BOOK REVIEWS

ERRATA

CAPITAL AND DEVELOPMENT PLANNING, by Sukhamoy Chakravarty. (p. 163f, The Annals IV.1, June 1970).

The last paragraph should have read:

"The simple model ... relaxed. Assumptions (2) and (3) imply that the marginal* utility of consumption be of constant elasticity v :

$$U_c = C_t^{-v}. \text{ Since } U_c = \frac{dU}{dC}, v \neq 1. U(C_t) = \frac{1}{1-v} C_t^{1-v} + B, *$$

where B is the constant of integration and the Bliss or maximal level of utility. Should v be less than one, consumption would grow indefinitely (and capital fall to zero) for long or infinite planning horizons. However, if as required for the model to make sense with an infinite horizon, v exceeds one, the utility of very low levels of consumption is negative, and rises to Bliss for very great consumption, the marginal utility of which is zero. The difficulty is the negative utility of the low levels of consumption which may prevail under high savings rates in developing countries. One must be somewhat cautious in applying the model in that oversimplified form.*

*Changes underlined.