

the Western one.

In the United States especially, but also in Britain, France, and other Western nations, ethnicity has had little to do with nationality. Minorities are not excluded by definition from the Western nation. But in eastern-central and Balkan Europe, Pfaff observes, nationality is based on ethnic or religious background; it cannot be acquired by immigrants or other "outsiders." People who belong to "other" ethnic groups cannot be deemed fully equal. Since "the frontiers between national groups are often indistinct or arbitrary, with groups of different ethnic nationality intermingled," the result has been discrimination against minorities inside national borders and disputes over claims to ethnic enclaves outside them. The tragic conflicts among Serbs, Croats, and Muslims in the former Yugoslavia illustrate this, as do, among other examples, the struggles involving ethnic Russian minorities in Moldova, the Baltic states, and other regions of the former Soviet Union.

The new nation-states of Eastern and Balkan Europe, Pfaff writes, say they want to become part of the West and "claim a right to self-

determination . . . but none are ethnically integral, and most have yet to demonstrate their ability to live by a secular political standard, juridically indifferent to the ethnic and religious identities of individual citizens."

Since the breakup in 1918 of the Ottoman and Hapsburg empires, which had accommodated the ethnic diversity of these societies in "essentially corporate or feudal political structures," these ethnic nations "have found no lasting solution to their difficulties, which are great. Together with Central Europe's Jews and the peoples of the Soviet Union, they bore the most ferocious consequences of the two 20th-century totalitarianisms—an ordeal from which they are only now emerging."

Despite today's ethnic wars, Pfaff is somewhat optimistic that the worst can be avoided. The situation, he says, is not like that of either 1914 or 1938: "There is a fundamental interest now among all the neighboring states and the democracies as a whole to head off ethnic conflict and ethnic war—to stop it, penalize it, force the parties to negotiate. This failed in the case of Yugoslavia, but the failure itself has been a lesson."

ECONOMICS, LABOR & BUSINESS

Industrial Policy À La Carte

"U.S. Industrial Policy: Inevitable and Ineffective" by Kevin P. Phillips, in *Harvard Business Review* (July-Aug. 1992), Boston, Mass. 02163.

Whether the next president is Bill Clinton or George Bush, America—after more than a decade of heated debate on the subject—is finally going to get some sort of national industrial policy. So predicts Kevin Phillips, the political analyst who in 1969 correctly foresaw *The Emerging Republican Majority*. The trouble, he says, is that the industrial policy that is soon to emerge from the political kitchens is bound to be either "half-baked" or "overdone."

Throughout the 1980s, liberals and conservatives debated the merits of a government-led industrial policy. Phillips himself weighed in with a 1984 tome urging conservatives to start shaping a program for business-government collaboration. Nothing came of such proposals in the Reagan era. Now, however, with anxiety about the nation's economy on the rise, an "inevitable" liberal counterreaction is setting in, Phillips says. Already, he notes, the Omnibus Trade and Competitiveness Act of 1988 has

forced the Bush administration "to begin evolving a national trade strategy."

Pressure for a national industrial policy, Phillips argues, is now coming not only from organized labor but from business. And not just from executives in declining industries, but from those in "high-tech companies struggling with global competition, advanced aerospace companies facing the disruptions of lost defense contracts and military spending cuts, and even global service industries confronting national barriers to free trade." Corporate chieftains such as Motorola CEO George Fisher, says Phillips, increasingly see a need to counter foreign business-government alliances with a similar alliance in the United States.

Ideally, Phillips observes, the coming national industrial policy would combine the Republicans' respect for the workings of the market with the Democrats' appreciation of the strategic role government can play in fostering

economic growth. Unfortunately, he adds, in the real world of politics, that is not going to happen. The policy instead will be "vague, confusing, politicized—and frequently ineffective. Government intervention will be driven by special interests rather than by strategic intent." Which special interests and favored constituencies are in the driver's seat will depend on which party is in power.

Any Republican industrial policy, Phillips maintains, "is likely to be 'half-baked'—grudging, halfhearted, flawed by huge gaps, and biased toward investors and financial markets." Any Democratic policy is bound to be "'overdone'—bureaucratic, out of touch with the dynamics of business in a global economy, and captive to the party's own entrenched constituencies and congressional baronies."

The Scab Solution

"Is the Strike Dead?" by John Hoerr, in *The American Prospect* (Summer 1992), P.O. Box 383080, Cambridge, Mass. 02238.

More than 50 years ago, the United States adopted legislation protecting the right of workers to form unions, bargain collectively, and use their most potent weapon—the strike. Yet today, says labor journalist Hoerr, the risk that striking workers take of losing their jobs is almost as great as it was before the National Labor Relations Act of 1935 was enacted.

Ever since President Ronald Reagan fired 11,400 illegally striking air traffic controllers in 1981, more and more companies—among them, Phelps-Dodge, Greyhound, Continental Airlines, and the *Chicago Tribune*—have resorted to hiring "permanent replacements" for striking workers. Federal labor law prevents the permanent replacement only of workers

who strike over an unfair labor practice, not of those who strike for better wages or working conditions.

Not coincidentally, Hoerr says, there are fewer strikes today than at any time since World War II. In 1991, there were only 40 strikes (and lockouts) involving 1,000 or more workers—the 10th straight year in which there were fewer than 100 "major" work stoppages. In earlier decades, the annual total usually exceeded 200—and sometimes topped 400.

The threat of being replaced is not the only explanation. "The loss of union power in manufacturing and trucking, the long-term shift of employment from heavy industry to nonunionized service industries, and the drop in the number of union members covered by collective contracts" all contributed, notes Hoerr. So, ironically, did union successes during the 1960s and '70s. "By forcing employers to pay all or part of the cost of health care insurance and other benefits, the unions unwittingly pushed their members closer into the corporate embrace," he says. Most firms cut off medical insurance coverage for strikers.

Yet the fear of being fired weighs heavily in union strategies today. According to a 1991 study by Congress' General Accounting Office, employers hired permanent replacements in 17 percent of the strikes in 1985 and 1989. The private Bureau of National Affairs estimates that 11,500 union workers, including 9,000 at Greyhound, lost jobs to permanent replacements in 1990, and 2,000 more did in 1991. Moreover, permanent replacements can vote the union out through a "decertification" election. Phelps-Dodge used this device to get rid of the United Steelworkers in the early 1980s.

Taking the fear out of striking would probably mean more strikes, Hoerr acknowledges. But the alternative, he argues, is much worse, and not just for workers. The availability of the permanent-replacement strategy encourages



Union ranks grew during the New Deal years, as the CIO brought industrial unionism to steel, auto, and other mass-production industries.

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