

“political forces and views of social equity.”
The same pressures would be at work on

any flat tax that moved from controversial
idea to inescapable reality.

Sky High

“Airline Deregulation” by John E. Robson, in *Regulation* (Spring 1998), Cato Institute, 1000
Massachusetts Ave. N.W., Washington, D.C. 20001.

Airline deregulation, 20 years old last October, has been a great success, contends Robson, who chaired the now-defunct Civil Aeronautics Board (CAB) in 1976 when it endorsed the radical move. Americans are flying more and paying less than ever before.

In 1978, the year President Jimmy Carter signed the Airline Deregulation Act, which scrapped the 40-year-old system of government control over airline fares and service, some 275 million people flew on domestic carriers; in 1997, more than twice as many—600 million—did. Fares are 22 percent lower today, according to some economists, than they would have been if government regulation had continued. Competition among airlines is keener, with the average number of carriers per route up 30 percent since 1977, by one account. In 1997, airlines that had begun flying since 1978 held 18 percent of the market—an all-time high.

The airlines’ development of hub-and-spoke networks, Robson points out, has given travelers more choices in departure and

arrival times, and a much greater choice of destinations. Even at airports serving small communities, the number of scheduled departures increased by 50 percent, according to a 1996 General Accounting Office report, though some airports—notably those serving small and medium-sized communities in the Upper Midwest—have seen declines in service.

Another “minus” in the current situation is that a handful of hub airports are dominated by one or two carriers, including those in Atlanta (Delta), Denver (United), Detroit (Northwest), Saint Louis (TWA), and Chicago (American, United), with the result being higher fares and much gnashing of teeth by customers. At the “average” dominated airport, fares are an estimated 21 percent higher than at all other airports. Even so, Robson says, the customers there should be thankful for deregulation. Northeastern University economist Steven Morrison calculates that fares at the dominated airports are still lower than they would have been without deregulation.

Reforming Management

“‘Flexible’ Workplace Practices: Evidence from a Nationally Representative Survey” by Maury Gittleman, Michael Horigan, and Mary Joyce, in *Industrial and Labor Relations Review* (Oct. 1998), Cornell Univ., Ithaca, N.Y. 14853–3901.

Consultants and other experts have spilled much ink in recent years touting new styles of business management that supposedly improve corporate performance. If what their advocates say about “Total Quality Management,” “quality circles,” job rotation, and other such nostrums is true, then surely most companies would have embraced one or another of them by now. Well, it seems, they have and they haven’t.

Out of nearly 6,000 firms surveyed in 1993, the Bureau of Labor Statistics (BLS) found that only 42 percent had adopted any of a half-dozen specified alternative practices. Not surprisingly, such arrangements were most popular with manufacturing firms

(56 percent adopted at least one), though establishments in wholesale trade were a close second (55 percent).

Total Quality Management (which, survey takers were told, stresses “doing things right the first time, striving for continuous improvement, and . . . meeting customer needs”) found favor with 21 percent of the firms. Sixteen percent let workers have a say in buying the equipment they use, 14 percent gave small teams of workers authority over how best to get their collective job done, 13 percent permitted workers to rotate among different jobs, 11 percent had coworkers evaluate a worker’s performance, and only five percent opted for quality circles (in