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.

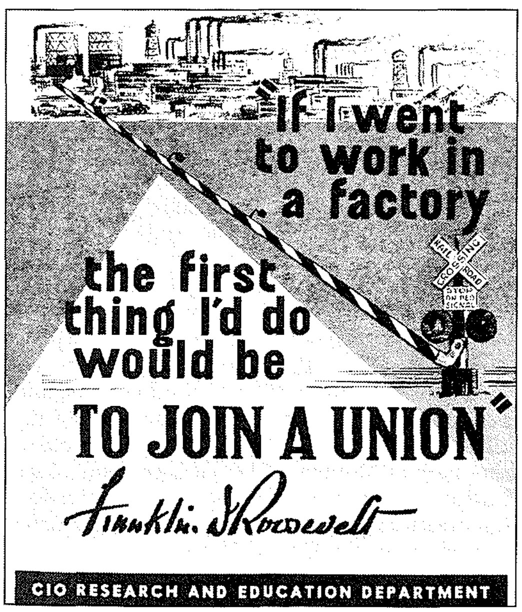
Any Republican industrial policy, Phillips maintains, "is likely to be 'half-baked'—grudging, halfhearted, flawed by huge gaps, and biased toward investors and financial markets." Any Democratic policy is bound to be "'overdone'—bureaucratic, out of touch with the dynamics of business in a global economy,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



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

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

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firms "to lower labor costs by lowering wages." What they should be doing instead, Hoerr asserts, is "improving productivity by reorganizing work, giving workers more voice in decision making, and stepping up training programs." With the permanent-replacement strategy, Hoerr maintains, U.S. business may well be shooting itself in the foot.

Discount Destruction?

"Sam Walton and Wal-Mart Stores, Inc.: A Study in Modern Southern Entrepreneurship" by Sandra S. Vance and Roy V. Scott, in *The Journal of Southern History* (May 1992), Rice Univ., P.O. Box 1892, Houston, Texas 77251.

For better or worse, businessman Sam Walton (1918–92) had a big impact on the American South. Starting in 1945 with a single variety store in Newport, Arkansas, and concentrating on the country towns and smaller cities that large retailers shunned, Walton developed a chain of discount department stores, Wal-Mart Stores, Inc., that expanded across the Sun Belt and beyond. Many southerners were grateful and proudly regarded their local Wal-Mart store as "a symbol of progress and hope," note historians Vance and Scott, of Mississippi's Hinds Community College and Mississippi State University, respectively. But others mournfully contended that the "Wal-Marting" of the South destroyed a cherished way of life.

Walton's first store was a Ben Franklin franchise, located in Newport, a town of 5,000 about 80 miles from Little Rock. Sales almost tripled in three years—prompting Walton's landlord to take over the business himself. So Walton started anew in 1950 in Bentonville (pop.: 3,000), in the northwest corner of the state. By the early 1960s, Walton and his brother, Bud, had built a chain of 16 stores.

But the Waltons, Vance and Scott write, "understood clearly that variety stores were losing market share to supermarkets . . . and to expanded drugstores . . . and that retailing as a whole was being changed markedly by discount merchandising." In 1962, Walton opened his first Wal-Mart Discount City store in Rogers, Arkansas (pop.: 5,700). By 1970, the Waltons had 18 Wal-Marts, selling everything from clothing to garden equipment, as well as 14 Ben Franklin variety stores. Some big-city sophisticates sneered at the "couturier to the hillbillies." But stressing low prices and encouraging employees to feel part of "one big family" (with no need for a union), Wal-Mart steadily expanded. By 1980, the old variety stores were gone and Wal-Mart had 276 outlets in 10 states in the South and Midwest. By 1990, it had 1,525 outlets in 29 states and was challenging both K mart and Sears, Roebuck for the title of number-one retailer in the United States.

There is no denying Wal-Mart's impact on small towns, Vance and Scott note: "Some local merchants went out of business; while the focal point of many communities, their once-bustling main streets, withered away, and with them a way of life." Locally owned stores, detractors argued, kept more profits and salaries in the community.

There may be some truth to such laments, Vance and Scott say, but "on balance Wal-Mart no doubt serves the greater good. Country towns had been dying for decades before the huge discounter appeared on the scene. Its stores attracted customers in droves, and local enterprises that did not compete directly with Wal-Mart benefited significantly." Most important, Vance and Scott say, people in hundreds of rural communities suddenly had available "a wide variety of reasonably priced goods." Had that been true before, they note, Wal-Mart would never have succeeded.

SOCIETY

Tuition Tales

"The Scandal of College Tuition" by Thomas Sowell, in *Commentary* (Aug. 1992), 165 E. 56th St., New York, N.Y. 10022.

Throughout the 1980s, tuition at American colleges and universities increased faster than inflation. By 1990–91, tuition at 255 institutions was $10,000 or more, and at places such as Brown and Princeton the cost of tuition, room, and board now tops $20,000. College adminis-