

The chief criticism of START is that, despite the ICBM reductions, the United States would be more vulnerable to a Soviet first strike. The Soviets now have three ICBM warheads for every one of the 1,000 U.S. Minuteman III and MX silos; after START they would have four for each of the remaining 300-400 U.S. silos. However, Kampelman says, nothing in START forbids the United States from replacing some big multiple-warhead missiles with a larger number of single-warhead missiles, shifting the odds again. But in reality virtually nothing can be done, with or without START, to make these missiles invulnerable again.

Such paradoxes, says Kampelman, un-

derscore the reality that popular euphoria about 50 percent cuts in nuclear arsenals is unfounded. If the treaty is completed and approved, the United States will still have to invest in the modernization of its nuclear forces, possibly building single-warhead missiles or new nuclear submarines. A post-START nuclear war would still devastate the planet. START would moderate the arms race and make it more difficult for one side to gain the upper hand—not the stuff of dramatic TV “sound bites,” notes Kampelman, but vitally important. He hopes that the Bush administration will resist the urge to tinker with START’s compromises and begin resolving the remaining issues.

ECONOMICS, LABOR & BUSINESS

Zoned Out

“The Kemp Cure-All” by David Osborne, in *The New Republic* (April 3, 1989), 1220 19th St. N.W., Washington, D.C. 20036.

Jack Kemp, the new Secretary of the U.S. Department of Housing and Urban Development, may be the only bona fide activist in the Bush cabinet. So it is a safe bet that federal “enterprise zones,” Kemp’s panacea for the nation’s blighted inner-city neighborhoods, will become reality before too long.

The problem, contends Osborne, the author of *Laboratories of Democracy* (1988), is that enterprise zones have already been tried by the states and found wanting.

The theory behind the zones is appealing: By slashing business taxes and regulations in selected areas, government can encourage a thousand entrepreneurial flowers to bloom, providing jobs for many inner-city residents. The reality is that some 30 states have created between 500 and 700 enterprise zones—with mixed results at best. The state of Connecticut, for example, claims that it has created or saved 10,000 jobs in enterprise zones; an independent study found that the zones had suffered a loss of 250 jobs. Meanwhile, zone-less Massachusetts became the star of

the Rust Belt’s revitalization during the 1980s. Studies of enterprise zones in Maryland, Illinois, and Louisiana have found little or no impact.

What’s wrong, Osborne argues, is that the zones offer benefits of relatively little real importance to businessmen. When employers in two Maryland enterprise zones were asked what had attracted them, they ranked “financial inducements” 12th out of 13 factors. Notes John Sloan, president of the National Federation of Independent Businesses: “No amount of ‘less government’ can create money, security, or a market where none exists.”

True, says Osborne, Washington can offer much greater financial incentives than state governments can. But even if Kemp’s plan nourishes new businesses in the ghettos, it may not help the people it is supposed to assist. Indiana has created 10 relatively successful enterprise zones, but the chronically unemployed local residents have remained just that—they claimed only 6.3 percent of the new jobs.

Help people, not places, urges Osborne.

Create federal enterprise zones if you must, he says, but add incentives to entice states and nonprofit groups to include job

training programs, low-interest business loans, management advice, and other self-help encouragement.

Should Detroit 'Go Hollywood'?

"The Effects of Industrial Specialization on Industrial Politics and the Labor Market: The Motion Picture Industry" by Susan Christopherson and Michael Storper, in *Industrial and Labor Relations Review* (April 1989), 207 ILR Research Bldg., Cornell Univ., Ithaca, N.Y. 14851-0952.

How can America's smokestack industries save themselves? "Flexible specialization," answer many management specialists. The concept is not just a business-school buzzword, report Christopherson and Storper, of Cornell and UCLA, respectively. Steel, autos, and a few other industries are already experimenting with it. But in only one place has flexible specialization become a way of life: Hollywood. And the results, say the authors, have been good for the movie business but bad for Hollywood's workers.

Unlike traditional mass production, with its fixed assembly lines and high output, flexible specialization involves the quick

redeployment of workers and machines to turn out relatively small batches of goods.

The fabled Hollywood "studio system" of 1920-50 was essentially a mass-production system for churning out movies. The studios functioned like giant factories, keeping everybody, from stagehands and cameramen to actors and directors (all of them unionized) on their payrolls.

During the 1950s, as the industry stagnated (like autos and steel in recent years), filmmaking changed. The studios shrank, concentrating on financing and distributing films; independent producers organized production, subcontracting everything from casting to film editing to small, mostly nonunion, specialized firms on a film-by-film basis. The result: more workers, many of them part-timers, dividing up less work among themselves.

Between 1958 and 1982, Hollywood's movie output dropped from 327 annually to 209; employment climbed from 53,569 to 127,209. During the same period, pay per employee fell from \$9,954 annually (in constant 1967 dollars) to \$6,654.

By enlarging their old roles to become, in effect, film entrepreneurs, a few actors, writers, and directors have benefited. But most Hollywood workers have been forced into narrower roles—a makeup artist, for example, may now specialize in "latex sculpting." Hourly pay in Hollywood is very high—an average of \$18.24 in 1983, compared to \$8.66 in manufacturing—but relatively few workers are able to work full-time, year-round.

What are the implications for a brave new world of increased "flexible specialization" in the nation's factories? In the old days, there were two chief sources of income inequality, say the authors: the divide between white- and blue-collar work-



Screenwriters won this 1988 battle, but the film industry's restructuring is weakening unions.