

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

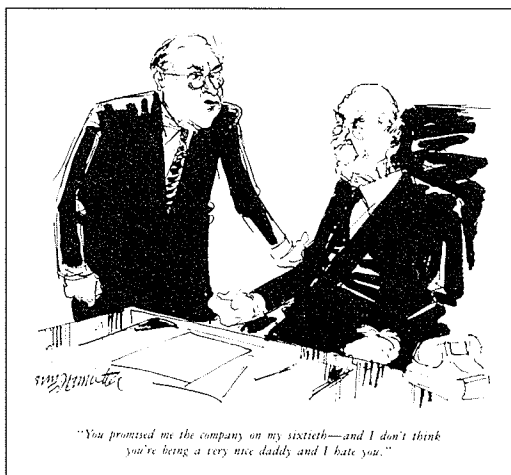
"American Family Fortunes as Economic Deadweight" by Sidney L. Carroll, in *Challenge* (May-June 1991), 80 Business Park Dr., Armonk, N.Y. 10504.

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.

Large firms have been encouraging "involvement" of blue-collar workers that goes beyond the popular Quality of Work Life programs of the 1980s, which brought workers together in quality circles to talk about their work and recommend improvements. Now, a few companies are setting up "autonomous teams" of workers that control scheduling, discipline, and other managerial functions. Equally significant changes have been taking place in the work of middle managers, Heckscher says. In "the golden age of bureaucracy," when groups were deemed ill-suited to the making of decisions, committees and task forces were relatively rare; now, such team-oriented groups are common.

The shift away from hierarchy is not just a fad, Heckscher believes. "Bureaucracy is ill-suited to the demands of advanced markets for innovation and quality," he asserts. But its demise is hardly assured. He outlines four alternative models for the future corporation:

- *Purified Bureaucracy.* "In the old-line companies—the General Motors, the AT&Ts, the Dow Chemicals—leaders frequently talk of 'empowerment' and 'autonomy.' . . . [They want to return] to individuals the 'power' to perform the roles that have been established for them, allowing them to use their knowledge to carry out the tasks defined by their superiors. This [is] a return to true bureaucracy."

- *Community with Shared Values.* Xerox tried to create "a culture of quality" during the 1980s with a massive education campaign. (A 92-page book on developing corporate quality was put out and discussed throughout the firm.) Other cor-

porations, such as IBM, have long emphasized the importance of shared values. These firms show concern for their employees' welfare, and employees respond with a voluntary commitment to the good of the whole corporate community. But this kind of paternalism—in which hierarchy remains important—has its drawbacks, Heckscher says. An "excessive inwardness" may develop, with the result that qualified outsiders are kept out and insiders become too cautious and rigid.

- *Free-Market Corporation.* "Pay for individual performance, the promotion of internal competition, [and] the conversion of departments into profit centers . . . are all examples of this movement" to make the corporation itself a market. General Electric's Jack Welch, a fervent apostle, declared loyalty no virtue in his company. But, as many investment-banking and high-tech firms have found out, a company's rejection of loyalty encourages talented employees to jump not only to other posts within the firm but to other firms.

- *Cooperative Association.* The corporation stresses "teamwork" and the use of task forces and committees, with decisions at all levels made by consensus. One medium-sized manufacturing firm Heckscher studied uses teams for virtually all decisions. The "human benefits of such an approach are obvious," but Heckscher concedes, it still "does not work very well on a large scale."

"In the modern economy," he concludes, "bureaucracy no longer enjoys a massive advantage . . . over more open and participatory alternatives." Nevertheless, he admits, "bureaucracy is not yet dead."

SOCIETY

How To Get More Justice

"The American criminal justice system is breaking down," claims Charles Maechling, Jr., an international lawyer. He points

"Improving Our Criminal Justice System" by Charles Maechling, Jr., in *The Brookings Review* (Summer 1991), 1775 Mass. Ave. N.W., Washington, D.C. 20036.

to clogged prisons and court calendars, and to the fact that it can take years to put a rapist behind bars or to execute a mur-