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Isabel V. Sawhill
Poverty in the U.S.: Why Is It So Persistent?

Giovanni Dosi
Sources, Procedures, and Microeconomic Effects of Innovation

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New Books: Annotated Listing

1241

State University. Glossary; author and subject indexes.

VAN BRABANT, JOZEF M. *Regional price formation in Eastern Europe: Theory and practice of trade pricing*. International Studies in Economics and Econometrics series, vol. 18. Dordrecht; Boston and Lancaster: Kluwer Academic, 1987. Pp. xiv, 290. \$83.50. ISBN 90-247-3540-8.

JEL 88-0634

Presents a detailed examination of a variety of issues pertaining to pricing in the context of the Council for Mutual Economic Assistance (CMEA). Elaborates on the circumstances under which prices for regional trade within the CMEA are determined, describing pricing matters in the trade of Eastern Europe against the backdrop of their domestic and regional economic organization. Focuses on principles for pricing policy in the CMEA, obstacles to implementation of transferable ruble prices according to these principles, actual pricing behavior in the CMEA context, and the importance of transferable ruble pricing in CMEA decision making. Part 1 covers value and price in theory in Eastern Europe; prices and price policies in Eastern Europe; price behavior prior to the Bucharest principles; and the Bucharest price-formation principles. Part 2 examines the practice of regional pricing and reviews the conceptual issues of applying the principles; the literature concerned with modeling price behavior; and econometric applications. Part 3 discusses reform and pricing in the CMEA, and positive economic adjustment and price reform. Van Brabant is with the U.N. Department of International Economic and Social Affairs. Bibliography; index.

BUCHANAN, JAMES M. *Economía y política: Escritos seleccionados*. Edición a cargo de JOSÉ CASAS PARDO Y SECUNDINO BRU PARRA. Valencia: University of Valencia, 1988. Pp. 349. Paper. ISBN 84-370-0359-8.

JEL 88-0635

Seventeen selected essays (eleven in English) commemorating the award of an honorary doctorate to Professor Buchanan by the University of Valencia in December 1987. Two of the English essays, "Towards a Theory of Rational Deference in Constitutional Construction" and "The Relatively Absolute Absolutes," are published for the first time in this volume. The Spanish essays are reprints of translations of six of Buchanan's essays. Three essays are methodological, seven are on public finance, and seven are on the theory of public choice. Includes a bibliography of Buchanan's works. No index.

BUCHANAN, JAMES M. *Economics: Between predictive science and moral philosophy*. Compiled and with

a preface by ROBERT D. TOLLISON AND VIKTOR J. VANBERG. Texas A&M University Economics Series, no. 7. College Station: Texas A&M University Press, 1987. Pp. xii, 413. \$48.50. ISBN 0-89086-350-9.

JEL 88-0636

Contains twenty-six papers, six with coauthors, written between the early 1950s and the mid 1980s by 1986 Nobel Laureate, James M. Buchanan. Selections emphasize his contributions to a theory of political economy and public choice. Contributions cover various subfields from public finance to methodology and social philosophy. Arranged into five parts examining what economists should do; individual choices and social outcomes; individual and collective choice; the economist as contractarian; and fiscal economics as political economy. Buchanan is Professor of Economics at George Mason University. No index.

FORD, J. L. *Economic choice under uncertainty: A perspective theory approach*. New York: St. Martin's Press, 1987. Pp. ix, 146. \$39.95. ISBN 0-312-01244-6.

JEL 88-0637

Proposes a new approach to decision making under uncertainty called perspective theory, which incorporates degree of belief as a new measure of uncertainty. Provides a theoretical and empirical overview of expected utility theory, a summary of alternatives and a sample of experimental findings and their possible rationalization. Discusses perspective theory in detail and indicates how it may be applied in a variety of decision-making contexts, including portfolio selection; a two-period consumption-saving model; a labor-choice model; output choice under price uncertainty for the perfectly competitive firm; and investment in real capital. Discusses perspective theory and alternative paradigms, comparing perspective theory to G. L. S. Shackle's theory, prospect theory and regret theory. Ford is Professor and Head of the Department of Economics at the University of Birmingham. Index.

GOLDBERGER, ARTHUR S. *Functional form and utility: A review of consumer demand theory*. Under-ground Classics in Economics series. Boulder, Colo. and London: Westview Press, 1987. Pp. xii, 121. \$24.95, paper. ISBN 0-8133-7489-8.

JEL 88-0638

Issued originally in mimeographed form in October 1967, this essay has been published with only minor changes, such as corrections of typographical errors and up-to-date citations. Estimates, for each of thirteen countries, a set of five consumer demand functions in which the quantity demanded of each of n goods is determined as a function of total consumer expenditure and the prices of the