

government barriers." Even unskilled jobs "may become more internationalized in the 1990s," he says. During the 1970s and '80s, large numbers of relatively low-skilled workers immigrated—Turks to West Germany, Algerians to France, Mexi-

cans to the United States—to take jobs natives did not want. Among the industrialized nations, only Japan, with "its commitment to preserving its racial homogeneity," is likely to reject increased immigration.

Spreading The Wealth

"American Family Fortunes as Economic Deadweight" by Sidney L. Carroll, in *Challenge* (May-June 1991), 80 Business Park Dr., Armonk, N.Y. 10504.

A mere one percent of all Americans own nearly one-third of the nation's wealth—\$3.7 trillion in 1986. Roughly one-half of their considerable fortunes were inherited. And much of that inherited wealth is not put to imaginative use. On the contrary, asserts Carroll, an economist at the University of Tennessee, Knoxville, massive inherited fortunes are typically locked away in estate trusts, which are cautiously managed in accordance with the wishes of the dead by banks, attorneys, financial ad-

visers, and accountants.

That, Carroll believes, is good neither for the U.S. economy nor even for many of the heirs, who remain dependent. A change in the tax system, he says, could fix the problem.

Under existing laws, enacted in 1912, wealth is subject to an estate tax. When an individual dies, the estate's worth in excess of \$600,000 is subject to taxation and the wealth is then transferred. This allows the rich to pass on large fortunes relatively intact. Carroll proposes substituting a new tax on individual inheritors. The first \$1 million received would be tax-free. But bequests above that would be taxed on a sliding scale, with everything over \$4 million completely taxed away. The rich therefore would tend to spread their assets around—in fact, an estate of any size could be distributed entirely tax-free, so long as no single bequest was too large. Wealth could be spread among many heirs. And control of the assets would pass "not to a trust, not to a bank, but to a person." Many of the heirs would be young and more inclined than their elders to be "creative risk-takers." Not all the funds would be put to good use, of course, but the overall effect, Carroll maintains, would greatly benefit the economy—and the inheritors themselves.



Some heirs to great wealth are unable to free themselves from their "welfare" dependency.

Taps For Bureaucracy?

"Can Business Beat Bureaucracy?" by Charles Heckscher, in *The American Prospect* (Spring 1991), P.O. Box 7645, Princeton, N.J. 08543-7645.

Pop social critics love to decry the soul-deadening effects of working for large, bureaucratic organizations. Now, notes

Heckscher, a Harvard Business School professor, even some buttoned-down corporate CEOs have joined in.