

quality of life (QOL) lacking any solid 'empirical basis'. That LE is a more valid measure of LE is not in doubt. That is not, however, the issue. The issue is whether a specific quality adjusted life expectancy (QALE) measure is a more valid measurement of *the effect of health care whatever it is called* than LE. Unless that whatever is defined to exclude QOL, the fact that the estimate of LE (which implicitly weights QOL considerations at zero) has a better empirical basis is completely irrelevant.

Generally this book is immaculately clear because of the adherence to a systematic style of exposition. So the reader is surprised when the argument very occasionally falls below total clarity. For instance, we are warned of the dangers of attributing significance to the ranking of cost-benefit ratios, since the numerical value of the ratio depends on whether various reduced costs are entered in the numerator as cost savings or in the denominator as benefits. But this is not explicitly recalled when, a few paragraphs later, it is suggested that, in the presence of budget constraints, programmes can be ordered according to their cost-benefit ratios and the programmes implemented in order of these ratios until the budget is exhausted. Although the statements can be reconciled, the stated aim of 'easy accessibility' requires that this be done explicitly.

This is certainly not a work that is easily accessible to someone without substantial analytical and numerical competence, which may exclude some health care decision makers. This thought raises a perennial worry concerning the dangers of high quality works of this sort, which set out very clearly the underlying assumptions and difficulties encountered in conducting formal analyses. They can be taken up by those making health decisions and used quite invalidly as ammunition against specific economic evaluations, or economic evaluations in general, when the relevant point is not the failure of such evaluations to attain perfection but their relative merits compared with the alternative way of approaching the decision. Striking the right balance in establishing the potential difficulties, weaknesses and pitfalls in evaluations, and simply scoring 'own goals' as far as those hostile to any serious evaluation are concerned, is a difficult task, but economists need to be more aware of the danger than they are currently.

The person who is thinking of buying this book will ask 'will the benefits of buying (and we will assume reading/studying the book) exceed its cost?' As the main things he or she will learn from the book are (a) that this is the right question to ask and (b) that it is a very difficult question, it might seem that the answer is obvious. However, that is simplistic as well as *ex post* thinking, so he or she would be wise to undertake a formal evaluation to see whether their WTP for this book is equal to or greater than £81.

The first task is to establish the unit of effect. Drawing on a convenience sample of one I conclude that the potential purchaser of such a book might be

thought of as seeking bits of new knowledge. The unit of effect can then be thought of as the quality-adjusted bit of new knowledge (QABONK). The potential purchaser then simply needs to determine the (expected) number of quality-adjusted bits of new knowledge produced by the work and establish the maximum price per quality-adjusted bit of new knowledge that he or she is willing to pay. He must then see whether this is greater or less than the purchase price of the book divided by the number of quality-adjusted bits of new knowledge it produces. All this analysis has to be done under uncertainty, though this uncertainty can be reduced slightly by reading helpful reviews of the book or examining it before buying, either in the bookshop itself or in a library. (This provokes the interesting thought that WTP is presumably most securely grounded when we observe people buying something — e.g. a book — that they can obtain freely and without significant transaction costs whenever they need it — e.g. from a library next door.) League tables for books ranked by their cost per quality-adjusted bit of new knowledge would obviously be helpful to potential purchasers and these would require the devising of an instrument (EUROBONK©) to establish the necessary quality adjustment weights on the basis of public preferences. I am confident Johannesson would be highly placed in such a table at half the present price or less and it will be a great pity if he is relegated as a result of this consideration.

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Health Economics for the Uninitiated by TONY LOCKETT. Radcliffe Medical Press, Oxford, 1996. No. of pages: 66. ISBN 1-85775-069-1.

Described by the author as a practical guide to understanding health economic issues, and to examining articles and other literature without terror, this volume consists of seven topic-based chapters using fewer and smaller pages than the Football Record (the official programme of the Australian Football League). The good news: unlike the Football Record, it takes only 1 hour to read from cover to cover; the bad news: this is probably how long it took to write! Twenty per cent of the volume (12 pages) is allocated to telling the reader what will be in the other 80 per cent.

Each chapter begins with a paragraph of key points from the previous chapter. In many places the text is, at best, confusing (technical efficiency is about producing maximum benefits at minimum costs — how else could maximum benefits be produced?) and in many other places it is simply wrong ("compulsory private insurance markets have been in operation for some time...", "the concept of vertical equity involves equal treatment

for equal need"). Neither scarcity nor opportunity cost warrant inclusion in the 6-page index. Opportunity cost is mentioned on page 46 where it is dismissed as "most difficult". This is after 'covering' Von Neumann-Morgenstern expected utility ("the probability of achieving maximum satisfaction"), Grossman's demand for health ("health does not depreciate" — the good news for all Yankees fans is that Mickey Mantle's health did not deteriorate — he merely died), cost *minimalization* (*sic*), economists' reliance on second-hand (*sic-ker*) data and *eternalities* (*sic-kest*). 'Health Economics for the Uninitiated' might best be described as health economics by the uninitiated.

Given that there are several good texts aimed at introducing non-economists to health economics and its application to practical problems (see Gavin Mooney's *vitae*, for example) one wonders if there is a gap in this market. If there is, this volume does not fill it. Indeed, authoring such texts is a bit like meta-analysis, in

Lockett's own words, "...best left to the experts". At least the author might have passed it by peers for some minimal quality control (or taken the advice of peers that he did pass it by). Biographical details, like acknowledgements, are noticeable in their absence. However, Australian readers and followers of Australian Rules Football know Tony Lockett to be the greatest full forward to grace this earth (the antipodean Babe Ruth). In the interest of Pareto optimality perhaps if I promise not to take up Australian football Tony will agree to stick to his day job and nobody will be worse off. In the meantime I shall renew my subscription to the Football Record.

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BOOKS RECEIVED

Markets and Networks. Contracting in Community Health Services by ROB FLYNN, GARETH WILLIAMS AND SUSAN PICKARD. The Open University Press, Buckingham, 1996/7. No. of pages: 162. ISBN 0-335-10456-7.

Market Driven Health Care. Who Wins, Who Loses in the Transformation of America's Largest Service Industry by REGINA HERZLINGER. Addison-Wesley Publishing Company, Inc. Mass, 1997. No. of pages: 379. ISBN 0-201-48994-5.

Growing Artificial Societies. Social Science from the Bottom Up by JOSHUA M. EPSTEIN AND ROBERT AXTELL. Brookings Institution Press, Washington, 1996. No. of pages: 208. ISBN 0-262-05053-6.

Competition in the Provision of Health Care by ALLAN BRUCE AND ERNST JONSSON. Arena, Aldershot, 1996. No. of pages: 131. ISBN 1-85742-305-4.