I strongly recommend this book to all students of small business economics.

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Robert J. Larner and James W. Meehan, Jr. (eds.), *Economics and Antitrust Policy*, New York: Quorum Books, 1989, ISBN 0899-30-386-2.

This book focuses on the dramatic changes in antitrust policy in the United States that came about during the Reagan administrations. According to the introduction, the text is intended to explain and also evaluate the changes in U.S. antitrust policy that have occurred during the past two decades (1970—1989). The book also assesses the areas of disagreement that still remain among economists and among legal scholars. The papers collected in the book, written by several authors, pursue this aim in diverse ways.

Antitrust policy is directed towards monopoly, and its first step must be, therefore, the *detection* of monopolies. This topic is addressed in the first paper by Kenneth G. Elzinga. He compares structure, performance and conduct measures, showing that each one of them has shortcomings and concludes that there is no single indicator that can be deemed *the* "true," monopoly index.

In the second paper, Charles Holt and David Scheffman present the modern analysis of strategic business behavior. They remind us that different outcomes can arise from a given situation, emphasizing that, in a number of circumstances, strategic behavior can be procompetitive even if firms have some degree of market power. However, they claim that, although recent economic theory has substantially increased our understanding of certain business practices, it is not very helpful in discerning the circumstances in which these procompetitive outcomes take place. Therefore, recent theory has not made a very useful contribution to antitrust policy.

The next paper is directed to the analysis of U.S. merger policy during the 70s and the 80s. F. M. Scherer stresses that the new learning in economics counsels a reformulation of policy initiatives towards mergers. However, he claims that the policy shift that occurred during the 80s largely failed to solve the real problem of merger policy. Ideology has had an excessive influence on policy formulation rather than a careful, scientific analysis of actual merger problems.

Two papers address the problem of vertical relationships between firms. Lawrence J. White puts the concepts associated with vertical relationships into perspective by noting that, in all market transactions, there are restraints and exclusions. Furthermore, the practices usually identified with vertical restraints and subject to the antitrust authorities' attention, are only a small part of a larger continuum. He then presents the case for the efficiency explanation of vertical relationships, but notes that in a number of cases, vertical relationships can, indeed, be used to raise a rival's costs and thus produce anticompetitive effects.

The paper by Robert J. Larner compares the vertical price restraints with vertical non-price and horizontal restraints and advocates that price and non-price vertical restraints should receive the same treatment.

Two papers written by the lawyers are concerned with the general problem of the influence of economics on antitrust law. In the first of these papers, Donald Bakers recalls that, in spite of the prescriptions offered by economic theory, antitrust law is largely influenced by other factors, namely, political factors. This often leads to manipulation against those competitors who are politically weaker (foreign competitors are an obvious example), and Baker argues that, if political changes are foreseeable, they should explicitly be taken into account by antitrust authorities.

The other paper, by lawyer Timothy J. Waters, discusses the need for a significant revision in the U.S. antitrust law as advocated by the Reagan Administration. Waters argues that existing antitrust law has been able to accommodate successive developments in economic theory and therefore, against the Reagan Administration's proposals, no revision is required.

The last paper written by the editors, reviews the development of economic thought regarding antitrust since the establishment of the "structure-conduct-performance" paradigm up to the present. They review the positions of the structuralist school, resting on the presumption that high concentration leads to abnormal profits because firms exploit their market power, the criticisms of the Chicago School, that stress the efficiency explanation, and what they call the New School of Industrial Economics, with its emphasis on strategic behavior and the possibility that, under *some circumstances*, firm behavior may reduce competition and be harmful to welfare. The message conveyed is that we know that monopoly is not always bad, and we also know that monopoly is not always good. What we do not know is which judgment to make in any particular situation. The basic lesson for antitrust policy is, therefore, that more research needs to be done.

The book also includes a brief biographic note and a listing of the works of the late Michael Mann to whom this book is dedicated.

Although it may provide a fairly broad view on the subject, this is not what I would call a very exciting book. My lack of enthusiasm about the book reflects the fact that, the appropriate balance between economic theory and institutional detail has not always been achieved. A notable exception is the paper by White, but in general, the papers dive into a forest of legal and institutional detail at the expense of deep discussion of the economic context. This makes the book considerably less attractive for non-American readers.

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*The State of Small Business: A Report of the President* (of the United States), Washington, DC: U.S. Government Printing Office, 1990, ISSN 0735-1437.

The casual reader may ask why a British researcher should review a document which is directed almost exclusively towards an audience in the United States. The simple answer is that I was asked to do this by the chagrined book review editor who had tried a number of United States academics only to discover that they were either unwilling or unable to put their opinions into print. Unlike the Americans, I agreed to prepare a review of this interesting document.

I have been reading these *State of Small Business* (SSB) reports since 1985, and there is no doubt that they provide the outsider with a most valuable statement of changes in the U.S. small business scene. Each year I look forward to receiving my copy from Dr. Bruce Phillips of the Small Business Administration. I now welcome this opportunity to formally record *my* thanks to him for this courtesy and to place my well-intentioned, but possibly naive, thoughts about these documents in print.

The SSB report is undoubtedly a pathbreaking document. When I saw it for the first time in 1985, I was struck by the depth of the data and the quality of the analysis. Other than Japan, no other country at that time produced a document on the small business sector to match its considerable depth and accuracy.

In preparation for this review, I compared the 1990 SSB document to the one published for 1985. I found out that there has been little change over the years. The format is very similar, and the issues addressed are exactly the same. Yet over this five year period, a number of countries have taken the SSB document and have produced their own local versions. Within Europe, for example, EIM in Zoetermeer produced for Holland a comprehensive statement on the small business sector. In the UK a start was made in this direction in 1990, and the Bureau of Industry Economics in Australia now provides an impressive review of local, small businesses. It is fair to say that all these organizations have examined the SSB report and have drawn more or less heavily from it for ideas with which to structure their own national publications. Perhaps the most interesting development in this field are the many proposals currently under discussion at European Commission for a creation of a European document called the "State of Small Business in Europe," which would cover small businesses in all twelve community countries. Again, if such a project were to come to completion, it is likely that it would draw heavily upon the format of the U.S. Small Business Administration document now under review.

The 1990 SSB is a substantial document that runs to more than 270 pages. Of this, almost 200 are data tables in the four main appendices. The data relates to Small Business Financing, Procurement and on Women and Business in the Labor Force.

The key text of the SSB report covers a discus-