

ERRATA

Due to a printing error, two paragraphs and part of a sentence were omitted on page 10 of "Collective Goods and Collective Decision Mechanisms," by Richard D. Auster and Morris Silver in the Spring, 1973 (vol. XIV) issue of this journal. The following should be substituted for the paragraph beginning, "(1) Information"

In actuality, some degree of authority—central planning—is always present. Therefore, either dc_E or dc_D (or both) must have negative intercepts, i.e. central planning must have either negative intercepts, i.e. central planning must have either a marginal decision cost advantage when there are only markets or a marginal enforcement cost advantage. We may now proceed to generate various testable implications of our theory. Where possible, we support these implications with available evidence of an admittedly casual nature. Further extensive empirical work is called for.

2. Some Implications

When analyzing the effect of a particular factor on CP/M, we must see how it affects:

- 1) The "amount of information" and the difficulty of gathering (centralizing) information.
- 2) The speed of adjustment of markets and costs of computing equilibrium.
- 3) The costs of collection and the costs of ensuring obedience to orders in general.

Of particular interest will be factors which affect one of the components of cost but not others, or affect them only insignificantly or affect all in the same way. We organize our discussion around each of our categories.

1) *Information*: Where demand curves vary greatly from household to household (or firm to firm) more information will be required for correct planning and its level will be lower and *vice versa*. Radio, television, and the telephone have to a certain extent tended to obliterate regional and ethnic differences in tastes. At the same time, the telephone has reduced the costs of gathering information. While there has probably also been some increase in the speed of adjustment of markets as a result of the telephone, the net effect of these inventions has almost certainly been to increase the level of industrial concentration and the level of central planning in general.