about how politicians and bureaucrats would behave once Keynesianism gave them a license to run deficits—a lacuna later addressed by the distinctly non-Keynesian "public choice" economics pioneered by Nobel prizewinner James Buchanan.

Post-Keynesian economic policy has been reduced chiefly to the control of money and prices, accomplished in the United States through the Federal Reserve Board. Especially in Europe, where unemployment is stuck at high levels, the case for reviving Keynesian "demand management" is strong, Skidelsky argues. That would involve cautious use of tax cuts or deficit spending. The problem is that most Western governments already run chronic deficits. During Keynesianism's golden age, balanced budgets were the norm and government spending averaged 30–35 percent of gross domestic product (GDP). That, says Skidelsky, suggests that a modern Keynesian cure would have to begin with budget cuts equal to between five and 15 percent of GDP—not the kind of medicine Keynes's earlier inheritors were known for.

The Birth of the Supermarket

"Supermarket Sweep" by David B. Sicilia, in *Audacity* (Spring 1997), 60 Fifth Ave., New York, N.Y. 10011.

In late 1929, as the U.S. economy began its slide into the depression, Michael Cullen, a 45-year-old food merchandiser for Cincinnati's Kroger Grocery & Baking Company, made a bold proposal to his employer: open five grocery stores of a radically new sort. "Monstrous" in size and located away from downtown high-rent districts, with plenty of free parking, they would offer low prices to attract shoppers in droves while keeping costs down through direct buying, self-service, and high volume. Kroger said no—and thus missed being in on the birth of the supermarket.

"Cullen went ahead on his own, opening an independent store in [the Queens borough of New York City] in August 1930. He called it King Kullen, and on its giant sign he proclaimed himself the 'World's Greatest Price Wrecker,'" writes Sicilia, a historian at the University of Maryland at College Park. Chains such as A&P had already overtaken the traditional "mom and pop" grocery stores, but aside from their somewhat lower prices and standardized operations, the chain stores did not differ very much from the independents. Cullen revolutionized the industry by borrowing techniques such as self-service from earlier mass retailers. He sold only national brands, thus saving ad dollars. He owned and operated all the departments except meat, produce, and liquors, which were run on a concession basis. "The goods were piled high, the atmosphere was homey, and the fixtures were crude—all of which suggested to customers that they had found bargain heaven," Sicilia writes.

Within two years, Cullen had eight

By the mid-1940s, the old-fashioned grocery store was finding it hard to compete with the flourishing supermarkets.

stores, total revenues of more than $6 million a year—and imitators. On an initial investment of $10,000 (only a tenth of it in cash), the founders of the Big Bear chain began in 1932 with a store in Hoboken, New Jersey, and earned a net profit nearly 17 times as large in the first year. Their net rate of return on sales, however, was paper-thin, only .04 percent. Later, the industry average would be between one-half and two percent—still "much lower than in any previous form of retailing," Sicilia notes. "With supermarkets, customers were saving as never before." But they bought more, too. Self-service, it turned out, encouraged impulse buying, and shoppers arriving in cars could carry home much more food than those coming on foot.

Supermarkets spread throughout the country, with 300 in existence by 1935, and nearly 1,200 by 1936. A&P, the leading food chain, finally joined the supermarket revolution, followed by other chains.

After World War II, the supermarket underwent some changes. Flush with earnings, owners dispensed with concessions, which had been useful in lowering start-up costs. Even more striking, says Sicilia, "the supermarket shed its rough-hewn appearance. . . . In place of the narrow aisles, wooden crates, bare lamps, and sawdust on the floor came wide avenues, gleaming display cases, white tile, and bright lights. Weary of the poverty and deprivation of hard times, the public wanted comfort and convenience." Today's tony wood-floored "natural" supermarkets are just the latest adaptation in a fiercely competitive industry that lives on nickels and dimes.

SOCIETY

Welfare, As We're Coming to Know It

A Survey of Recent Articles

"The Worst Thing Bill Clinton Has Done," according to an *Atlantic Monthly* (Mar. 1997) cover story, was to sign the Personal Responsibility and Work Opportunity Reconciliation Act last summer, ending "welfare as we know it" by turning it into a program of fixed block grants to the states. This "terrible mistake," contends author Peter Edelman, who quit his job as an assistant secretary in the Department of Health and Human Services in protest, will push one million children into poverty and leave 11 million families worse off than before.

Not so fast, comment the editors of the *New Republic* (Mar. 24, 1997). "[Edelman's] predictions of a doomed future are just that—predictions, based on models done before the bill passed. In fact, the real evidence about the effects of welfare reform is in, and much of the news is good." In almost all states, welfare case loads have dropped. "So far," the editors conclude, "it seems the logic behind welfare reform was right: now that the incentives have changed, welfare recipients are making better decisions."

The welfare rolls actually were dramatically shrinking even before the new law (which is being phased in) began to take effect, thanks in part to various state welfare experiments approved during Clinton's first term. Between January 1993 and January 1996, reports Jason DeParle in the *New York Times* (May 10, 1997), the welfare rolls—which had swelled by 25 percent in the previous four years—contracted by 20 percent, as an unprecedented 2.75 million people left them. The President's Council of Economic Advisers attributed 31 percent of the sharp decline to the states' various welfare experiments, 44 percent to the nation's robust economy, and the remainder to other causes.

One state in particular, in the eyes of Robert Rector, a senior policy analyst at the Heritage Foundation, has led the way: Wisconsin. Since Republican Tommy Thompson took office as governor 10 years ago, the Aid to Families with Dependent Children case load has dropped by half, from 98,295 to 48,451. In Milwaukee, the Badger State's only industrial city, the case load has shrunk 25 percent. "The general thrust of welfare reform in the Thompson administration," Rector writes in *Policy Review* (Mar.–Apr. 1997), "has been to require reasonable behavior by recipients as a condition