half were nationals of industrialized countries. Only three of the other participants (one from the U.K., one from France, and one from the OECD) were from non-U.S. institutions. Is policy-relevant 'science', and in particular economic analysis, so neutral that participation that is so American and IFI-oriented has no impact on the product? Is the quality of the analysis in Washington and in the U.S. so superior to that elsewhere that it outweighs any such doubts?

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David Bevan, Paul Collier, Jan Willem Gunning, Arne Bigsten and Paul Horsnell, Peasants and Governments: An Economic Analysis (Clarendon Press, Oxford, 1989) pp. 349.

Following the devastating Brazilian frost of 1975, the price of coffee reached levels never before experienced in world markets. In connection with the Department of Economics of the University of Dar es Salaam and the Institute for Development Studies in the University of Nairobi, the authors of this carefully crafted study analyzed the response of governments and farm families in two East African nations – Kenya and Tanzania – to this rise in coffee prices.

The choice of cases imparts analytic leverage to the study. The government of Tanzania captured the transient stream of income created by the commodity boom; by contrast, the government of Kenya let the price rise pass through to the farm family. The choice of cases therefore generates sufficient variation to explore the response of peasants – and governments – to unexpected economic variability.

The results suggest that governments do not treat transitory income as transitory; they act as if they had experienced a permanent increase in income. Farm families, by contrast, tend to use the income so as to create new permanent income streams. By comparison with governments, they tend to save and invest.

A lot rests on these findings. They bear upon whether one should rely upon the public or private sector better to respond to the risks of international markets; whether peasants can be trusted to make socially correct decisions; whether private agents should be allowed to control the proceeds of windfall gains or whether they should be appropriated by the nation; and so on. The significance of the results is highlighted by the intellectual and political rivalry between Kenya's and Tanzania's approaches to development. The authors do not brandish the implications of these findings. They appear, rather, to trust the readers to recognize their significance and to introduce them into policy debates.

Their conclusions will be treated with great respect, however, because they are so carefully drawn. While starting in the neoclassical world, the authors confidently and sure footedly address the reality of the economics of East Africa. They examine the economics of rationed and multi-tiered markets for the goods farmers buy, for example, showing how in such markets the responses expected by most neoclassical economists to rises in commodity prices simply will not obtain. They explore as well the impact of imperfect markets for factors of production, demonstrating not only the losses in efficiency but also the creation of characteristic behavioral patterns in response to these market imperfections. Their analysis of the developmental cycle of the farm household, not only over generations but also over economic activities, is a gem and should be absorbed into the broader peasant literature. Their work is notable as well for its repeated attempts to link the macro- and the micro-levels of analysis, exploring the impact of macro-economic policy on household decisions – and the implications of household behavior for aggregate cash balances. There is much to praise in this book.

There are shortcomings as well. The Tanzanian portions are extremely depressing and cry out for a more in-depth analysis than they are given here. The policy commitments of the governments are evaluated; they are not explained. Surely the decision making of public officials should be subject to the same rigor and sophistication of analysis as are the peasant families in these studies.

These brief criticisms aside, this is a superb piece of work.

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H. Folmer and E. Van Ierland, eds., Valuation Methods and Policy Making in Environmental Economics, Studies in Environmental Science, no. 36 (Elsevier, Amsterdam, 1989) pp. x+259.

In the three years since the chapters in this volume were presented at a conference in the Netherlands, attention to environmental policy issues has increased dramatically in both developed and developing economies around the world. Less than a decade ago, it would have been hard to imagine that measuring the values of environmental amenities would be part of the World Bank's lending criteria or that a science advisor to the President speaking on scientific research and global change would describe economics as '... the glue that binds scientific understanding of global change phenomena to the policies ...' [Bromley (1990)]. Thus, there is clearly a market for books on this topic. These comments consider how this book serves that market.