example, gives surprisingly little weight to recent developments in both fields. On the one hand, the thriving body of research that sometimes goes by the name of "Neo-Schumpeterian economics" is not discussed in any detail (see, for example, the excellent survey by Freeman, 1994). On the other the suggestion that macroeconomics has been blind to developments in microeconomics that explore the role of innovation in moving markets away from equilibrium seems harsh in view of the field's increasing interest in, for example, the "new" growth theory (Romer, 1986, 1990; Grossman and Helper, 1991; Verspagen, 1992). Similarly the discussion of long-term survival rates might have benefited from a comparative discussion of the population ecology literature, a body of literature from a very different tradition that has nevertheless generated a rich set of data describing patterns of entry, growth and survival in a variety of different industries (see, for example, work by Hannen and Freemen, 1989).

Some readers may also quarrel with Kirchhoff's normative orientation. His statement that "large firms cannot 'creatively destroy' markets; only small firms can creatively destroy markets, by redistributing wealth from the rich to the poor" (p. 58) is profoundly controversial. My own research suggests that large firms may be considerable as sources of creative destruction, and that they maynot be at all immune to innovative behaviors. Also, there is little consensus in the profession as to the welfare implications of a particular size distribution of firms and the shift to small firms may not be an ambiguous blessing for all employees.

However, building a better understanding of the *dynamics* of innovation in the economy is of central importance to the field. By highlighting the limitations of the available data and by provocatively orientating it with respect to at least some portions of the theoretical tradition, Kirchhoff has certainly made a contribution to the literature on small business economics.

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Storey, D. J. (1994) *Understanding the Small Business Sector*. Routledge; London. ISBN 0-415-09626-X (Hardback £45), ISBN 0-415-10038-0 (Paperback £16.99) (pp. xxi + pp. 355)

This is a textbook on small business economics. It surveys a large body of contemporary literature in a highly accessible fashion. While various Economic and Social Research Council (ESRC) projects undertaken by U.K. academics provide part of the core material, other materials are also included in this volume. The book could be read with profit by anyone with an introductory background in economics, business studies, management science, accounting or economic geography. It would probably be understood by an energetic Sixth Former with Honours intentions at the University. Its potential readership is therefore very wide, and I would expect it to be a successful textbook.

The level of exposition is uniformly clear and simple, and bears witness to careful redrafting by the author. Graphs, figures and tables of statistics are used sparingly and helpfully to support the main arguments of the text fairly well. Mathematics (even geometry), statistical inference and econometrics are eschewed, so this really is a volume that is free of intellectual intimidation: undoubtedly the popular man's guide to small business.

The book provides a discussion of a small firm's long-term research agenda, followed by a quantitative conspectus of small firms (e.g. data sources, size distribution) and some international

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comparisons. Chapters on the birth, death and growth of small firms follow. The book finishes with three substantive chapters on employment, finance and public policy, respectively. A concluding chapter on "lessons" to the small firms' community and implications for both financial institutions and government points the readers in new directions still. Overall, the work is heavily referenced and has about 400 works cited in the References section.

In terms of public policy, Storey is particularly impressed by financial and other support for high-tech firms, and, more generally, regional and local financial grants to improve small firm performance. His prescription for government is as follows: There should be an increased emphasis on selectivity, technology, special groups, financial assistance and 'dialogue', and a reduced emphasis on tax breaks, deregulation, training, start-ups, information and 'tinkering'. This advice clearly flies in the face of current policies and procedures. it is also based, in some measure, on available evidence, as reported in this volume, and needs to be taken seriously. However popular, government avowed policy objectives of achieving such gradiose goals 'creating an enterprise culture' might seem, it is doubtful whether studies of the sort of Storey reports upon could cast any light on such matters. Cultural goals are simply not susceptible to micro-econometric analysis. A corollary of this is that they may not be achievable at all by micro-policy measures. In short, they are divorced from wider characteristics of the polity.

Overall, this carefully written book will prove a popular guide to the small business world for both diverse academic users and non-academic users alike. The author is to be congratulated for the powers of compression, synthesis and lucidity that he has applied to a vast and growing literature.

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