of which the first gives some cross-country example of business cycles. The second part includes five articles which all deal with the Phillips curves implied by both macro and micro data.

Technically, the most interesting article in the first part is that by Charles Calomiris and Chistopher Hanes. They argue that the a-cyclic agriculture-dominated output led to an upward bias in volatility in the United States between 1840 and 1914. As a consequence, they excluded the agricultural sector from their output estimations, and imposed the post-bellum relationship they found among series common to the post-bellum and ante-bellum eras to construct an ante-bellum measure based on the same series. Their result is that volatility differed very little between these two eras. However, their method – even though it is very sophisticated – leaves the question about the relevance of their results unanswered, because the structure of the economy in the post-bellum era differed significantly in comparison to the ante-bellum era when the share of agriculture was more important.

The value of the article by Albert Ritschl lies not so much in its technical details as in its contribution to our knowledge about the "real" economic development of Germany in the inter-war period. Ritschl has corrected the Hoffmann series by introducing new data which was ignored in earlier studies. With the new empirical material, Ritschl has been able to replace some of Hoffmann's interpolations and to prove that Hoffmann gave an upward-biased estimate of the volatility of aggregate output and too optimistic a view of inter-war German economic performance. If certain articles in the volume have gone too deep into technical details, Albert Ritschl's, as well as the Iwami, Okazaki and Yoshikawa article about the Great Depression in Japan, stand out as positive exceptions for a reader who is seeking generalisations more than statistical finesse.

The latter part of the book is more homogeneous than the first part. This is primarily because the majority of the five articles deals with Phillips curves, prices and employment. Also the articles are focused on the late 1800s except for the paper by Christopher Hanes which covers the period from the 1800s to our own days. However, all the writers have chosen their own point of view, which gives us the possibility of comparing not only their results but also, how different methods have affected their series. Perhaps the most interesting of this group of articles is the editor's comparative study of Phillips curves in the gold standard regime. In this excellent paper the author displays the most sophisticated statistical methods with erudite historical knowledge.

As already mentioned, the volume is well edited and well written, and all the articles are of a good academic level. However, one could ask more generally, what will be the contribution of macro-economics for economic history if methodological development still means primarily adopting new statistical tools. It is very hard to imagine, for instance, that institutional variables could be analysed with these tools. Of course, we can include thousands of institutional dummies in our models but it is evident that the final question about the human factor will be left without an answer. The contribution of growth studies for the economic history as whole has been enormous. But as in the film industry, the sequels are not always that much fun to watch.

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The State, the Financial System and Economic Modernization. Eds. Richard Sylla & Richard Tilly & Gabriel Tortella. Cambridge: Cambridge University Press 1999. 304 pp. ISBN 0 521 59123 6.

This anthology aims to present a new economic and financial historiography of how financial systems emerge. The central aim of the editors is to 'restore the state in its primary role in the shaping of those systems'

(p. 3) as opposed to the traditional emphasis on the driving forces emanating from private business and commercial banking. Another point of the editors is to stress a new significance of the 'institutions incorporated within financial systems – non-bank intermediaries, money, debt and equity markets, and stock exchanges' (p. 2). Altogether, these intentions indeed yield research, which represents a new and refreshing input in the field of economic and financial history.

According to the editors, comparison is the most appropriate methodological way to create new historical analyses and, accordingly, the volume's twelve essays range considerably both in time and space, from François Crouzet's study of monetary policy in the revolutionary and Napoleonic France, via Roberto Cortés Conde's survey of early Argentine banking, to Boris Anan'ich on Russian Czarist-government banking policy.

Most of the essays fit well with the scope of the book, for example, Richard Sylla's attempt to trace the origins of the US financial system, and Richard Tilly's chapter on the relations between the state and the financial market in Germany during industrialization. Sylla examines the period when the US federal government introduced itself as an economic policy-maker in the late eighteenth century with the statesman Alexander Hamilton occupying a key position. For instance, the government issues of tradeable public debt became low-risk investment objects which helped establish the secondary securities market. Sylla's challenging conclusion is that a public finance 'in order' was, and still is, a necessary condition for the emergence of well-functioning private financial markets in developing countries. Richard Tilly comes to just about the same conclusion, but he also focuses on other parts of the financial system and how public regulation actually affected market activities in a more narrow sense. One example is the comprehensive stock market regulation launched by the German government in the 1870s. It benefited large market participants such as the big universal banks that were able to evade the negative effects of the legislation, but it was devastating to many smaller investors and banks with no alternatives but to face the levies. Hence, the probably unintended effects of the public regulation was increased concentration in the market.

All the contributions to this book do not, however, fit perfectly with the intentions of the editors. Herman and Monique van der Wee study the large Belgian bank, Société Générale, with its origins in the state financial intentions of the king and the government. However, the Société Générale was never directly controlled or owned by the state and, contrary to the editors' thesis, its most important contributions to Belgian and European economic growth were made in the latter part of the nineteenth century when it was entirely run by private finance.

On the whole, despite these criticisms, there is absolutely no doubt that the editors have found a serious institutional flaw in the traditional approach to the development of national financial systems through history. This undesirable situation can partly be explained by the reluctance among some economic historians to use theory, economic or of other kinds, in their work. Even though the comparative analysis of this book could have been extended beyond the short introduction and the no actual comparison of the case studies, it stands as a step in the right direction. However, it is possible to further deepen our understanding and extend the analyses of state-market interaction by focusing on the driving forces behind public regulation and government policy. This can be and has been done in various ways. Some scholars look into networking activities and élite cultures, while others incorporate interest-group pressure or politicians striving for state revenue and beneficial election results. But no matter what, as a first step on a new or at least modified path of financial historical research, this volume offers an inspiring and satisfactory starting point for scholars with the ambition to explore the relationship between public and private affairs.

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***Anna Nyberg**, Innovation in Distribution Channels: An Evolutionary Approach. Stockholm:* Stockholm School of Economics 1998. 220 pp. ISBN 91-7258-487-4.

Anna Nyberg's research belongs to the school of evolutionary economics. She uses an evolutionary approach to understand innovation and change in the history of the retail trade's distribution channels, focusing on the Swedish grocery trade and retailing. She has wisely limited her research to one industry and one national market, and basically she is interested in the development of two innovations, in 'self-service' and in the 'all-channel' distribution structure. She gives us a general overview of changes in Swedish retail structures after the Second World War, how the commodities were delivered to the shops and on to the consumers.

In general there has been very little academic research done on the retail trade's history and especially the history of distribution. Anna Nyberg's theoretically-oriented research is thus very welcome, theoretical approaches being quite rare in historical research into retailing. Most theoretical discussions in this field have concerned growth, crises or geographical expansion theories.

Nyberg discusses in her work various economic theories of distribution channels. At the beginning of the twentieth century some scholars adopted micro-economic approaches to this theme, examining, for example, the role of institutions and especially the role of middlemen in retail trade. For consumers middlemen were often considered to add to the costs of commodities, but institutional theory maintained that intermediaries could through specialisation in marketing lower costs and add to the value of goods. Nyberg offers an interesting theoretical discussion on the role of commodities themselves for changes in the structures in distribution and retailing. How did goods influence the consumers' needs and the functional and institutional structures of retailing? The consumers' wishes to obtain goods easily and quickly plays an important role in their purchasing behaviour, while the consumers' possibility to be able to compare prices and the quality and style of goods influences both the retail structure and the distribution channel structure.

Anna Nyberg has given much and careful attention to the idea and history of self-service in Sweden. Self-service began in Sweden at the time of the Second World War, in general some ten years ahead of Finland. It proved to be rapidly spreading innovation, by 1962 self-service stores accounting for half of all grocery sales in Sweden. As in Finland, in Sweden low prices did not so much attract the customers, as in the USA, but rather the time saved in shopping itself. Self-service was the result of a long development and a chain of innovations. An important stage in the evolution of self-service was the invention of ready packing for both milk and meat, Sweden and the Tetra Pak company being a forerunner in milk packing.

Self-service was to be a very successful format for the retailing of groceries, today's customer knowing all too well the idea of self-service in all kinds of stores. Fresh impulses for innovations were sent from the self-service store to the beginning of the distribution channel, for example, the wishes for the massproduction and standardised packing of a great range of foodstuffs.

Modern retailing structures, the birth of supermarkets and of strong blocks and chains would not have been possible without also the rise of an 'all-channel' distribution system for goods. Anna Nyberg has chosen to use the not very common concept