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Owner's Instructions for Calculating Price-Related Measures

Agricultural Price Policy: A Practitioner's Guide to Partial-Equilibrium Analysis. *By Isabelle Tsakok Ithaca, NY Cornell Univ Press, 1990, 305 pages, $19 95 (softcover)*

Reviewed by Milton H. Ericksen

JAER reminds reviewers in its instructions that, "Books are numerous, time is short How important is it that we should read this one?" In my opinion, Tsakok's book is important only to those about to tackle a painstakingly detailed analysis of prices in a developing economy In the absence of a specific project, reading this book is akin to reading a shop manual for a car not yet purchased or even fully considered As a shop manual, Tsakok's guide succeeds, thorough in its explanation of how to assemble price information pertaining to border and internal prices, how to adjust these price series, and how to calibrate ratios and measures from the assembled prices

However, in spite of the book's detail and excellent tips, the practical instructions are not connected to specific objectives that would derive from the price measures discussed The foreword alone points out that the tools of partial-equilibrium analysis can improve economic policies in the name of resource efficiency, and "induce a configuration of investments that will lead to more rapid economic growth "

Opportunity cost and comparative advantage form the theoretical basis for a battery of measures, such as shadow exchange rate, effective exchange rate, a consumption conversion factor, a capital conversion factor, a nominal protection coefficient, an effective protection coefficient, an effective subsidy coefficient, a producer subsidy equivalent, a consumer subsidy equivalent, a domestic resource cost, a net economic benefit, and an opportunity cost of capital However, Tsakok assumes prior knowledge of these concepts, making the book a marginal classroom reference And while conceptual development of opportunity cost, comparative advantage, and elasticities is not ignored, it is not complete enough to make the book a definitive tool

The book's preface and first two chapters indicate an eventual analysis of price policies in developing countries, how they have distorted efficient resource allocation, and how specific policy changes may improve efficiency However, Tsakok stays with the mechanics of deriving measures Tsakok alludes to, but never presents, the price-centered, partial-equilibrium analysis that might enlighten policymakers

I found the book finally lacking It was not in the explanation of points and examples, which are sometimes detailed to the point of tedium Many sentences make obvious points "Strictly defined, a *tradable* good is a commodity or service that can be imported or exported, and a *nontradable* good is one that cannot be imported or exported " Nor does the book lack in accuracy But what problems would require that a practitioner or analyst (terms used throughout the book) undertake an analysis, and to what practical use could the derived measures be put?

If the reader is already examining the efficiency or comparative advantage of a developing economy that is "small" in international trade, this book could be helpful For those without an agenda or an end beyond methodology, the book will not suggest any

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