empirical surveys (1985, 1986) on the position of small firms in export, as well as the significance of export performance with regard to employment and economic growth. In exporting, large enterprises are clearly dominant. It is also true that great export potential exists for small firms. Of particular interest is the interview data which reflect a rather pessimistic self-assessment of export opportunities and chances of success on the part of small businesses. The small business interviewees report that export financing problems, as well as the lack of information and contacts in the export business are immediate obstacles.

It has been established that at times of economic stagnation, small firms play an important role in maintaining employment. The author calls attention to the lack of research done in determining an optimal combination of small and large firms for the purposes striking a balance between employment and growth.

The last contribution in the first part deals with the new entrepreneurial activity among small firms in Great Britain during the 1980s. "It used to be a very fashionable thing in Britain to start up in one's own business, a route taken predominantly by the untrained and uneducated. Now it is all the rage. Large numbers of graduates of bodies in higher education . . . express a desire to have their own firm and may start one straight away. In the early 1970s there were virtually no courses in entrepreneurship and small business management, now they are available everywhere" (p. 85).

The main question in the second part of the book is the competitive impact of the tax system on small firms. The circumstances in the EEC countries and the U.S.A. are closely examined in three reports. The general increase of tax burdens and the growing complexity of the tax systems is at issue. The main topic in Europe is the value added tax (VAT). It turns out that a relatively greater burden is placed on small firms, especially when we examine both the burdens of the tax and the compliance requirements.

In general, it is said that the current tax system for investments of small firms is quite obstructive. The tax reform introduced in 1986 in the U.S.A. is distinguished when compared with the EEC and is offered as a model for the tax reforms needed in the EEC among the nations and other places. As a general principle, the impact of government intervention on big and small companies should be "neutral" and not biased to favor big business over small. Especially, as part of the economic policies of Great Britain and the U.S.A. during the 1980s, measures were taken in the area of tax reduction to promote tax neutrality. The main strategy for the promotion of small firms must be with the elimination of discriminatory taxation. Also, the compliance burdens of government activities must be lessened.

The contributions in part three deal with the relatively high burden caused by social legislation and inflicted upon small enterprises (and also medium sized firms). By comparison, the burden in Europe is higher than it is either in the U.S.A. or Japan. The main observation here is that the relatively higher burden on small and medium-sized firms is a consequence of relatively high administration expenses incurred by the implementation of social legislation. In order to eliminate the negative employment effects on small business, a reduction of administration expenses is necessary. Several strategic methods of reporting data are suggested in the last chapter.

This book is required reading for students of small business economics especially those who wish to advocate a policy program designed to support and expand the small business sector.

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Al Rainnie, *Industrial Relations in Small Firms: Small Isn't Beautiful.* London: Routledge, 1989. ISBN 0-710-20994-0/0-415-00265-6.

In his book, Rainnie challenges Schumpeter's idea that small firms and entrepreneurs act as creative agents for the rest of the economy. The title also refers to Schumacher's catch-phrase, "small is beautiful." Small size is widely valued by students of small business, yet remarkably undiscussed despite the dramatic interest in small business research during the last decade. Rannie analyses the economic and political position of the small firms during the 1980s. He contrasts the industrial-relations practices in two contrasting industries, namely in printing, where the majority of workers are male, and in clothing, where women dominate the work force. He concludes that the Schumacher slogan is a modern myth with few hard facts behind it. The conclusion is the same whether one studies industrial relations within small business or the creation of new jobs throughout the economy.

According to Rainnie, small firms came in from the cold in the eighties, but not in such a harmonious way as they often are described by both today's research literature and by political debaters. It was believed throughout the 1960s and 1970s, that scale economies and the emerging technologies would create larger sized firms. During the 1980s, a shift in faith took place. Small business and its continued growth was declared to be primary for economic growth. Small firms were characterized as generating most new jobs in many of the OECD-countries. Government policies and research were quickly directed toward the study of small-scale companies. Knowledge based largely on the Bolton (1971) and Ingham (1970) reports, suggested that a larger degree of interpersonal relationships and smaller bureaucratization create better working relationships and lower strike actions in small business firms than in large sized firms. According to this research, the "non-economistic expressive orientation to work" supposedly exhibited by workers in small firms is based on the self-selection of workers who view the non-economic rewards as worth pursuing in and of themselves. Rainnie challenges this idealistic notion both on theoretical terms and with reference to two case studies.

The first part of the book analyses the economic and political position of the small firm and the construction of the "modern myth" of small as beautiful. Rainnie argues for a deeper analysis of the position of small firms in the economy and introduces the two case studies which are presented in more detail in the second part of the book. The first case study is from the printing industry and the second one is from the clothing industry. These two, apparently different industries have some important features in common: both sectors have been until recently characterized by conservative management, old craft traditions and a fairly similar kind of industrial relations. Industrial relations are largely dependent upon firm size: trade unions do not have the possibility to enter small firms to any significant extent because of the organization structure of both labor unions and the small firms. but, as Rainnie has written elsewhere, "the low rates of unionization are mistakenly taken as a proxy measures of harmony" and "figures for rates of pay, incidents of accidents, labor turnover" are being neglected as evidence for potential conflicts (Rainnie-Scott, 1986). This is also confirmed by other studies (see Curran-Stanworth, 1986).

The vague, and according to Rainnie, unrealistic picture given of the small business sector forms the background for the case-studies in which the labor relations in small firms are examined. The results Rainnie gets seem to reinforce has idea of the low-pay jobs and poor working conditions and the paternalistic relations which enable the labor union to operate. Yet he is ready to avoid the trap that catches most commentators on small business; that is, treating small firms as though they were part of a readily identifiable homogenous group. Thus, he concludes that it would be as misleading to attempt to replace the unsatisfactory slogan of "small is beautiful" with equally inaccurate one of "small is ugly".

Rainnie discusses the origination of the modern myth of small business as denoting all that is good and decent. Rainnie refers to this as the "small furry animal" — approach to the study of small business. Both the majority of the political discussion in the early 1980s, in several countries other than Great Britain, and also a majority of the academic research treated the small business sector with kid gloves. This construction of a myth has some grains of truth to it, but besides that approach there has also been a growing literature which tries to analyze the importance of small business in the economy as whole, taking into consideration also the flaws and drawbacks of the small business sector. These research findings have been omitted when discussing the small firm, in the economy almost completely.

There is one major flaw in Rainnie's otherwise fluent and convincing book. This flaw unfortunately lessens the usefulness of the book among academics, but at the same time opens up an interesting point of view about the creation of expressions such as "small is beautiful" and its several connotations. Rainnie's argument concerning the economic importance of small business sector draws heavily on political discussion and less on theoretical and empirical research done recently in economics and in sociology. This discussion goes beyond the criticism of the Bolton report and the like and is based on more solid empirical foundations. This kind of research has pointed out that the amount of self-employed workers on the national level has increased in most OECD-countries during the 1980s, even if the highest levels of 1960s and 1970s in the amount of entrepreneurs has not yet been attained (e.g., Toivonen, 1990). Whether this rise in the number of entrepreneurs has directly created more jobs than larger firms, is undoubtedly an open and debateable question (see Amin *et al.*, 1986).

Rainnie's book offers a crisp counter-point to the growing literature on industrial relations in small firms. However, there seems to be a substantial body of research and theory which points toward a rather different picture of small-firm industrial relations than is suggested by the most early research commentaries to which Rainnie refers in his book. For example, in the English research tradition the existence of labor unions and the segmentation of the work force has been noted only in a couple of sentences. But, as Rainnie points out, the small firms are important in many ways to the economy, and in his new book Rainnie succeeds in focussing on many crucial and less researched areas about the small business sector, which must be analyzed more seriously in the years ahead.

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Albert N. Link and Gregory Tassey, *Strategies for Technology-based Competition. Meeting the Global Challenge.* Lexington, 1987, 143 pp. ISBN 0-669-14574-2.

This small book addresses important questions: What are the conditions of competition in the high technology industries? What can firms and governments do to improve competitiveness in this area?

The theoretical perspective of the book, set out in two chapters is an elaborated version of the product life cycle theory combined with an approach that stresses the importance of interdependencies between firms, and between firms and government. The three next chapters focus on empirical evidence, mainly from the United States. However, Chapter 5 contains a comparative analysis of the United States and Japanese policies regarding technology in two selected areas of technological innovation. The final chapter presents conclusions and discusses implications for altering government policy.

I shall summarize the argument of the book as follows: Product life cycles are shortening. This forces firms to pay more attention to innovation and less attention to imitation-based strategies. Second, innovations cannot be viewed solely as the output of activities within firms, but between firms and government. Third, these two factors when combined imply that strategies for technology-based competition become increasingly important for the competitiveness of firms and countries in "high technology" industries.

A natural question, then, is to what extent the analysis presented in the book supports these basic propositions. It is fair to say that very little evidence is presented in favor of the first assumption; that of the shortening of the product life cycles. Ironically, the cases presented in Chapter 5 of the book are examples of rather long diffusion periods. More space than necessary is devoted to the R&D process and the importance of interdependencies between firms and their environments (especially government) in this context.

In Chapter 2, the authors outline a simple growth model in which economic growth is assumed to be a function of capital growth, labor growth, and the growth in technological knowledge. The novelty of the approach consists in