Foreign Trade Regimes and Economic Development: Colombia, Volume IX.—By Carlos Diaz-Alejandro. A special conference series published by the National Bureau of Economic Research, New York: and distributed by the Columbia University Press New York and London. pp. 281.

Like other volumes in this series the book discusses exchange control measures, liberalization and economic development, and tends to analyse individual policies and restrictions, their administration and the overall economic environment in which they operate. Each country study in this series is essentially over time. The analysis for each country follows, more or less, the same pattern. Broadly three areas are focused upon.

(*a*) Exchange control: The economic efficiency and distributional implications of the alternative methods of exchange control are pinpointed and analysed.

(*b*) Liberalization of trade: The analytical framework clearly distinguished between devaluation and liberalization and the concepts for quantifying the extent of both. A detailed study of each helped to identify the effective ingredients of growth policy.

(*c*) Growth: The relationship of the exchange control regime to growth *via* static efficiency are investigated with a view to determining its effects on savings, investment allocations, entreprenuership and development.

This volume focuses mainly on the Columbian experience during the period 1950 to 1972 with some references to previous periods. It starts with an overall view of the economy, its foreign trade, external and internal stability, different policy phases and subphases during this period.

Columbia is a classical example of an export oriented economy that relies on a major staple whose price is subject to considerable fluctuations, which is what makes a study of exchange controls and policies all the more interesting. The author found that for Columbia, the fluctuations in trade, especially imports, are much larger than those of G.D.P., possibly implying that the exogenously determined factors have had a stronger impact on the development policies of this country.

The second chapter covers minor merchandise exports; coffee and crude petroleum having accounted for 91 percent of the Columbian exports. This chapter, like all others in the book, is detailed and meticulously prepared. Each policy of export promotion is analysed in a historical perspective. Though faced with the perreniel data problem, the author manages to isolate, within the overall theoretical frameowrk, the effect of each export promotion package. He concludes that these export promotion schemes succeeded in generating a rising dollar value of Columbian minor exports.

Free use is made of the regression technique in estimations of supply response etc. Weaknesses in data are honestly admitted, and general inferences drawn wherever possible from the results obtained therefrom. Most of these inferences or generalizations are subjective, but the author's considerable familiarity with the Columbian economy lend confidence to his conclusions.

In the third, fourth, fifth and sixth chapters the author's focus is on merchandize imports. He starts with an estimation of the "import function" for the post-war Columbian economy to examine how imports have been allocated into different categories, and to analyse the crucial link between imports and capital formation. In the later chapters he examines in detail the different instruments used to suppress and manipulate the demand for imports and the justifications for each of these. The different policy variables covered include tariffs, prior import deposits, the exchange rate, and administrative controls with special emphasis on the evolution of different mechanisms for containing imports and there effectiveness.

A separate chapter has been devoted to the study of the 1965-1966 liberalization episode when Columbia attempted to eliminate administrative control over imports and other transactions that entailed purchases of foreign exchange. The intense external pressure to devalue the Columbian currency in the face of the seriously adverse balance of payments situation, and the previous experience of the 1962 devaluation and the accompanying inflation are the reasons highlighted for the subsequent reimposition of drastic controls.

The last chapter covers the trade policies and their effects on the development experience. The author underlines the type of information ideally desired to study the effects of trade policies and reviews the available data for a disaggregated quantitative model of the Columbian economy. He sums up by conceding that the gradualistic trade and payments policies followed since 1967 have "impressive achievements to their credit". By placing balance of payments management on a routine basis, they permitted a more efficient and faster overall growth rate, which appeared out of reach in the period 1957-1966. These policies have permitted the Government to devote their attention to the real problems of poverty, unemployment, income distribution and national autonomy, areas in which the impact of trade and payments policies is weak and indirect.

The book is a rich source of information on the Columbian economy. Continuous reliance on figures has studded each chapter with numerous tables. The author has done a commendable job of moulding the existing data to the overall analytical frameowrk that he was constrained to follow. It is a guide to the economists of our own country also, in how much can be done with the existing scanty data, given an insight into the functioning of the economy and the various pressures, both endogenous and exogenous, that it faces.

The book like the others in this series can safely be recommended as a masterly treatment of the economic history, economic development and trade policies of Columbia.

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