ECONOMIC ANALYSIS OF THE SOVIET-TYPE SYSTEM. Edited by *Judith Thornton*. New York and London: Cambridge University Press, 1976. viii, 372 pp. Figures. Tables. \$37.50.

This is an ambitious book, which gathers a representative, if not completely comprehensive, set of papers analyzing planned economies of the Soviet type, using concepts and approaches familiar in the analysis of market economies. The one omission from the sampling of such efforts are studies fitting general econometric models to these economies. The book does include two papers concerned with estimating some parameters of production functions.

It is also a stimulating book, one to admire and to learn from, but one to argue with here and there. Its underlying rationale—that, despite institutional differences from market economies, it is possible to use the tools and models of modern economics to explain planned economies—is certainly validated, and it contains many hints of the kinds of new insights this endeavor can provide. Because it is impossible in a short review to describe, let alone evaluate, the individual essays, it will be necessary to limit myself to some general conclusions about the possible contributions and pitfalls of this kind of effort.

The more formal and rigorous approach exemplified in these papers is bound to become increasingly popular in the field of economics, because it can help in understanding the functioning of economies, because the theorists itch to try their hand at explaining planned as well as market economies, and because the socialist economists themselves think and write more and more in this spirit. In reading this book, however, one is forcibly impressed with the importance of two criteria that ought to guide this kind of effort, if it is to fulfill its promise.

First, the goal is to provide new insights beyond those generated by more traditional, less rigorous, analyses, rather than to reinvent the bicycle. Some of the essays in the volume do accomplish this goal, others are more in the nature of a formal exposition of well-known patterns of reasoning and familiar conclusions about Soviet-type economies. Two examples are the paper on inflation and the one on enterprise behavior under various payoff formulas.

The second desideratum has to do with formulating questions and choosing assumptions. The ultimate interest in all analyses of planned economies is whether, and how, different behavioral and informational features (that is, system differences) lead to differences in allocational or performance outcomes. I am firmly convinced that the kinds of approaches in which the contributors to this volume are engaged can generate new conclusions of this kind, but only if the models used capture reasonably well those institutional features that are the distinctive hallmarks of the system. Some of the papers do this faithfully, others are a little free in their supposing. In one of his papers, Ames formalizes the crucial plan-response interaction between center and enterprises in a very realistic way, but then goes on to assume the same interaction between center and households; and Martin assumes that in maneuvering under payoff functions, enterprise management can draw on a perfectly elastic supply of capital. If past research has often been more descriptive than analytically rigorous, it is still the point from which to start, and this new direction will be most effective under conditions of strong interaction with traditional approaches.

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