ers, and that between low-wage industries (e.g., textiles) and high-wage ones. Flexible specialization creates a new breech between those who are able to work full time and those who are not. Without legal safeguards, the authors warn, more flexibility for employers could mean "insecurity and exploitation" for employees.

Peter Robbed, Paul Paid

"Trade Protection Comes to Silicon Valley" by Arthur Denzau, in *Society* (March/April 1989), Box A, Rutgers Univ., New Brunswick, N.J. 08903.

Washington has leaped to defend American manufacturers of computer chips against foreign competition; as a result, it has wounded the U.S. computer manufacturers that use the chips.

This tale of perverse consequences, recounted by Denzau, a Washington University economist, begins in 1986. In July of that year, the Reagan administration signed an agreement with Tokyo, ending alleged Japanese "dumping" of computer chips, chiefly the Dynamic Random Access Memory Chips (DRAMs), key components in mainframe and personal computers. The idea was to protect the two remaining U.S. "merchant" chip-makers—Texas Instruments and Micron Technology—from "unfair" low-cost competition. (A few U.S. computer companies, notably IBM, manufacture their own DRAMs.)

Predictably, the price of common 256 kilobyte memory chips (containing 256,000 memory bits) jumped after the agreement, from $2 to as much as $7. Before 1986, prices had been dropping. As a result of the price hike, Denzau estimates, 5,000 to 10,000 jobs were saved at Texas Instruments and Micron Technology. But the high price and scarcity of chips cost computer manufacturers and other electronics firms 2.6 percent of their business—an estimated $1.2 billion in 1986 alone—and between 7,000 and 11,000 workers their jobs. Essentially, every job saved in the chip industry cost a job in the computer industry. And the Japanese still dominate the DRAM market.

Despite the U.S. trade barriers, Denzau says, it is not likely that many American firms will be lured back into the risky DRAM business. More ominous, Japanese chip-makers now have an incentive to shift their attention to fields still free of trade restraints and dominated by U.S. firms, such as application-specific integrated circuits and central processing units. "We are in danger," warns Denzau, "of sacrificing our future to regain the past."

SOCIETY

Race or Class?

"Growing Up in Poor Neighborhoods: How Much Does It Matter?" by Susan E. Mayer and Christopher Jencks, in *Science* (March 17, 1989), P.O. Box 1722, Riverton, N.J. 08077.

Common sense suggests that growing up in a "bad" neighborhood hurts a child's chances of future success. That concern underlies much of today's debate about the apparent growth of the "underclass"—the increasing *economic* segregation of poor blacks, Hispanics, and a few whites in wretched inner-city neighborhoods.

But after surveying some two dozen studies, Mayer and Jencks, both researchers at Northwestern University, find only mixed or contradictory support for "common sense." The nub of the problem, they find, is sorting out the relative significance of class and race.

Two studies only tentatively suggest that poor children attending "middle-class" elementary or intermediate schools score higher on standardized tests than similar students in lower-class schools.