic structure are reflected in legal rules and habits and in accepted notions of proper behavior." The authors are particularly concerned to show how the class structure of a society influences the kind of technology that it develops -- technology that is designed to maintain the hegemony of the ruling class as much as to contribute to technical efficiency.



Robinson and Eatwell

The third part of the book ... is on modern problems of capitalist, socialist and third-world countries. The authors' general viewpoint here is well-expressed as follows: "~~Once the veil of laissez-faire itself is seen to have been torn aside, every economic problem is seen to have a political aspect, and now is the time for every good man to come~~ veil of laissez-faire doctrine has been torn aside, every economic problem is seen to have a political aspect, and laissez-faire itself is seen to have been one kind of political programme. Economic reasoning alone, cannot offer a solution for any economic problem, for all involve political, social, and human considerations that cannot be // 449 // reduced to the lore of nicely calculated less and more." With regard to capitalist societies, Robinson and Eatwell concentrate on the problems of inflation ("It was obvious from the first that continuous near-full employment, without other change in institutions and attitudes, would lead to a continuously rising price-level"), growth and equity ("There does not seem to be much prospect that more growth would be a better remedy [for poverty] than the growth we have already had"), and environmental decay....

The authors assume that capitalism is a class society, that this mode of production needs growth to remain viable, that inflation is endemic in modern capitalism, and that technical change has been partly fashioned by the limits imposed by the class structure of capitalist societies. Throughout there is a strong attack on neo-classical economic theory with its concepts of efficiency, equilibrium, abstinence, marginal product of capital, Pareto-optimum, and the rest. Furthermore the authors do have something with which to replace neoclassical theory -- a neo-Ricardian, post-Keynesian framework of analysis which stresses the difference between income from work and income from property, focuses on processes through time rather than on static equilibrium positions, plays down substitutability among factors, emphasises investment decisions of entrepreneurs as key decisions in distribution and macro-theory, stresses the importance of money wages to the general price level, thereby demoting the role of the money supply, and assumes class conflicts within nations and hierarchical relations among nations.

449 ... Aside from important ideological ~~and~~ differences that will hamper its use, the trouble is that it would be tough going for beginners. Robinson and Eatwell do not use many words to explain difficult ideas.... Further, while the book is strong on theory (but particularly British theory), on comparative economic systems, and on the development of economic thought, it is ~~a~~ weak on contemporary institutions -- on trade unions, the banking system, the I. M. F., welfare agencies, tax structures and the like.... All of ~~the~~ that is too bad, because this type of economics can much // 450 // better prepare the coming ~~a~~ generation of students for understanding and solving the real problems of the world than neo-neoclassical economics ever can, and it could further serve to stimulate students' curiosity about Marx and thus lead them to an ~~an~~ even more powerful framework for understanding concrete movements ~~of~~ of history.

The Reconstruction of Political Economy: An Introduction to Post-Keynsian Economics

By J. A. Kregel (London: Macmillan, 1973. Pp. xviii 218. 4.95

Book review by A. Asimakopulos.

702: There is a useful introductory section on some the terminological problems that confront a student, brought up on neoclassical economics, in understanding the post-Keynsian criticisms.

703: ... Part Two.. "attempts to put the basic method, mechanisms and propositions [of the post-Keynsian approach] in their barest and simplest form... (p. xvi).

Various reservations.

704: Joan Robinson has written an interesting foreword to this book in which she briefly describes some of the influences of her writings in economic theory. She notes that, starting with the theory of imperfect competition, her "aim was to attack the internal logic of the theory of static equilibrium and to refute, by means of its won arguments, the doctrine that wages are determined by the marginal productivity of labour (p. x)." It should be gratifying for her to realise that her writings over the years provide, for all who are prepared to learn, convincing demonstration of the sterility of static equilibrium theory and the emptiness of the marginal productivity doctrine.

J. A. Mirrlees and N. H. Stern (eds.)

Models of Economic Growth. Proceedings of a Conference held by the International Economic Association at Jerusalem.

London: Macmillan, 1973. Pp. xxii 372. 7.00

review Economic Journal 84 1974 404 f. by D. M. G. Newbery.

"As Mirrlees remarks in the introduction, and as other participants point out in the discussions, neoclassical theory rests on profit maximisation and rational consumer behaviour, which are meaningful even when reswitching is possible. The equation "rate of profit equals rate of return" is not an essential part of that theory, nor does reswitching weaken in any way the proposition that wage rates and rental rates are equal to the marginal products of labour and other services."

Don Patenkin (Hebrew University of Jerusalem)

The Collected Writings of John Maynard Keynes: from the Tract to the General Theory, pp. 249-269

204: In so far as analytical style is concerned, let me start by noting Keynes's failure to make use in his writings of graphical techniques....

205: .. I should also note his oft-cited criticism in the General Theory of "symbolic pseudo-mathematical methods of formalising a system of economic analysis... which allow the author to lose sight of the complexities and interdependencies of the real world in a maze of pretentious and unhelpful symbols" (G. T. pp. 297-98).

206: Thus when all is said and done, I strongly suspect that a comparison of the General Theory (and a fortiori the Treatise) with other works on economic theory that were written during this period would actually show Keynes's works to be among the mathematical of them.

... whatever may have been Keynes's attitude toward the proper role of mathematical methods in economic analysis, his strength did not lie in the use of such methods.

Nor in general did Keynes's analytical strength lie in rigour and precision. Thus in both the Treatise and the General Theory Keynes frequently failed to specify the exact nature of the assumptions that underlay his argument... forty years later disagreements continue to go on in the literature...

Instead, Keynes's analytical strength lay in his creative insights about fundamental problems that led him to make major "breakthroughs" -- leaving for those that followed him to formalise and complete his initial achievements. In the Treatise, Keynes thought (erroneously, as it turned out) that his fundamental equations constituted a breakthrough. In the General Theory he saw his breakthrough as lying in his theory of effective demand -- and this time he was undeniably right.

- 1a J. Johnson<sup>t</sup>, "A Model of Wage Determination under Bilateral Monopoly," Economic Journal 82 1972 837-852.
- 1b Reprint of 1a: D. Laidler and D. Purday, (eds), Inflation and Labour Markets Manchester University Press 1974.
- 2 J. Johnston and M. Timbrell, "Empirical Tests of a Bargaining Theory of Wage Rate Determination," The Manchester School of Economic and Social Studies, June 1973, pp. 141-167.
- 1b. Reprint of 2 in Laidler and Purdy, as above, 1b
- 3 J. Johnston, "A Macro-model of Inflation," Economic Journal 85 1975 288-308.

288 From 1: bilateral monopoly, caeteris paribus, permits a wage increase beyond increased productivity; there would result a reduction in employment and output, a rise in the price of the monopolistic product, and a rise in the real wage of those still employed in the industry.

From 2: a significant positive association was found for the United Kingdom between increases in taxation of wage incomes and subsequent rates of wage increase. This is distinct from the general correlation between price increases leading to wage increases. It reveals that wage bargainers are concerned with the purchasing power of disposable or net wages as distinct from gross wages.

In 3: there are investigated relationships between manufacturing, households, and governing; under competition and under monopoly. Seven conclusions and three qualifications appear on pp. 305-308.

305 Conclusion 4: ... These conditions provide an incentive for the union in each sector (manufacturing, government) to operate on the money wage or salary rate in an attempt to ~~maximize~~ secure an improvement in the real rate. They also mean that, in the absence of outward shifts in the production function, each hard-won advantage is short-lived and the spiral is self-defeating.

Conclusion 5: The framework of the model is also one in which "stagflation" might easily come about. All that is required to produce it is an attempt by workers in either sector to secure an increase in the real rate of pay beyond what productivity shifts and the bargaining success of the other group allow.

Economic Journal 85 1975

M Morishima and G Catephores

"Is there an 'Historical Transformation Problem,'" pp. 309-328.

323: .. we would like to stress our view that for Marx value and abstract labour were indeed logical abstractions. He only insisted that they were not arbitrary abstractions in the following two senses: first, that the human mind produced them only in a historically given context of material conditions of social production (at a certain stage of social evolution) and, secondly, that they could be applied fully in this context only -- not in just any historical epoch.

325: Thus, by comparing the actual capitalist economy with the hypothetical simple commodity production we are enabled to discover the fact of exploitation which is hidden under the surface of ~~xxx~~ bourgeois price accounting. The first transformation problem reveals the secret of profit, and we find that the equilibrium rate of profit is positive if and only if the rate of exploitation is positive (the Fundamental Marxian Theorem); while the second problem deals with how exploitation is obscured in the capitalist economy by prices deviating from values. Furthermore, the simple commodity production simulations enable us to find that the capitalist regime can reproduce and expand itself because capitalists exploit workers.

It follows ~~R~~ from the above that the transformation problem consists in developing, choosing, and relating between themselves analytical ~~xxxx~~ tools for the analysis of capitalism. This choice certainly is conditioned by historical evolution but does not provide a theory of historical evolution at all. (ie there is no historical transformation problem BL)

327 f.: bibliography on surplus value topics

Economic Journal 85 1975 397-399

Review by Joan Robinson of

L. L. Pasinetti, Growth and Income Distribution. Essays in Economic Theory. London: Cambridge University Press, 1974.  
x 151. 4.00

397: The main theme is that:

"Keynes' theory of effective demand, which has remained so impervious to reconciliation with marginal economic theory, raises no problems when directly inserted into the earlier discussions of the Classical economists" (p. ix).

Keynes, like the classics, was genuinely trying to understand how the economy functions; he was discussing an actual national economy, developing through actual history, not dwelling in timeless equilibrium, and he treated accumulation as taking place mainly through the investment decisions of profit-seeking firms, not through the intentions to save of thrifty householders. His departure from the Ricardian tradition was to remedy a defect in it -- the lack of recognition of the uncertainty of the future, to account for the nature of money and the instability of effective demand.

"Coming down to a more specific comparison.... .. it is basically the Ricardian method of analysis that Keynes has revived. The most typical indication of this is to be found in the directness with which Keynes proceeds to state his assumptions. Like Ricardo, he is always looking for fundamentals. He singles out for consideration the variables he believes to be the most important. All the others, giving rise to unimportant complications -- though as he says, are always kept at the back of his head for the necessary qualifications -- are, for immediate purposes, frozen out by simple assumptions.

The characteristic consequence of this methodological procedure is the emergence in Keynes, as in Ricardo, of a system of  $n$  equations of the 'causal type,' or, as we may also say, of the 'decomposable type,' as opposed to a completely independent system of simultaneous equations. (pp. 43, 44).

Since the word 'causal' always raises philosophic blood pressure, the point may be put more concretely: the Keynesian system is designed to show //398// the consequences, over the



Review of Pasinetti by Joan Robinson, con'd

398] immediate and further future, of ~~XXXXXXXXXX~~ <sup>a change</sup> taking place as an event at a moment of time, while the equilibrium system can only compare the differences between two positions or two paths conceived as coexisting in time, or rather outside time.

It is for this reason that even the most dyed-in-the-wool neoclassical professor, when called upon to advise a government about policy, necessarily begins to think in Keynesian terms.

....

Pasinetti points out that the popular exposition of Keynes, for instance by Sir John Hicks, seeks to turn the analysis back into a system of simultaneous equations, and that while Professor Clower and Professor Leijonhufvud have made very useful criticisms of the bastard Keynesians, they themselves undertake the extravagant task of trying to reconcile Keynes with Walrasian general equilibrium.

The main theme of post-Keynesian theory also is Ricardian -- the relation between accumulation and the distribution of the net product of industry between wages and profits. Pasinetti repeats and elaborates the argument that, on a steady path of accumulation, where everything has settled down to proportional growth, the rate of profit is equal to the rate of growth divided by the proportion of saving in incomes derived only from profits, whether or not there is any saving out of wages.

The analysis of a "golden age" of fully proportionate growth at the "natural rate" given by the growth of the labour force and of output per head is not, of course, of direct application to any real problem. The point of the argument belongs to the sphere of doctrine -- it shows that there is no room for a theory of profits based on "marginal productivity of capital" or the "rate of ~~x~~ return" on saving, nor indeed is any meaning to be attached to these concepts.. (Professor Solow, as Pasinetti points out, now contents himself with devising definitions of the "rate of return" that make it identical with the ruling rate of profit, whatever that may happen to be.)

.....

399: When the "natural" growth rate is given only by growing employment, investment takes the form of pure widening of the stock of capital with an unchanged technique, and when it is ~~XXXXXXXXXXXX~~ due to growing productivity, each round of investment is in equipment for a new technique.

Pasinetti's exposition is lucid, elegant and authoritative

Review by Francis Cripps of:

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J. E. Meade, The Intelligent Radical's Guide to Economic Policy. The Mixed Economy. London: Allen & Unwin, 1975. Pp. 160. Pb 2.00

.. The intelligent radical is asked to support the restoration and development of the free market mechanism wherever it is possible to ensure workable competitive conditions. But on this foundation there must be built a superstructure of governmental intervention and controls to create conditions in which free competition can work effectively, and to modify the market price mechanism to redistribute income and wealth.

31

But it is in the application of his analysis to micro-economic policy that the reality of Meade's vision is most disputable. He constantly reiterates the neoclassical proposition that the market mechanism can actually be made efficient provided well-known defects are remedied. In this he ignores the exploitation, conflict and restrictive practixces ~~nk~~ inherent in the capitalist control of production, he assumes that information is freely provided, that all the frictions in the network of transactions can be wished or legislated ~~xxx~~ away, and that the costs of redeployment are minimal

All this runs counter to what we know of the powerful tendencies of cumulative causation to geographical concentration, to large-scale organization and concentration of power, to conflict and inefficiency engendered in the presence of economies of growth and large scale in circumstances of imperfect knowledge and unequal bargaining power....

This failure to see the defects of the market alongside its virtues and the static analysis on which the propositions of efficiency and pareto-optimality rest should condemn neoclassical analysis, of which Meade has been one // 632 // of the most honest and attractive exponents, to a very ~~minor~~ place as a guide to economic policy, even for the intelligent radical.

Economic Review 85 1975 642

Review by A. Nove (Glasgow) of :

J. Wilczynski, Technology in Comecon: Acceleration of technological progress through economic planning and the market.

London: Macmillan, 1974. xvii 379. 10.00.

....

643: The author demonstrates by many quotations the urgency with which Brezhev and his comrades are seeking greater efficiency. They know that their growth plans can only be fulfilled if factor productivity is substantially increased. A basic problem, in my view, stems from the fact that the Soviet incentive system is still based upon plan fulfilment, i. e., on the principle that the planners know what needs to be done. However, the mass of micro-innovations occur as a result of local innovations. The central planners are usually unaware of what needs doing, unless they are made aware of it by proposals from below. Consequently the centres desire for efficiency and technical progress, and for higher // 644 // quality is seldom operationally definable in terms of an administrative instruction. It is true as the author points out that profit is becoming a more significant criterion of enterprise performance, but in the absence of price flexibility and competition it can surely be a very misleading criterion. He asserts that a capital charge reduces demand for capital, but this does not happen if the price-fixing agencies include a capital charge in their computations. Indeed experience shows that, for as long as the cash value of turnover remains a significant success indicator (as is the case in the U. S. S. R.), the higher the costs that can be incorporated in the official prices the better for management, since this increases the value of turnover. In such circumstances, an increase in prices or charges can have the paradoxical effect of increasing demand.

644: Central planners do indeed have some solid advantages, best seen at a time of inflation and confusion in the Western economies. They are making great efforts to adapt their system to the need to encourage innovation and to achieve greater efficiency in a modern industrial society. Despite all the analytical inadequacies of this book will help the reader to appreciate many of the issues involved.

- 1 No more general theories of 19
- 1 Competition, Growth, Efficiency
- 2 f Society, Politics & Economic Development / ~~factor~~ analysis / level of dev
- 4 Joan Robinson on long-run growth
- 5 f Economics of cycles and growth Boyer
- 7 f Joan Robinson on Neoclassical Theory
- 9 f Determination of the General Wage Level
- 11-15 ~~15~~ f Kaldor - Development & Equilibrium Economics
- 16 James Mill's Golden Rule Stephen
- 17 Development / unemployment theory cannot hold in static form
- 18 Postwar, discussion of growth on
- 19 Phelps Brown, Wages with criticism of some of  
Kaldor's  
Kaldor's  
Income distribution, Pen
- 20 Wages and criticism from of 1, 12  
Progressive Economic
- 21 f Unions & inflation
- 22-25 Neoclassical & evolutionary theories of economic growth
- 26-29 Joan Robinson & John Eatwell
- 29 Introduction to Post-Keynesian Econ

30 Economic growth

Reswitching

31 J. N. Keynes On Paternalism

32 Unions wage rates inflation

33 Marxian Theory, Fundamental Axiom

34+ Tax Returns versus Pasinetti

36 J. E. Meade Mixed Economy - return to competition

37 acceleration of growth via planning, market