egy adopted in 1978, the government would neither confirm nor deny that it had a nuclear-weapons capability; but in the event of a military threat, it would reveal that capability covertly, or if necessary overtly.

"Toward the end of the 1980s—after the collapse of the Soviet Union, the independence of Namibia, the cessation of hostilities in Angola, and the withdrawal from that country of 50,000 Cuban troops—South Africa saw clearly that the nuclear deterrent was becoming superfluous," the authors write. Indeed, the deterrent was becoming a burden. Signing the nuclear Nonproliferation Treaty (NPT), for example, "would have distinct advantages for South Africa's international relations, especially those with other African countries." Soon after de Klerk won the presidency in September 1989, the decision was made to dismantle the nuclear arsenal, close down the enrichment plant, and destroy technical drawings. This was accomplished by early July 1991.

South Africa signed the NPT on July 10, 1991, and two months later concluded a safeguards agreement with the International Atomic Energy Agency. After next April's unprecedented nonracial elections, an ANC-led government is expected to take office. There remains the question of what the new government will do with the country's stockpile of enriched uranium. The authors are hopeful: "ANC President Nelson Mandela has declared that South Africa must never again allow its resources, scientists, and engineers to produce weapons of mass destruction."

ECONOMICS, LABOR & BUSINESS

Did Deregulation Work?

"Economic Deregulation: Days of Reckoning for Microeconomists" by Clifford Winston, in *Journal of Economic Literature* (Sept. 1993), American Economic Assoc., 2014 Broadway, Ste. 305, Nashville, Tenn. 37203.

Soon after the Carter administration began deregulating airlines in 1978, airfares rose and airline profits dropped. Does that mean that deregulation failed? Not at all, argues Winston, of the Brookings Institution. The 1979 energy crisis drove fuel prices higher—and it was *that* increase that brought about the hike in fares and the drop in profits. Isolate the effects of the energy crisis, as some economists have, and it turns out that fares were *lower* and profits *higher* than they would have been without deregulation.

During the 1970s and early '80s, other industries—including railroads, trucking, cable TV, telecommunications, banking, natural gas, and petroleum—were also deregulated. The share of gross national product (GNP) produced by fully regulated industries fell from 17 percent in 1977 to less than seven percent in 1988. Economists, through their research, generally supported this movement. In trying to assess its impact, Winston notes, many popular analysts simply compare the "before" and "after" snapshots, and if the latter seems worse, conclude that deregulation failed. Winston argues that the trouble with that approach, as the airline case illustrates, is that it fails to take into account the impact of the business cycle, technological developments, or other changes in the economy that may be taking place at the same time.

Studies in which economists try to account for such changes, Winston says, show that deregulation has indeed improved the economy's efficiency: "Society has gained at least $36–46 billion (1990 dollars) annually from deregulation, primarily in the transportation industries.... This amounts to a seven–nine percent improvement in the part of GNP affected by regulatory reform." Consumers have been the main beneficiaries. For labor, the impact has been mixed, with some small wage losses but some modest employment gains. Producers, surprisingly, "have actually benefited, on net, from reform." Airlines have enjoyed a substantial increase in profits; the well-publicized financial difficulties they experienced at various times during the past decade resulted from rises in fuel prices, general economic downturns, or other factors, but not from deregulation. Indeed, Winston says, the industry's periodic large losses would have been even greater had it not been for deregulation.

So far, however, the public seems unaware of the good economic news. "Despite the large actual and potential benefits from airline, telecommunications, and cable television deregulation," Winston notes, "only airline deregulation enjoys a substantial majority of support and even this support could be in jeopardy."

The Last Trustbuster

"The Antimonopoly Ideal and the Liberal State: The Case of Thurman Arnold" by Alan Brinkley, in *The Journal of American History* (Sept. 1993), 1125 E. Atwater Ave., Bloomington, Ind. 47401–3701.

The antimonopoly movement was once one of the more potent forces in American politics. It seemed on its way to new heights when Thurman W. Arnold (1891–1969) took over the Justice Department's Antitrust Division in 1938, during the New Deal. Arnold had a radical new notion of trustbusting, and while his tenure was quite successful in some respects, he failed to win the public over to his approach. By leading the antimonopoly movement up a blind alley, contends Brinkley, a historian at Columbia University, Arnold and liberals who agreed with him helped forever to diminish its role in American public life.

Arnold "embraced a conception of the antitrust laws that was profoundly, if subtly, different from that of earlier generations of reformers," Brinkley says. Agrarian dissidents, workers, small producers, local merchants, and consumers all had their own versions of the antitrust idea, but all sought "to combat concentrated power and restore the authority of individuals and communities." Arnold did not share their conviction that "bigness" was a "curse." Big business, he believed, was here to stay. That made big government a necessity. In Arnold's view, government had to monitor and regulate business practices constantly in order to control monopoly power and ensure competition. It was a view that "implicitly rejected the concept of returning economic authority to 'the people,' " Brinkley notes.

New Dealer Thurman Arnold stirred controversy by seeking to apply antitrust laws to labor unions.

In *The Folklore of Capitalism*, his acclaimed 1937 book, Arnold argued that "administrative government" deserved the same respect accorded the courts and private corporations. In his antitrust job, he greatly enlarged the Antitrust Division. Its budget increased more than fivefold between 1938 and 1940, and the number of lawyers on staff went from 58 to more than 300. The number and scope of prosecutions likewise expanded during Arnold's tenure.

Big business was not Arnold's only target, Brinkley notes. "Whatever artificially inflated consumer prices . . . whether the anticompetitive practices of a great monopoly, the collusive activities of small producers, or the illegitimate demands of powerful labor organizations—was a proper target of antitrust prosecution."

Arnold was unable, however, to get the public to embrace his radical ideas. His sardonic way of talking in public did not help, and after Pearl Harbor, the war effort took priority over antitrust cases. "But most of all, perhaps," Brinkley writes, "Arnold was unable to make an effective case . . . that aggressive antitrust enforcement was essential for promoting mass purchasing power and protecting consumers." Keynesian economics seemed to offer less controversial ways to pursue those aims. In 1943, shortly after he was directed to abandon a case against the railroads for price fixing, Arnold resigned. Despite occasional flare-ups of interest in the decades since, the antimonopoly crusade became, in historian Richard Hofstadter's words, "one of the faded passions of American reform."