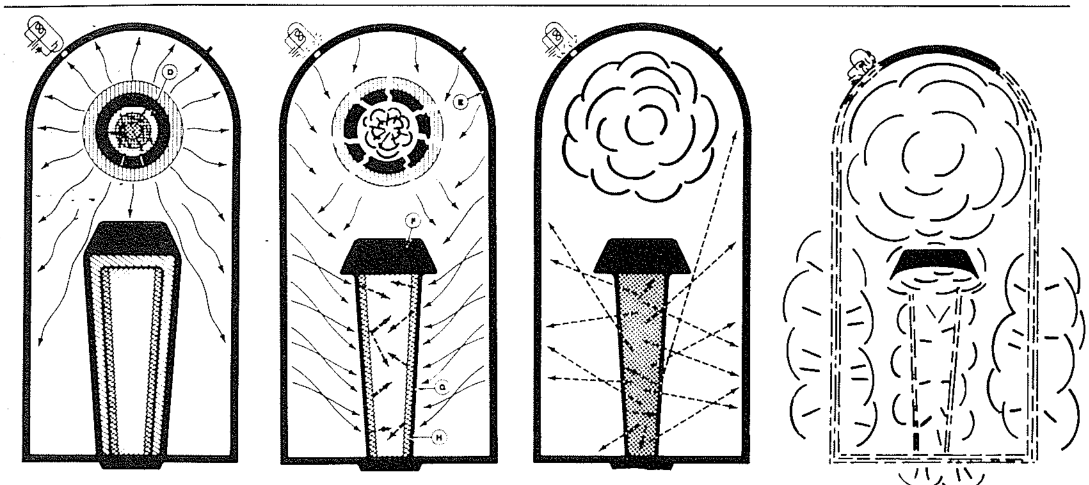

These instructions showing how to trigger a hydrogen bomb were published amid much controversy in 1979. But actually building nuclear weapons remains extremely difficult.

key—no longer are. In the mid-1970s, the United States forced South Korea and Taiwan to reverse their nascent nuclear-weapons programs. In the early 1980s, the United States, using diplomatic pressure on other nations, was able to block Libya from buying nuclear technology abroad. More recently, thanks in part to international pressure, Argentina and Brazil, which under military rule had been pursuing a nuclear-weapons capability for decades, brought their nuclear competition to an apparent end. Since the Persian Gulf War, international attention on Iraq has made any effort to rebuild a covert nuclear-weapon program there extremely difficult. And South Africa, which has signed the 1968 Nuclear Nonproliferation Treaty, could become the first former *de facto* nuclear-weapon state.

Some analysts worry that the end of the Cold War could prompt new countries to seek nuclear weapons, but Graham says that such "abstract thinking" ignores the lessons of the past. In almost all cases—Britain and France being notable exceptions—nations that have "gone nuclear," he says, have done so mainly because they faced "an *acute* security threat from a nuclear-armed adversary that also had a substantial conventional military capability." Such a threat, he says, is unlikely to appear in Europe or—unless North Korea goes nuclear—in East Asia.

Moreover, building a nuclear bomb is no easy matter. It requires "a wide array of advanced technology, and a huge and expensive industrial infrastructure." The long lead time involved gives outsiders time to cut off needed technology, exert diplomatic pressure, or take covert action to snuff out the nuclear efforts.

ECONOMICS, LABOR & BUSINESS

Help Wanted?

"The Myth of the Coming Labor Shortage" by Lawrence Mishel and Ruy A. Teixeira, in *The American Prospect* (Fall 1991), P.O. Box 7645, Princeton, N.J. 08543-7645.

The United States will soon face a serious labor shortage, with an increasing demand for highly skilled workers and a greatly insufficient supply. So concluded *Workforce 2000*, the oft-quoted 1987 report done by the Hudson Institute for the U.S. Labor Department. Mishel, research director of the Economic Policy Institute in Washington, and Teixeira, a sociologist with the U.S. Agriculture Department's Economic Research Service, share the Hudson Institute researchers' concerns about American competitiveness—but not their conclusions.

Workforce 2000 pointed with alarm to the fact that employment in technical and professional occupations, along with services, is increasing rapidly, while the labor force is growing slowly. It is true, Mishel and Teixeira say, that highly skilled occupations are in general growing fastest, but they account for only a small percentage of U.S. jobs. According to *Workforce 2000*'s own data, the top five such occupations, including law, medicine, natural and social science, engineering, and architecture, will provide just 6.1 percent of the nation's jobs in the year 2000.

U.S. Bureau of Labor Statistics projections, the authors say, indicate that overall pay levels will decrease in the coming years—hardly a sign of galloping demand for higher skills.

Meanwhile, the report neglects the expansion of lower-skilled service jobs. Jobs for cooks, waiters, household workers, janitors, security guards, and the like will account for nearly one-fourth of net new employment by the year 2000.

Will the *quality* of America's work force be adequate? The authors of *Workforce 2000* fretted about the growing number of undereducated women and minorities in the work force. "Only 15 percent of the new entrants to the labor force over the next 13 years will be native white males," they warned. Actually, say Mishel and Teixeira, about one-third of the entrants will be non-Hispanic white males, and another third will be non-Hispanic white females. The Hudson researchers reached their striking conclusion by looking at only *net* new workers, in effect not counting those who will fill existing positions. And *Workforce 2000*'s view of women as educationally deficient, Mishel and Teixeira add, "is belied by the fact that young women in the labor force are now more highly educated than men."

The real problem with the quality of the work force, as Mishel and Teixeira see it, has to do with education and training. It's not that the quality of U.S. education has declined, but rather that, with increased international competition, it stacks up poorly against the education in other advanced countries. "This is a competitive disadvantage that should be addressed," they say, "but it is a problem of the entire work force"—not just of new workers.

Another Bill For S&Ls

"S&L Borrowing Raised Interest Rates" in *The NBER Digest* (Sept. 1991), National Bureau of Economic Research, Inc., 1050 Mass. Ave., Cambridge, Mass. 02138.

Bills for the savings-and-loan disaster of the late 1980s keep turning up like unwanted relatives. The latest: higher interest rates *before* the crisis hit.

Between 1926 and '81, report economists John B. Shoven of Stanford, Scott B. Smart of Indiana University, and Joel Waldfogel of Yale, the average real interest rate on short-term Treasury bills was only 0.1 percent; but during the 1980s, it was 4.7 percent. Huge federal deficits, tight monetary policy, and people's slowness to adjust to the sharp drop in inflation were partly to blame. But the three economists say that the thrifts' thirst for cash also contributed. Lax federal regulation led many troubled S&Ls to undertake risky investments, financed by issuing high-interest certificates of deposit. Consumers, reassured by federal deposit insurance, snapped them up. Faced with this competition for credit, the federal government was forced to raise interest rates on Treasury securities. That probably forced up Treasury interest rates by a full percentage point, the authors estimate.

The result: Washington paid as much as $146 billion extra in interest during the 1980s. That amount is larger than the entire federal deficit in 1982.