

Radmila Stojanović (ed.), *Yugoslav Economists on Problems of a Socialist Economy*. New York: International Arts and Science Press, 1964. Pp. 175.

This compilation consists of 13 (undated) papers. Eight deal with the policy of economic development, and five with the functioning of a socialist economy.

Kosta Mihailović, in "The Regional Aspects of Economic Development," concerns himself with the problems of "unequal spacial development" (p. 29). He believes that "the chronic phenomenon of unequal development" categorically disproves the idea that the classical market mechanism "automatically establishes spacial equilibrium." There may be good reasons for a governmental policy of developing particular regions of a country, but most Western economists would not consider a theory of "equal development" a good substitute for Western theories of location and interregional trade.

Nikola Čobeljić and Radmila Stojanović, in "A Contribution to the Study of Investment Cycles in the Socialist Economy," describe and analyze a cycle in the rates of accumulation in departments I and II of the economy. First there is an increase in production of fixed capital, then there follows an increase in the production of consumption goods. But the causes of this cycle are not made clear. It seems to be either "new technique" (p. 65) or the "application of new technique" (p. 68). So one is left in doubt as to whether there are said to be cycles in inventions, or cycles in their introduction into the economy (Schumpeter's innovations), and there is no discussion of why either of these is cyclical in nature. The authors may not have intended to deal with these matters for they say early in their paper "we take for granted... the time sequence of various phenomena." If such is the case, the paper must be read as a purely formal analysis of certain properties of the Marxist theory of economic development.

In "Time as a Factor in Capital Investment," Stojanović is concerned with capital which is committed during the construction period. To compare and select among projects some of which require heavy investment early in the construction period while others require heavy investment late in the construction period, she devises a "coefficient of the time investment resources are tied up in new projects." Western economists fit this problem into their general theory of capital and handle it with a discounting formula. Possibly the approach taken by Stojanović is more useful in an economy without relatively good scarcity prices.

In his "Outlines of the Long-Term Development of the Yugoslav Economy," Čobeljčić ably discusses the principal factors in the economic development of Yugoslavia. Perhaps the major reservation which the reviewer has concerns the assumption of Čobeljčić that a high rate of investment is in some sense objectively determined rather than a matter of preference or value judgment. It required after World War II, he says, "a considerable restriction of personal consumption... to bring the volume of investment into line with the structure of production." Moreover, he states that because it is now possible to increase investment and at the same time increase consumption, "today's rate of investment, even should there be a slight rise in it, can be achieved without any clash between investment and consumption" (p. 103).

Radivoj Uvalić, in his "Functions of the Market and Plan in the Socialist Economy," offers a good account of the role of the market and the plan in the Yugoslav variant of socialism. Particularly interesting is his discussion of income distribution (p. 142), the possibility of a capital market in a decentralized socialist economy (pp. 143-44), and the role of coercive directives in a system in which all members of society are held to be equal (p. 146). Western economists frequently disagree with Uvalić, believing that, though he struggles valiently, he fails to solve this problem, but they are likely to feel that he generally speaks the same language they do.

In "Competition and Incentive in the Yugoslav Economic System," the paper which the reviewer considers the best in the collection, Ivan Lavrač provides an interesting discussion of market structure in a socialist economy; he deals with economies of large-scale production, product differentiation, spacial monopoly, etc. At one point he states that oligopoly prices would not be stable (p. 150); he does not discuss the view held in the United States that they frequently would be rigid. Lavrač has more hope for competition between two state trading networks than does the reviewer (two networks instead of one is a replacement of monopoly with duopoly and seems unlikely to increase competition very much). Lavrač also has a thoughtful analysis of risk-taking in the socialist enterprise, considering how it might be rewarded and how penalties might be attached to failure.

While in Yugoslavia recently, the reviewer concluded that this collection is not truly representative of Yugoslav economics, for papers from a number of the ablest economists are not included.

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