the absence of cross-national industry analysis. Nevertheless this book can be highly recommended for its insights into the role of multinationals in the economic structure of a wide range of nations.

PETER J. BUCKLEY

University of Bradford
Management Centre

Cost, Use, and Value. The Evaluation of Performance, Structure, and Prices across Time, Space, and Economic Systems. By FRANCIS SETON. (Oxford: Clarendon Press, 1985. Pp. xii + 182. £17.50 hardback.)

The two subjects of value theory and the study of comparative economic systems have been concerns of Francis Seton throughout his academic career. This book combines both by providing a new theory of value which can be used for international comparisons of structure and performance. The central concept of the book is that of 'eigenprices', which Seton argues are the economically rational prices corresponding to a given economy.

The starting point of his theory is the Square Table of Leontief – the input-output tables of the economy which lay out the actual allocation of resources, production, and inter-sectoral flows. The input-output tables reflect the state of the economy, and may be the result of central planning or various degrees of competition in a free-market economy. Seton uses this basic tableau économique to construct eigenprices, which can be interpreted as quasi-competitive prices, reflecting the 'view that an economy is implicitly taking of the values of its products and resources for it to have combined them in the observed quantities...'. Walrasian value theory starts from technology and tastes, and derives equilibrium allocations and prices. Eigenprices, however, do not relate directly to technology or tastes: they are derived solely from the actual state of the economy as viewed from the snapshot input-output tables provided, and relate to technology and tastes only in so far as these are revealed through this snapshot.

Eigenprices are formally derived by combining factor-embodied and use-orientated value theory. The economy takes basic factor resources, which are used to produce final outputs for consumption. Factor-embodied value theory uses the technological data of input-output co-efficients to derive the amount of each factor embodied (directly or indirectly) in one unit of each output. Given initial factor prices, and a uniform mark-up, the resultant 'full cost' product prices are determined. Seton asks us to consider a reverse conceptual experiment, 'factor norming'. Factor norming does not simply invert the price-cost equations. Rather it takes the final yield of the economic system (total less intermediate production) valued at given prices. Each factor is then credited an appropriate price ('norm') reflecting its direct or indirect contribution to the final yield of output.

Eigenprices combine these two ideas of full-cost prices and factor-norming. Consider the following two-stage operation: given output prices, factor-norming gives us factor prices; given factor prices, full-cost pricing yields output prices.

Eigenprices are simply the fixed-point of this operation: a set of output and factor prices that are consistent with each other under factor-norming and full-cost pricing. The eigenprices are uniquely determined (up to a multiplicative constant) along with the mark-up which Seton calls the eigensurplus (which measures the surplus generated by the economy, to be soaked up by government, capitalist, or appropriate incubus). Eigenprices are 'ideal' in the sense that factors of production are rewarded precisely for their contributions to final uses (their 'marginal revenue product'), and output prices reflect the scarcity of the resources used. If actual prices deviate from eigenprices, Seton argues that this reflects some basic irrationality in the system.

Eigenprices can be calculated using standard published data, and Seton calculates sectoral eigenprices for a variety of countries in each sector. Whereas full-cost pricing requires only the technological information supplied by input-output co-efficients, factor norming reflects the extra information of the actual volumes of production and final consumption. Since eigenprices are approximations to the perfectly competitive prices appropriate to given configurations of economic activity, one might well expect operative price systems to differ from them more radically in non-market than in market economies. This is certainly supported by the examples presented: the U.K., FDR, and Japan have little price-deviance as compared to Eastern block countries, with Yugoslavia in between. (Italy appears to be an anomaly, with a more 'irrational' price system than Czechoslovakia.) Seton also argues that economic policy-makers can use eigenprices as a diagnostic to evaluate performance, and an ideal to be attained (by fiat or reform in centrally planned economies). Dr A. Steenage provides a detailed comparative analysis of the Dutch and Hungarian economies since the war, illustrating the potential of eigenprices for evaluating and comparing structural performance.

The central idea of eigenprices seems a very important and practical tool. As a theory of value, it combines all of the important elements needed by such a theory, and provides a general framework which contains other value theories as special cases (certainly the Marxian labour theory of value, the Sraffian system, and Walrasian analysis). The theory is also directly applicable to available data. Walrasian prices will only be observed in a perfectly competitive economy; in a non-competitive economy they can only be computed with detailed knowledge of tastes and technology. Eigenprices, however, can be calculated for any economy. However, it has yet to be shown how useful eigenprices are in practice. The value of eigenprices in pinpointing 'irrational' prices would be validated only if convincing evidence could be given as to precisely what distortions underly these deviations. Lastly, the 'ideal' nature of eigenprices is perhaps overplayed: eigenprices are open to much the same normative criticisms as Walrasian prices.

HUW DIXON

Birkbeck College, University of London