four years for chief executives, 4.5 years for managers, less for lower ranks. And loyalty is waning. Employees may take pay cuts when their firm is ailing, then find their jobs at risk when it is taken over. (Eastern Airlines workers took reductions when the firm faced bankruptcy in 1984, only to see it sold to Texas Air, a "notorious" payroll-pruner.)

In turn, stockholders have been abused by "golden parachute" pacts providing fat severance for top officers—supposedly so that they would not fight a beneficial takeover. Such deals, says Reich, imply that the way to insure that executives would not "feather their nests at the shareholders' expense was to provide them a pre-feathered nest."

Other indices of an "erosion of trust" in U.S. business life: the "proliferation of work rules, codes, and standards to be followed," the complexity of contracts, and litigation. From 1970 to 1985, the yearly total of private contract disputes in federal courts tripled to 35,000.

A key U.S. economic policy problem, says Reich, "is how to create the kinds of organizations in which people can pool their efforts, insights, and enthusiasm without fear of exploitation." The answer, he thinks, is a move to "collective entrepreneurialism," beginning with some version of employee ownership. That, he concedes, is an old idea, widely advocated on ideological grounds and just as widely condemned as impractical. (E.g., younger and older workers have different interests as regards immediate compensation and long-term company growth.) But direct ownership, Reich argues, would spur effort, make workers more ready to welcome change (as owners, "they would not need to fear new technologies or endeavors"), and "go far to reduce the appeal of opportunism."

Shock Therapy

"Escaping Hyperinflation" by Peter T. Knight, F. Desmond McCarthy, and Sweder van Wijnbergen, in *Finance and Development* (Dec. 1986), The World Bank, Washington, D.C. 20431.

Policymakers find it hard to fight acute inflation without the usual economic medicine: a long and deep recession. Yet Israel, Argentina, and Brazil, report the authors, all World Bank economists, have done so.

When officials in Jerusalem, Buenos Aires, and Brasilia undertook new measures between mid-1985 and early 1986, their nations faced hyperinflation, the sort of runaway price rises that ravaged Germany's Weimar Republic during the 1920s. Other "gradual" measures having failed, annual inflation rates had climbed, reaching 400 percent in Israel and 1900 percent in Argentina. Their currencies "largely lost the function of store of value." Israelis and Argentineans did business in U.S. dollars.

Of the "innovative" steps taken by the officials, the key was an attack on "inertial inflation," price and wage increases caused automatically by "backward-looking" indexation of wages and other payments. This inflation was broken by "administrative measures," such as de-indexation and wage and price controls. The Argentine government granted public employees a 22 percent wage increase, then froze pay nationwide. While private firms gave workers such benefits as low-interest loans, the freeze hurt; public employees and pensioners, accustomed to regular catch-up increases in their checks, now saw their incomes falling behind rising prices. To such "shock" measures—designed to break complacency about inflation—all three countries added conventional economic austerity measures.

The mix worked. Most dramatic was the result in Argentina; monthly consumer price inflation dropped from 25 percent to two to three percent "almost overnight." Yet nowhere did joblessness drastically increase.

One thing that helped each of the countries was "a broad-based political consensus" for curbing inflation—a consensus that must be "exploited while it lasts." That necessity, say the authors, by itself, supplies "a strong argument in favor of shock treatment over gradualism."

SOCIETY

Humanizing New MDs

"Teaching the Humane Touch" by Amy Wallace, in *The New York Times Magazine* (Dec. 21, 1986), 229 West 43rd St., New York, N.Y. 10036.

Medicine has come far since the days when doctors applied leeches to feverish patients. Yet if medical *practices* have changed radically, medical *schools* have not. Students are still taught according to the principles that educator Abraham Flexner set forth in 1910. The "Flexner model" stresses lectures, memorization, and lab work throughout a regimen of two years of basic sciences and two years of clinical training.

An experimental program at Harvard University Medical School is challenging the old ways, reports Wallace, a *New York Times* staffer. "New Pathway," now in its second year and attended by a fifth of Harvard's 300 first- and second-year students, replaces much time once spent in lectures with tutorials and independent study. Students take courses on class and cultural conflicts, on "hateful" or terminal patients. They discuss attitudes about AIDS, abortion, smoking, and euthanasia.

To separate "humanism" from "bioscientific competence," explains New Pathway director Dr. Gordon Moore, is a "disservice." The more instruction is concerned with "people, the more successful we will be."

Critics of such thinking, such as Dr. Henry Seidel of Johns Hopkins, question whether medical schools need "a course in being human." Yet Harvard's program is the tip of a "medical humanism" iceberg. Columbia was the first major university medical school to offer "humanistic" courses. In 1982, it opened a Center for the Study of Society and Medicine, staffed by political theorists, lawyers, sociologists, and literature professors. According to a 1985 survey by the Association of American Medical Colleges (AAMC), all but 14 of the nation's 126 four-year schools now require humanistic instruction.

The AAMC notes that all new programs are vulnerable to budget axes and are "not likely to be taken as seriously as established courses." Here, the humanistic programs are not alone. Most medical schools now also offer self-help classes in malpractice suits, insurance, HMOs (health maintenance organizations), and other trade matters.