The NEW RULES

EXPLORING COMMUNITY, MOBILITY, SCALE AND TRADE • SPRING 2001

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THE NEW RULES PROJECT
Designing rules as if community matters

ILSR

A Devolution Test for George W. Bush

"Shifting Of Power From Washington Is Seen Under Bush"
—*New York Times,* January 7, p. 1

I doubt it. When Washington speaks of devolution, it almost always means granting local governments more flexibility in complying with federal directives. That may be a step in the right direction, but it shouldn't be confused with granting local governments real policymaking authority. Indeed, when it comes to power, both Republicans and Democrats are centralists.

In the last 40 years, Republicans as well as Democrats in Washington have voted to increasingly restrain local and state authority. Intriguingly, a systematic study of roll call votes in the 98th through the 101st Congresses actually found Republicans more prone than Democrats to overrule state and local regulations, according to Pietro S. Nivola of the Brookings Institution.

A genuine "devolutionist" is willing to let governments closest to the people enact measures governments farther from the people oppose. As governor, Mr. Bush often declared "Texans can run Texas." If he truly believes that, he is now in the position to translate rhetoric into reality. By doing so, he would fundamentally change the entire national debate about government and governance.

Let me offer three actions George W. could immediately embrace that would signal his party's new allegiance to local control.

1. Drop federal opposition to state medical marijuana initiatives. Eight states now allow the sick to use marijuana. In all but one (Hawaii, where the legislature passed the law), the law was adopted as a result of direct referendum. Clinton's administration refused to accept the will of the people. Instead, it tried to strip of their medical licenses doctors who prescribe marijuana. Clinton's Justice Department continues to argue in federal courts (and now before the U.S. Supreme Court) that states lack the authority to enact such initiatives, no matter how popular they may be. President Bush would demonstrate the courage of his convictions by ordering his administration to cease standing in the way of this exercise in local democracy.

A genuine "devolutionist" is willing to let governments closest to the people enact measures governments farther from the people oppose.

2. Ask Congress not to extend the current temporary federal moratorium on state and local taxation of purchases over the internet. Because of Congressional and Supreme Court actions, communities are prohibited from imposing the same sales taxes on purchases from out-of-state firms as they do on purchases from in-state firms. As a result many states are forced to discriminate against their homegrown businesses by giving out-of-state businesses a 6-8 percent price advantage. Both political parties supported a federal moratorium, which ends in October. George W. Bush should ask his party to honor the maxim "Texans can run Texas" and no longer force communities to treat remote businesses better than they treat local businesses.

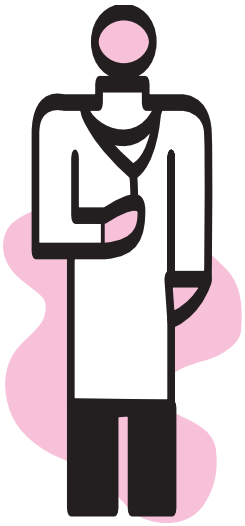
3. Ask Congress to grant localities the authority to stop giant cable companies from discriminating against local internet service providers. Communities currently do have the authority to give cable companies permission to serve their residents. But federal courts have ruled that communities lack the power to require that these companies offer residents a real choice in internet service providers. As a result, giant cable companies are discriminating in favor of their own internet service subsidiaries by charging local residents twice as much to sign up with a local service provider. Communities that have tried to stop this discrimination have had their authority restricted. In the last six months, three federal courts have overturned local access provisions by Portland, Oregon; Broward County, Florida; and Henrico County, Virginia. The courts insist that federal law preempts local authority in this area. George W. Bush should introduce legislation that lets communities decide whether the high speed information highways of the future should be open to all users on an equal basis.

Centralists will argue that giving communities such powers would result in a dizzying array of local regulations. Genuine devolutionists, however, respond that there is at least as much danger in the one-size-fits-all policies that emanate from Washington.

There are times, of course, when federal preemption is necessary. Yet today, federal preemption is rapidly becoming the rule, not the exception. Both Republicans and Democrats seem to subscribe to the notion that the burden of proof should rest on those who would delegate authority, not on those who would centralize it. The rhetoric of the new Republican administration promises a dramatic change. George W. talks the talk. Let's see if he walks the walk. [!]

— *David Morris*

Let States Create



Canada's much acclaimed universal health care program is a product of state innovation (see page 4). If Saskatchewan had not had the authority to devise its government-funded universal insurance scheme in the 1940s—a plan quickly copied by other provinces—Canada would most likely not have the single-payer plan that is so popular today.

Recognizing this bottom-up approach, Massachusetts Representative John Tierney, a staunch supporter of the Canadian model, proposed a bill in the 106th Congress that would provide up to 10 states with grants of $3.75 million to research and develop individual state plans for universal, comprehensive, cost-effective health care. When he introduced HR 4412, the "States' Rights to Innovate in Health Care (SRIHC) Act of 2000," Tierney explained that his goal was to give states the opportunity to "take the ball" and lead the fight for universal care.

A second key goal of the Tierney plan is to reduce the administrative costs of health care, which he estimates at $1,000 per person annually in the United States, compared to $200 per capita in other industrialized nations.

States with approved plans would then receive an additional $10 million plus $3 per capita to implement the plan over a seven-year transition period. To be approved, plans must provide comprehensive care—not only basic medical care but also vision and dental care as well as prescription drugs, all of which are not covered by Canada's medicare plan. Federal dollars for programs such as Medicaid would be redirected toward the new plan, and states would oversee quality assurance, maintenance and monitoring.

Representative Tierney is planning to reintroduce his legislation in the 107th Congress. The 22 original co-sponsors have again agreed to sign on to the bill. Tierney is optimistic that the legislation will be well received after a presidential debate that featured a great deal of discussion on health care issues.

—DK

France Revises Agricultural Subsidies to Favor Small Farms

In 2000 France announced plans to redistribute over $320 million in farm subsidies from large farms to smaller producers. Currently, 80 percent of French farm aid goes to 20 percent of its farmers, most of whom are large producers. Declaring that that "Public subsidies of agriculture must be more equitable," the French agricultural minister Jean Glavany introduced a new system whereby the largest 1400 farms (those receiving over 106,000 euros/year or more) will lose 20 percent of their aid. Other large farms will see reductions of 6 percent or more. However, due to the scale of France's agricultural system, only 30,000 of its 680,000 farms would be affected. Under the new aid standards, "Aid will no longer be calculated in terms of quantity but quality—respect for the environment, production quality, jobs created or maintained. A farmer who gets $33,000 each year will see his subsidies reduced by $6500," Glavany said. The government has also created mechanisms whereby farms with salaried workers will receive less subsidy than those run by family members. While the large National Federation of Farmers Unions condemned the new system, the Peasant Confederation (comprised of small farmers who broke off from the FNSEA) hailed the policy as "a first step towards greater justice."

—BL

Amarillo Adopts Cumulative Voting

In Amarillo, Texas, which is 16 percent Latino and 6 percent African American, a minority had not been elected to the school board since the 1970s. In 1998, several concerned citizens sued the school board under the Voting Rights Act. They alleged that Amarillo's current system of school board elections unfairly diluted the minority vote and denied blacks and Latinos adequate representation.

At the time, Amarillo had an at-large, numbered-place system for electing members to the school board. "At large" means that a pool of candidates from the entire city would run for a designated number of seats (as opposed to a system where candidates run within districts). "Numbered place" means that each candidate had to declare which of the designated seats he was running for, and run only for that seat, against others who had elected to run for that seat as well.

The at-large, numbered-place system was particularly problematic for minority candidates in a city where the school board vote tended split along racial lines (Eighty percent of white Anglos, on average, would support white candidates). Even if the vast

majority of minority voters supported a minority candidate, their votes would be overridden by the majority in each of the school board races.

The plaintiffs arrived at a settlement with the Amarillo school board. The settlement established a system of cumulative voting for Amarillo school board elections.

In Amarillo's cumulative voting system, each voter has the same number of votes as there are seats. The elections are still at large, but the voter has the right to cast as many of her ballots for each candidate as she wishes to. For instance, if there are four seats, a voter may cast all four of her votes for a single candidate, split her vote among two or three contenders, or cast a single vote for each of four different candidates.

On May 6, 2000, an African American, James Allen, and a Latina, Rita Sandoval, were elected to the Amarillo school board under the new cumulative voting system.

—*SFS*

The Great Outback Buys Local

Ten years ago the Government of Western Australia set up a State Supply Commission to draft and implement government supply policies for the region. The Commission recently implemented a Buy Local policy aimed at maximizing opportunities for small, local and regional businesses in Western Australia.

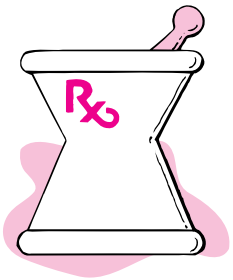
As of November 1, 2000, the Western Australian Government must provide price preferences to local Western Australian businesses in competitive government contracts. Regional preferences are capped at $50,000 for government purchasing of goods and services; $100,000 for all construction of public buildings and housing; and $500,000 for long-term private service contracts. However, government purchasers have the discretion to increase the preference caps on an individual contract where it can be demonstrated that awarding the contract to a local regional business will provide a measurable economic benefit. Also stipulated under the policy are preferences for nonregional companies using local content in their contracts.

Government purchasing of goods and services in Western Australia amounts to around $2 billion annually. The government estimates that for every $1 million of successful new or retained manufacturing business the following effects are passed on to the economy: $280,000 in taxes goes to the government; $255,000 in direct consumer expenditure is guaranteed; $231,000 in welfare benefits are saved and 30 jobs are created.

See a full description of the Western Australia Buy Local policy on the New Rules website at: http://www.newrules.org/retail/austpurchpref.html

—*BL*

Maine Town Recruits Independent Pharmacist



A pharmacy has long anchored downtown Orono, Maine. For years, it was a Rite Aid store. In 1996, the chain sought to move a few blocks down Main Street to build one of its big drive-through boxes on a prominent corner. Residents hated the idea and several hundred turned out to protest. Rite Aid backed down. Then, in 1999, the company left downtown Orono entirely.

The community felt that having a pharmacy was critical to the economic health of downtown. But rather than luring in another footloose chain, residents and town officials decided a better option would be an independent, locally owned pharmacy.

"We felt it would be more reliable and create a better image for the community," says Gerry Kempen, Orono town manager.

With a little creativity and work, the community got its wish. The town sent letters to some 1,200 pharmacists licensed by the state of Maine, asking whether they had any interest in opening a pharmacy in Orono. About half a dozen responded and the town soon identified the best candidate. The Orono Community Pharmacy opened for business on November 18, 2000.

—*SM*

Denmark Taxes Packaging Based on Environmental Impact

A parliamentary vote in December 2000 made Denmark the first country in the world to tax packaging materials according to their environmental impact. The new tax favors paper, cardboard and refillable glass. Much higher taxes apply to aluminum and expanded polystyrene and polyvinyl chloride (PVC).

The system replaces a weight-based tax that encouraged companies to use less packaging, but did not distinguish among different types of materials. The tax applies to several product groups, including paints, lubricants and many food items.

The tax rates are based on a comprehensive life-cycle assessment conducted by the Danish environmental protection agency last summer. The analysis found that refillable plastic containers (much more common in Europe than in the U.S.) have the least impact on the environment, while aluminum cans have the most.

The new policy encourages consumers to buy locally produced products, noting that long-distance distribution greatly increases the environmental impact of packaging materials. [!]

—*SM*

The Canadian Cure

Just because the federal government can't overhaul the health care system doesn't mean it can't be done. In a similar situation, Canada's provinces established individual systems founded on equity, public administration and decentralized

In 1946 Tommy Douglass, the colorful premier of the huge but sparsely inhabited Saskatchewan, revolutionized Canada's health care system. Using the authority that Canada's courts had given provinces over health care, Douglass crafted North America's first universal health insurance scheme. He did so at a time when Saskatchewan was heavily in debt and suffered from a severe shortage of doctors and nurses. Douglass had no model to follow and little data on actual costs.

Before Douglass shook the foundations of Canadian health care it looked much like the current American system. The federal government had tried to institute a national health care plan immediately after World War II, but abandoned the effort when the provinces failed to reach consensus.

By 1949 both British Columbia and Alberta had followed Saskatechewan's lead. In 1957 the federal government adopted the Hospital Insurance and Diagnostic Services Act. A paltry six pages, the bill stipulated that once a majority of the provinces, representing a majority of the population, adopted a universal hospital insurance plan, the federal government would pay approximately half of the costs of normal maintenance and operating expenditures for hospital care. Four years later all provinces had universal hospital insurance plans in place.

Provincial innovation had become federal policy. The ink was barely dry on provincial hospital insurance before Douglass was at work on a plan to cover all essential medical coverage, regardless of where it was provided. Despite a massive propaganda campaign (in which Douglas was likened to Marx) and a three-week strike by Saskatchewan doctors, a universal health care plan went into effect on July 1, 1962.

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Once again, the federal government followed Saskatchewan's lead. The Medical Care Act of 1966, or medicare (with a small "m") as it is referred to in Canada, is only eight pages in length (by contrast, American Medicare is governed by 35,000 pages of statutes, regulations and program manuals).

By 1971, all Canadians were guaranteed access to essential medical services, regardless of employment, income or health.

Canada's universal medical care system was designed from the bottom up, by provinces and for provinces. There is no "Canadian" health care system, but rather ten distinct provincial systems, tailored to the needs of their citizens and to their unique political philosophies. To qualify for federal support (originally about half of total provincial costs), the provinces are required to meet five principles: comprehensiveness, universality, portability, accessibility and public administration. These elements ensure that all essential services are covered; that everyone is covered and can receive care in any province; and that health care is administered by a nonprofit public agency.

As a result, Canada's version of national public health insurance is characterized by local control, doctor autonomy and consumer choice. Ironically, with the increasing dominance of HMOs and the increasing complexity of rules covering federal medical payments, the United States health system is quickly becoming characterized by absentee ownership, centralized control, little consumer choice and doctors who must ask bureaucrats permission to dispense medical care and advice.

The key to the Canadian system is that there is only one insurer—the government. Doctors generally work on a fee-for-service basis, as they do in the U.S., but instead of sending the bill to one of hundreds of insurance companies, they send it to their provincial government. In both countries there is a continual tug over the dollar between health care providers and insurers. The difference is that in Canada the insurance company is owned not by shareholders, but by the taxpayers—who, as one analyst explains, must constantly balance "their desire for more and better service against their collective ability to pay for it."

During our own year-long debate on universal health care back in 1993, the Canadian option was rejected by both the Republican and Democratic parties. Thus Americans know little about Canada's system, and what we think we know is usually wrong. Remember the late Senator Paul Tsongas' oft-repeated claim that he would have died in Canada with his form of lymphoma? The truth is that the experimental bone marrow transplant operation that saved his life was pioneered in Canada.

Now that George W. Bush has moved into the Oval Office, it will likely be at least four more years before the word "universal" is uttered in the same breath as health care. During the presidential debates George W. echoed his father's sentiment that the Canadian model was a "cure worse than the disease. When you nationalize health you push costs higher, far higher."

Costs and outcomes: American and Canadian systems compared

The statistics paint a starkly different picture. In 1971, the year that all ten provinces adopted universal hospital and medical insurance programs, Canadian health care costs consumed 7.4 percent of national income in Canada, compared to 7.6 percent in the United States. In the thirty years since, however, Americans' health care expenditures as a percentage of Gross Domestic Product (GDP) have nearly doubled—to 14 percent—while Canadians' have remained relatively stable, increasing only to about 9 percent. And despite its high cost, the U.S. system fails to insure more than 44 million of its citizens. Some analysts predict that figure will grow to 60 million by 2008.

Canada's system is not only efficient; it is immensely popular. A 1993 Gallup Poll found that 96 percent of Canadians prefer their health care system to that of the United States. As Saskatchewan doctor E.W. Barootes, originally an opponent of universal health care, puts it, "today a politician in Saskatchewan or in Canada is more likely to get away with canceling Christmas…than with canceling Canada's health insurance program."

In a 1998 poll conducted in the five major English-speaking countries (Australia, Canada, New Zealand, U.K., U.S.), 24 percent of Canadians thought they received excellent care in the past twelve months: the highest figure out of the five countries. Nineteen percent of Americans felt that they had received excellent care, which tied for third with Australia.

Comparing the effectiveness and quality of health system across borders is a challenging process. Nevertheless, it is instructive to note that the empirical evidence indicates that Canada's system is more effective than America's. The World Health Organization (WHO) has devised an index that measures how efficiently health systems translate expenditures into health. One yardstick they use is known as the average disability adjusted life expectancy (DALE) of a population, which measures a population's health rather than strict life expectancy. WHO combines this data with figures on the amount of choice patients →

have, the autonomy of health care providers, the equity of health care distribution and related issues. In 1997, Canada ranked 35th on this index. The U.S. ranked 72nd.

Life expectancy and similar statistics are admittedly crude measurements of the quality of medical care. Such figures are influenced not only by the quality of health services but by social, environmental and demographic factors. Nevertheless, Canada consistently outperforms the United States on such measures. Canadians have the second longest life expectancy of all countries (79 years). The United States ranks 25th at under 77 years. This may seem like an insignificant difference, but it has been estimated that to raise the life expectancy by only five years would require the elimination of all deaths from cardiovascular disease and almost all deaths from cancer, the two leading causes of death in the U.S. and Canada. More importantly, Canadians have a better chance of living free of disability. Canadians average 70 years of disability-free life, compared to 68 in the United States.

Infant mortality rates are also frequently used to grade the health of a particular population. Here the U.S. fares even worse. In countries belonging to the Organization for Economic Cooperation and Development (OECD), the median infant mortality rate was 5.8 deaths per thousand live births in 1996. The U.S. rate was 7.8, better only than Hungary, Korea, Mexico, Poland and Turkey. Canada's was 5.6. Maternal mortality rates in the United States were double those in Canada in 1988, with seven out of every 100,000 dying in Canada compared to 14 in the U.S.

WHO has developed sophisticated criteria to measure the effectiveness of health care services. These indexes measure a system's level of responsiveness (which includes autonomy, confidentiality, choice of care providers, quality of basic amenities, etc.); distribution (to all members of society); and fairness of financial contribution (which reflects inequality in household contributions to their health care costs). The U.S. scores better than Canada only on the responsiveness index, where it ranks 1st to Canada's 7th. When all these criteria are combined with basic health measurements, the WHO ranks Canada 7th, the U.S. 15th.

Canada has been able to maintain high-quality care at minimum per-capita expense largely because of one of the five criteria mandated by the federal government—public administration. Single-payer public insurance creates enormous administrative savings compared to a multi-payer managed care system. The difference is due to huge insurance bureaucracies and the duplication of administrative efforts between companies and marketing expenses: in a public program, such duplication would be superfluous.

During the debate over Clinton's national health care proposal, the New England Journal of Medicine calculated that the U.S. could save as much as $67 billion in administrative costs (easily enough to cover every uninsured American) by cutting out the 1,500 private insurers and going to a single government insurer in each state. HMOs consume anywhere from 9 to 30 percent of their revenue on overhead. That doesn't include the significant cost to physicians and hospitals of dealing with the paperwork required under the American system. Administrative costs are sucking up an ever-greater portion of the health care spending pie. Between 1968 and 1993 the number of U.S. physicians rose 77 percent, while the number of administrators rose 288 percent. According to federal government figures, U.S. health care spending (excluding administrative costs) rose 196 percent between 1980 and 1991. Over that same period administrative costs rose 350 percent.

Nor do these figures include the most important, albeit unquantifiable cost of all: the psychological and emotional burden that comes with patients having to answer the dreaded question, "Do you have insurance?"

Dr. David U. Himmelstein of Harvard's Medical School puts it bluntly. "If you want to cover everybody in society at a reasonable cost," he says, "the only way to do it is single-payer. The savings are on administration and waste. Basically, you get more health care and less bureaucracy from a single-payer system than from any other alternative."

The changing face of Canadian health care

Canada's health care system has changed significantly over the past 30 years. In the late 1970s, worried about its open-ended agreement to pay half of each province's medical bills, the federal government began to transfer a lump sum per capita payment to each province, based on past practices. Since it was no longer picking up precisely half the tab, the federal government no longer required the provinces to mail in their bills. This reduced the administrative costs to the federal government.

Doctors continued to send their bills to their provincial government. Their fee schedules for various services were, and still are, negotiated by the provincial medical associations and the provincial governments. The province establishes the overall level of payments to hospitals and physicians. The setting of specific fees is left to the provincial medical associations.

In the early 1980s, many provinces placed limits on the fees doctors could collect for their services—essentially capping their incomes. These caps, however, were seldom effective. Many doctors simply imposed additional fees on patients for services—a practice called "extra billing." This controversial practice led to the passage of the Canada Health Act in 1984, which established penalties for provinces that permitted extra billing and combined the hospital and medical insurance bills into one comprehensive piece of legislation. Within two years all the provinces had passed legislation banning extra billing, despite vehement physician opposition, including a strike by Ontario doctors. Doctors must choose to work within the confines of the publicly funded system or to accept only those patients who can afford to pay out-of-pocket. Most have chosen the former.

The ban on extra billing has not left physicians impoverished. In 1997 Canadian doctors averaged about $120,000 in annual income, while American doctors averaged about $165,000.

In 1996 the federal government began to lump health care payments to provinces together with payments for post-secondary education and social assistance. The intent was to give provinces the flexibility to set their own priorities among these broad purposes. But it also slashed the federal contribution to these social programs from $18.5 billion Canadian to $12.5 billion in 1998. The provincial health plans absorbed half of this cut. Thus today federal payments make up only slightly more than 20 percent of provincial medical care costs, on average. In some provinces this figure is even lower. British Columbia, for example, which has a population about that of Chicago or the Bay Area, pays for 88 percent of its health-care costs.

Many Canadians worry that a continued reduction in payments will reduce the incentive for the provinces to continue to enforce the five basic health care principles that most of the country holds sacrosanct. The principle of portability has in fact already been violated by Quebec. According to the Canada Health Act, a physician treating an out-of-province patient is to be paid at the rate in the physician's, not the patient's, province. In accordance with the federal law, all provinces have signed a Reciprocal Billing Agreement—except Quebec, which will only pay doctors in other provinces up to its own set of fees. As a result, many clinics and emergency departments across the country have posted signs advising patients that Quebec medicare will not be accepted. The federal government has done little to punish the province.

As federal contributions to health care decline, provinces are finding themselves trapped, according to former Canadian Medical Association President John O'Brien-Bell, "between the public's unlimited expectations of a free system—expectations which are fueled by politicians—and a federal government intent on reducing the debt." On a per capita basis, Canada's national debt is about twice as high as that of the United States.

Feeling the squeeze

Canadian provinces are discovering that costs can only be cut so far before quality is sacrificed. Waiting times are probably the most serious concern with Canadian medical care. Canadians are often forced to wait not only for nonemergency surgeries but for simpler services such as hospital beds and diagnostic tests like angiograms. They do not wait, however, for care that is required immediately. A recent survey found that 12 percent of Canadians waited four months or more for nonemergency surgery, compared to only one percent of Americans. (Compared to other industrialized countries Canadian patients fared relatively well. In the U.K., one-third of respondents to the same survey reported waiting times of more than four months.)

"Canada rations by queuing," explains Morton Lowe, M.D., coordinator of health sciences at the University of British Columbia. "You have to wait your turn for a hip transplant even if there are three poorer people in front of you. Which I think is damn fine. In the U.S., if you're rich, you get it fast, and if you're poor, you don't get it at all. That's how they ration."

It is useful to note that if Canada increased its per capita health care spending to American levels, waiting lists would likely be largely eliminated. →

The spiraling costs of prescription drugs in Canada is a problem shared by Americans, but Canada's response has been much different. In Canada per capita spending on drugs increased by over 100 percent in real terms between 1975 and 1996. This increase is of special concern because prescription drugs provided outside of the hospital are not covered by medicare.

While politicians in the U.S. bicker over the best way to deliver cheaper drugs through Medicaid and Medicare, a number of Canadian provinces have already introduced universal "pharmacare" plans. The plans have varying deductibles and copayments, with seniors and social assistance recipients paying the lowest out-of-pocket costs. Most plans also feature special drug programs for residents with AIDS, cystic fibrosis or organ transplant recipients, among other conditions.

Resources

For more information on the rules that created Canada's health care system, see the New Rules website at http://www.newrules.org/equity/index.html

British Columbia's scheme is the most innovative. It uses a reference-based pricing scheme to help control costs, through which it generally pays for only the lowest-cost drug. (Denmark, New Zealand and Australia have similar plans.) The policy obligates family doctors to prescribe the lowest-cost, or "reference" version of a drug.

The logic behind reference-based pricing is that in some drug classes, an older, cheaper drug works just as well as a newer "copycat" drug. If a doctor believes the reference drug isn't suitable for a particular patient, he or she must get permission to prescribe another by faxing a special authority request to Pharmacare. British Columbia doctors send in about 6,000 of these a month, which at times overwhelms the province, resulting in delayed responses.

Today, between the different provincial government drug plans already in existence and private health insurance coverage, 97 percent of the Canadian population is protected by some form of drug coverage. Meanwhile, senior citizens in the northern U.S. are taking well-publicized bus trips to Canada to fill their prescriptions.

Another problem shared by both countries is access to health care. Canada guarantees access to basic care, but services such as dental and vision care are not covered by medicare. Access to these types of care, therefore, is determined in much the same way as in the U.S.—the rich get it, the poor in most cases do not. In 1999, for example, only 40 percent of low-income citizens received dental care, compared to nearly 80 percent for the wealthiest citizens.

Specialty care also tends to be more accessible to the wealthy. Studies have shown that while poorer Canadians are more likely to visit doctors and receive hospital care, they are less likely to have certain types of surgery, such as bypass and cardiac surgeries. A 1999 survey found that 46 percent of Canadians had trouble getting access to specialty care in the previous year.

Interestingly, access to specialty care is also limited in the American system. Obviously the 44 million Americans without any insurance experience grave difficulties in accessing health care. But so do Americans in managed care plans—40 percent reported difficulties similar to Canadians in obtaining specialty care.

One national plan, ten provincial plans

The provincial plans that have evolved in Canada are similar but not identical. All medically necessary services provided by licensed practitioners in hospitals, clinics and doctors' offices are covered by the provincial plans, as required by the Canada Health Act. The services of psychiatrists and psychiatric hospitals are fully covered in all provinces, but by provincial choice, not federal requirements.

Provinces are distinguished mostly by how far they have decided to extend coverage beyond physician services and general hospital costs. As noted above, four provinces offer nominally universal Pharmacare plans. Routine dentistry and optical care are not covered by any province—medicare coverage in these areas commonly includes only inpatient dental surgery, refractions and partial payment for corrective lenses. Five provinces—Ontario, Alberta, British Columbia, Manitoba and Saskatchewan—provide partial coverage for chiropractic care.

Long-term care and home care coverage, also not covered under medicare, differ only slightly among provinces. For nursing home care, accommodation and overhead costs are usually charged back to the patient, whereas all health service and drug costs are insured. Public coverage for home health care is growing, and most of the provinces already provide at least partial funding for both transient postacute home care and chronic home support services. However, the design and scope of home care services vary widely across the provinces.

Private care, public money?

The cutback in federal funding has led provinces to adopt cost-cutting strategies. One of the most popular—and controversial—has been the introduction of for-profit care. Although virtually all hospitals are nonprofit institutions, with global budgets established by provinces, the Canada Health Act does not prohibit private providers. Only a handful of provinces, including Saskatchewan, have passed legislation expressly forbidding for-profit hospitals and clinics.

Other provinces are moving in the opposite direction. Ontario's Community Care Access Centres (which provide the province's home care services) are not only required to establish competitive bidding mechanisms for the services they fund, they are also prevented from awarding all their contracts to the established nonprofit provider, ensuring that for-profit (often U.S.-based) firms will be introduced, whatever their quality and price. Nova Scotia, Prince Edward Island and New Brunswick have hired private firms to handle their billing.

Alberta has taken this reality a step further with its recent passage of Bill 11. The legislation allows care at private, overnight surgery clinics to be covered by provincial medicare insurance. It also allows doctors to work in both public and private systems.

The bill was passed despite weeks of demonstrations in the province. Critics claim that Bill 11 violates the Canada Health Act and is only the first step in a greater movement toward an American-style two-tiered system. In exchange for an additional fee, these facilities offer quicker access to medicare-insured services—but according to the principle of universality, citizens must get insured services "on uniform terms and conditions." Critics also argue that it violates the accessibility principle because those unable to pay would be excluded from private clinics.

Ominously, once Canada embraces privatization it will be very costly for it to reverse course. According to the provisions of the North American Free Trade Agreement (NAFTA), if Canada privatizes any part of its health system it must handsomely compensate U.S. (or Mexican) companies if it decides later to end this practice.

Is regionalization the cure?

Most provinces have also tried to cut costs and improve delivery by decentralizing control over health care to the district, or local board, level.

The jury is still out on the effectiveness of regionalization. Many districts have instituted cost-cutting programs that read like a corporation's after a merger, often including lay-offs and reductions in hospital beds. In most provinces these districts will eventually be managed by elected board members, who will be responsible for their own hospitals, nursing homes, ambulances, home care and public health services. They will receive annual grants from the government based on their populations and specific health care needs. Doctors still send their bills to the province.

Ironically, regionalization may result in a loss of authority of individual hospitals, clinics and agency boards. For example, 30 district boards in Saskatchewan have replaced more than 400 local

boards. These new districts sit strategically between the expectations of the provincial government, the interests of health care providers, and the wants and needs of citizens. The idea is that a healthy tension between these three actors will result in an efficient and successful system.

The only long-term solution to Canada's health care concerns is increased federal funding. A vast majority of Canadians—nine out of ten, according to government polls—favor spending any federal budget surplus on medical care. Popular opinion holds that provinces should not have to (and in most cases can't afford to) shoulder the majority of health care costs. It remains to be seen whether the Canadian government will act on its citizens' wishes. If it doesn't, calls for a two-tiered system will grow louder.

Canada's system is trying to cope with the same problems the U.S. has—an aging population and increased cost of drugs and technologies. But because of the pioneering work of Tommy Douglass, the strategies Canada is embracing are founded on equity, public administration and decentralized control. The U.S., on the other hand, is struggling to find solutions within a structure based on a paper-hungry, profit-motivated private insurance bureaucracy. In trying to fix the health care system, we would do well to learn from our neighbors to the north—and in fact, Massachusetts Representative John Tierney made the first move in that direction last year with a proposal to fund the research and development of state health care plans. (See "Place Rules," page 2) [!]

Bonding With the Next Generation

Sometimes doing the right thing is almost too simple. Requiring publicly funded construction projects to produce no net increase in greenhouse gas emissions is one example: it's hard to find the down side. *By David Morris*

The scientific debate about global warming appears to be over. "There is absolutely no question that the climate is warming, sea levels are rising and glaciers are melting," Robert T. Watson, the chair of the Intergovernmental Panel on Climate Change (IPCC), told Newsweek in early December 2000. (The IPCC was established in 1985 and reviews the climate situation every five years.) Five out of the six warmest years on record have occurred in the last decade. Small islands in the Pacific are beginning to disappear. Animals are migrating northward.

But the battle against global warming suffered a significant setback at The Hague in November 2000, when the parties failed to reach agreement.

The major stumbling block has been the United States' refusal to accept responsibility for its disproportionate contribution to global warming. The consumption habits of one person in the U.S. result in the release of about 20 tons of greenhouse gases into the atmosphere each year. For a person in China the release is about 2.5 tons and for an Indian only 0.9 tons. In 1997, more than 150 countries adopted a framework for action that requires richer, industrialized countries to take the first significant steps, not only because of their disproportionate contribution but because they have more technological and financial resources available to do so.

Two years later the U.S. Senate voted 98-0 to reject any climate change treaty that does not require poor nations to accept similar pollution reductions. Today attitudes in the White House may mirror those in the Congress, where the reactions range from deep skepticism to outright hostility.

Which means that Americans who want to meet their global responsibility will have to do it themselves—at least in the beginning. This doesn't mean simply changing individual behaviors, but rather, changing the rules to channel entrepreneurial energy and scientific genius in a direction that meets the needs of future generations.

What should be done?

Many cities and some states and counties have enacted resolutions encouraging greenhouse gas reductions. Most are directed at higher levels of government. None have yet translated rhetoric into significant actions.

Here's my suggestion for a powerful first step. Every city council, county commission, school board, state legislature and other tax exempt bond-issuing agencies in the country should require that any structure or piece of equipment that is financed with public money must satisfy our global obligation to reduce global warming.

The impact would be considerable and immediate. In 1999, for example, over $160 billion was borrowed by local and state governments for over 10,000 construction projects, ranging from city halls and shopping centers and schools to wastewater treatment and power plants. My home state of Minnesota, population 4.9 million, issued some $4 billion in tax exempt bonds that year.

Municipal bonds (called munis and referring to all tax exempt bonds issued by governmental entities, not only cities), are backed directly (general obligation bonds) or indirectly (revenue bonds) by local taxes. They are tax exempt because they serve a public purpose. Their issuance often requires the approval of local voters either at the polls or through their elected representatives. This makes them an ideal vehicle for initiating a vigorous grassroots conversation about local responsibility in an age of global pollution.

Buildings and equipment are the single largest generators of greenhouse gases. A bond is a 20-year loan used to finance a structure that will last for 50-100 years. As such it is a compact not only with this generation, but with the next one and the one after that. We should insist that our next generation of structures will not burden the next generation of humans.

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How would it work?

The designer of a new structure financed by tax exempt bonds would have to estimate annual and lifetime emissions generated by the operation of the building and its internal machinery. The methodology for doing this is widely available and used today.

Let's say a new high school is proposed. To keep the example simple, let's also assume that, if built to the energy efficiency levels contained in the existing building code, the building would add 100 tons of carbon dioxide equivalent greenhouse gases to the environment. (Each greenhouse gas contributes differently to global warming. To compare overall global warming impact, engineers and scientists commonly translate each individual gas's warming impact into a single comparative statistic: the quantity of carbon dioxide emissions that would have the same impact.)

The builder would have to comply with the performance standard adopted by the bond-issuing agency. That level itself would be the subject of much debate. The least burdensome standard and the easiest to understand would be one that required no net new greenhouse gas emissions as a result of the operation of the new or renovated building or equipment.

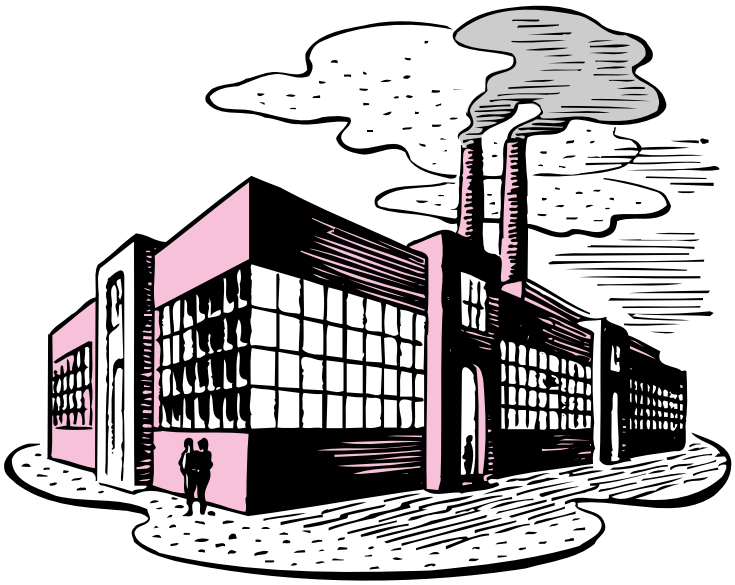
A stricter standard would adopt the Kyoto Protocol guidelines. These require that net greenhouse gas emissions be reduced by about 35 percent. (Actually, they require that emissions be reduced by about 5-8 percent below the 1990 level, but emissions have risen substantially since then. Hence the 35 percent figure.) The most challenging standard of all would be one consistent with the consensus of leading atmospheric scientists that to truly stabilize global climatic conditions we need to reduce by 75 percent current greenhouse gas emissions.

For purposes of this discussion, and perhaps as a concession to current political reality, let's assume the bond issuing agency (city, county, school board, electric cooperative, etc.) adopts the "no net increase" standard.

Is it feasible?

The first step for the building designer would be to make the operation of the structure as efficient as possible. Happily, we have an enormous amount of empirical evidence that proves that new or substantially renovated structures can reduce energy consumption by 25, 50 or even 90 percent below current levels with investments that repay themselves quickly.

There are hundreds of examples. Utah's 120,000-square-foot Department of Natural Resources building in Salt Lake City beat the energy requirements of the standard building code by 42 percent with investments that were repaid in six years from energy savings. Pittsburgh's 10-story, 175,000-square-foot Comstock Building uses only half the energy of other similar office buildings in the city, yet because of savings stemming from reduced need for mechanical systems, it cost $500,000 less to build.



Researchers have discovered that the energy savings generated from improved efficiency represent only a small portion of the total financial savings. Researchers at Carnegie Mellon University's Intelligent Workplace design studio have compiled many examples of how productivity increases have vastly outweighed energy savings.

In Costa Mesa, California, VeriFone, a subsidiary of Hewlett-Packard that makes electronic swipe readers to verify credit cards, renovated a building that housed offices, a warehouse and light manufacturing. Its resulting energy use was 60 percent below that required by California's strict Title 24 building code, yet paid for itself in seven and a half years from energy savings. More important to the company's bottom line, however, was the five percent increase in employee productivity and the 45 percent drop in absenteeism after the renovation. Joseph Romm, of the Center for Energy and Climate Solutions, notes, "Workers in the new building no longer complain of end-of-day headaches or end-of-week sluggishness. They loved the extensive use of day-lighting and say the air was so fresh they felt as if they were working in a forest—no mean feat considering the building sits in the lap of the 405 freeway and John Wayne Airport."

Several North Carolina schools cut energy consumption by 20 to 64 percent by using large southern

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Libraries, Liberty and the Pursuit of Public Information

Far from becoming obsolete, public libraries still operate at the heart of their communities. In addition, they've taken on new roles such as "Guide to the Internet," and "Champion of Equal Access." Now they're struggling, on behalf of their patrons, to prevent private companies from passing legislation that restricts the right to read free of charge. *By Harriet Barlow and Stacy Mitchell*

The public library seems like an institution out of time. In an age of raging individualism and privatization, the public library stands as an enduring monument to the values of cooperation and sharing. In an era of globalization and gigantism, it remains firmly rooted and in scale with its community. One could simply dismiss the public library as an anachronism, an idea whose time is past. Except for one thing. It works.

The U.S. claims the most extensive library system in the world. With 8,923 central libraries and 7,124 branches, our public libraries are used by almost two-thirds (65 percent) of all households at least once each year; they loan 1.6 billion items and answer 284 million reference questions annually by telephone alone.

Considered by many "the great democratic bargain," public libraries are among the most efficient and popular of tax-supported services, serving 66 percent of adults for less than 1 percent of all tax dollars. The average cost of public library service nationwide today is about $24.50 per person annually, or roughly the price of a single hardcover book. Almost 80 percent of the funding for libraries comes from localities. Only 1 percent comes from the federal government. For less than $25, a cardholder in a typical public library gains access not only to the items shelved in that particular building, but to billions of items cataloged by libraries throughout the world.

When politicians forget how valuable the local library is, their constituents remind them. Consider the Riverview Branch Library in St. Paul, Minnesota, a tidy red brick Carnegie library with graceful arched windows set on a quiet street in St. Paul's West Side neighborhood. One of 13 branches in a city of only 272,000, the small library serves a population of approximately 15,000, about half the size of the average library service area nationwide. Its small population and the neighborhood's high proportion of non-English speaking residents and new immigrants have for many years left Riverview with the lowest circulation rate of any library in the city of St. Paul.

It was not entirely a surprise, then, in 1982 that the mayor of St. Paul recommended closing the branch to cut expense during lean financial times. What *did* come as a surprise, to the mayor and others, was the overwhelming hue and cry that arose from the neighborhood in response. When a local community organization called a meeting at the library to protest the

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closure, over 600 people showed up—enough to fill the small library's meeting room six times over, requiring the meeting to be moved to a nearby church. Mayor George Latimer quickly rescinded his proposal, joining the scores of other public officials nationwide who have learned the hard way that the local library may be the last thing you want to close. As one library director from a major suburban library system in Maryland puts it, closing a branch library is tantamount to cutting the heart out of a neighborhood.

Community connection

In the present-day infatuation with all things private and amidst the growing number of chain bookstores masquerading as libraries, it is nothing short of a miracle that public libraries remain such a cherished, well-used and fiercely protected public institution.

It's the building, say some—the sense of place provided by a public building accessible to all and with something to offer everyone, including the growing number of people who are home schooling, telecommuting or facing early retirement. "Where do communities see their gathering place?" asks Norman Maas, library director in Saginaw, Michigan. "It's the library."

But the building is only one of many reasons people are attached to their public libraries. Another is libraries' high level of citizen involvement—from the local boards that govern most public libraries to the "Friends of the Library" groups whose members volunteer time and sometimes money to support their local libraries. Altogether, about 60,000 citizen trustees sit on public library boards, which Sarah Long, past president of the American Library Association, calls, "the essence of the partnership between civil society and government."

Harriet Henderson, past president of the Public Libraries Association, says it is the library users themselves—"from immigrants to school kids, from someone looking for a new career to 70-year-old retirees"—who elicit community support for libraries. "The wide variety of users makes [a public library] reflective of the community as a whole," says Henderson. In a world increasingly divided by education, income and profession, she says, "It helps you remember what your community is."

"Libraries have been listening more closely to community needs than any other public institution," says Maas.

Breadlines of the spirit

The public library has been always been a repository for the social imagination of both public and private figures. It was Benjamin Franklin, working toward his vision of an "even distribution of intellectual wealth, the establishment of an intellectual democracy" who founded the first public subscription library in 1731. Franklin conceived the library to "improve the general conversation" as a means of protecting political rights. Franklin's instinct was correct. One contemporary Philadelphian wrote, "You would be astonished at the general taste for books which prevailed among all orders in the city. The librarian assured me that for one person of distinction and fortune there were 20 tradesmen that frequented the library."[1]

In 1833, Rev. Abiel Abbott convinced the citizens of Peterborough, New Hampshire, to appropriate state monies to found what is now generally considered the oldest tax-supported library in the U.S. In the 1850s, New Hampshire and Massachusetts permitted localities to collect taxes for libraries, leading to the dedication of the nation's first metropolitan library in Boston in 1853.

Other innovations, such as open stacks and the introduction of children's sections, cast the library in the camp of nineteenth-century social radicals. One librarian who wore that mantle proudly was Melvil Dewey, the founder of the Dewey Decimal System. He argued that the library should be "less a reservoir than a fountain": that it should reach out to its users and become a force for mass education. Dewey's summation of the library's mission, "the best reading for the greatest number at the least cost," became the slogan for the American Library Association.

By 1896, the number of public libraries with collections of 1,000 books or more grew to 971. Steel magnate Andrew Carnegie, who said his own life had been transformed by a library for working boys, donated over $40 million—or about $443 million in 2000 dollars—to finance the construction of 1,679 libraries in 1,412 U.S. communities between 1886 and 1919.

About half of these buildings are still in use as libraries today. Even more lasting, perhaps, is Carnegie's influence on local funding and governance of public libraries. Carnegie conditioned his gifts on a promise of sustaining support from local governments, requiring at least 10 percent of his original gift to be committed as annual operating support. He foresaw that voters would support government expenditure for libraries, "because no class in the community is to be benefited so clearly and so fully as the great mass of the people, the wage earners, the laborers, the manual toilers." [2] →

Carnegie's influence contributed greatly to the states' acceptance of the importance of libraries—and to the formation of local library boards to govern and raise funding for the new libraries. By the end of the nineteenth century, every state had authorized localities to raise taxes for libraries.

In the first quarter of the twentieth century, libraries began to realize Melvil Dewey's vision by bringing books into immigrant neighborhoods in horse-drawn wagons, introducing library carts onto factory floors and building multilingual collections.

During the Great Depression libraries were nicknamed "breadlines of the spirit." According to the U.S. Education Department[3], from 1929 to 1933 in 77 cities of more than 100,000 people, circulation in public libraries rose by 33 percent while budgets declined by the same percentage. Librarians turned to creative measures to cover their costs. In Cleveland, for example, the library sponsored "overdue weeks" when affluent citizens were urged to keep their books at home so that their fines could keep the lights on for others.

Declining funding, rising costs & a citizen rally

In the 1980s, as the financial picture was darkening in the public sector, many public libraries struggled to support their rising costs. Soaring inflation doubled the price of books, and the cost of periodical subscriptions rose 400 percent between 1975 and 1990. Meanwhile, California's Proposition 13 and its property tax cap triggered similar initiatives around the nation. By 1992, the Chicago Public Library had lost over 50 percent of its staff. Even as demand for services rose, San Francisco was forced to cut library services by 24 percent over eight years. This decline, matched in most urban systems, was implemented in most cases without closing a single library branch, thanks to a surge of local support.

Bolstered by this groundswell of public support, some library systems turned directly to the electorate to secure their own taxing authority. In 1996 (the most recent numbers available), 717, or 8 percent, of all library systems had become independent districts, raising their per capita funding to an average 25 percent higher than public libraries in general.

A growing constituency of library users and citizens began forming community councils that worked hand-in-hand with librarians, not just to support their libraries but to actually redefine community library services in sometimes surprising ways. Defying old stereotypes of libraries as dusty, quiet repositories, they began a process of reinvention that library advocate and visionary Diantha Schull likes to call "shaking off the dust."

Schull heads Libraries for the Future (LFF), a national organization promoting both the reinvention of public libraries and greater citizen involvement in library advocacy. Her organization works nationally to assist local libraries in building stronger ties to their communities. In New York, LFF worked with the Brooklyn Public Library to bring together over 30 organizations and form the Brooklyn Health Information Access Coalition. The coalition has coordinated health fairs and offers an extensive schedule of free health care programs in the library, presenting information on everything from breast health to diabetes to HIV. In the Riverview Branch of the St. Paul Public Library, an LFF-sponsored project formed a neighborhood council and hired a community organizer to increase awareness and use of the library among new immigrants. With funding and assistance from the library's Friends group, the branch hosted an annual Chicano/Latino Literature Festival featuring local teenage poets in the same series as author Isabel Allende. And in the rust-belt city of Saginaw, Michigan, plagued by unemployment after losing more than half of its GM plants, the library developed a career and small business assistance center where each month 30 to 60 people attend free workshops.

"We started asking not just 'what do you need from your library,'" says Maas, "but 'what are the issues that concern you?'"

The library's responsiveness has led to strong public support in Saginaw. Despite high unemployment and poverty in the independent library district, a ballot initiative for increased library funding was passed with 78 percent approval in 1994, raising the library's annual per capita funding to approximately $35, more than 40 percent higher than average funding levels nationwide.

The technological advantage

During the same period, public libraries were turned inside out by the introduction of new information technologies. It began with computerized circulation in the 1970s and 1980s, an advancement that required one-time funding increases for barcoding and equipment but brought new advantages and efficiencies as well. With automated circulation, library systems could track materials instantly, allowing more rapid exchange of materials from branch to branch as well as from city to city.

Freed from the need to replicate the general core collection of the central library, neighborhood branches in many cities began to develop specialized collections reflecting their community's language, culture, interests and concerns. The Queens Borough Public Library in New York started its New Americans

Program in 1977 and has been custom tailoring the collections of its 62 branches ever since. The branches now offer materials for new immigrants in 16 languages. (Systemwide, the collection includes materials in 50-60 languages.) Five years ago, the library system created a new librarian/demographer position just to keep up with the borough's evolving immigration patterns. When the demographer recently collected statistics on how many babies were born to immigrant mothers in Queens in 1997, the numbers were correlated by census track and branch service area. The branch collections were then adjusted to assure a sufficient supply of culturally appropriate picture books for the now three-year-old library visitors.

New technologies have also enabled librarians to spend less time on routine clerical tasks and more time addressing the needs of their patrons. The Ironwood branch of the Richmond Public Library in British Columbia is one of a number of libraries that have installed automated check-out services that users operate much like an ATM. This has allowed the library to devote more staff resources to answering reference questions, running a daily children's reading program, and teach courses on research techniques.

The internet

Although libraries have been adapting to internal technological changes for decades, these experiences offered little preparation for the revolution that swept the world in the 1990s. By now it is a tired cliché, but the internet and the world wide web have changed everything, especially the way people gain knowledge and access information. The implications for libraries are far-reaching. Their future role in our communities will largely be determined by their ability not only to adapt to this new technology, but to harness its powers to expand their own capacity and reach.

Initially, the rise of the internet brought predictions that public libraries would soon be a thing of the past, rendered unnecessary by the Information Highway and its ability to deliver vast quantities of information to even the most remote rural areas. By now, however, the on-line world has become better traveled and several realizations have checked the notion that libraries are on their way out.

As use of e-mail and the world wide web has opened the floodgates to free-flowing electronic information, it has become apparent that one could easily drown in the sheer volume of information. Sifting through the hundreds of web pages typically returned by a search engine query in order to locate the answer to a specific question is no easy task. Determining whether the source is accurate and authoritative poses even greater challenges. Enter librarians, newly nicknamed "the ultimate search engines," to help manage the floods, directing information-seekers to the quickest routes and the most up-to-date and reliable information.

Librarians conducted an informal test of AskJeeves.com, a commercial search engine that reportedly receives 20 million questions per day. They posed twelve questions that they had received from patrons and answered. AskJeeves.com failed on every one.

A group of libraries in California recently conducted an informal test of AskJeeves.com, a commercial search engine that reportedly receives 20 million questions per day. The libraries posed twelve questions—no tricks and no arcane subject matter—that they had received from patrons and answered. AskJeeves.com failed on every question, unable to return sites with the necessary information. Search engines will improve over time, but much as translation programs have fallen far short of mastering the nuances of language, it seems doubtful that search engines will ever match the skilled services of a librarian.

Not only are librarians enhancing the value of the web as a research tool, but they are beginning to harness the internet to vastly expand the scope of library reference services. Through a project coordinated by the Library of Congress, libraries from around the world are pooling their expertise and developing a free on-line reference service. Scheduled to debut in June, the Collaborative Digital Reference Service (CDRS) will match users' queries with the library best equipped to handle their question. The 60 libraries participating in the recently launched trial range from small public libraries to the world's largest academic and specialty libraries. They include institutions in Sydney, Ottawa, Berlin, Hong Kong, and London.

Participating libraries submit detailed profiles describing the strengths and weaknesses of their collections. An automated system routes questions to the most appropriate library. A question from an entrepreneur in rural North Dakota might be routed to the library serving Harvard's business school. A user in Manhattan with a question about grizzly bears might be sent to an Alaskan public library that has an →

extensive collection of wildlife materials. The system keeps track of hours of operation, so a person with a burning middle-of-the-night information need can log on and communicate with a librarian on the other side of the world. Librarians will email the user directly and can attach files, including digital images of manuscripts, pictures, and sound clips. It's English only for now, but plans call for the system to be able to handle up to 20 languages.

The digital divide

In a world increasingly driven by, dependent on, and overwhelmed by information, libraries and librarians may well prove to be more valuable now than ever. This is especially true for low-income communities. Libraries have done more than any other public institution to close the "digital divide" that has threatened to leave behind those who cannot afford access. The U.S. Department of Commerce reports that lower income and rural Americans are about 20 times less likely to be connected to the internet. Without equal access to information, these communities face diminished economic opportunities and further marginalization from public decision-making. As James Madison noted in 1822, "Popular government without popular information, or the means of acquiring it, is but a prologue to a farce or a tragedy, or perhaps both."

Public libraries are meeting the challenge. More than 90 percent are web connected and nearly all of them provide free public access to the internet. Many also offer formal training and assistance to new users. In remote areas, libraries have often been the key to unlocking the web for an entire population. In Montana's Lincoln County, access to the internet was prohibitively expensive for most residents. In the words of Greta Chapman, former director of the public library, Lincoln County is a "utility provider's nightmare and a lone eagle's paradise." With public and private funding, the library established KooteNet (http://www.libby.org), a combined community network and Internet service provider. Connecting to KooteNet is a local call from anywhere in the county, an area three times the size of Rhode Island with fewer than 20,000 inhabitants.

Although we can envision a world where computers are as common as telephones, this will by no means eliminate the information divide and the role of libraries in bridging the gap. A large number of magazines and newspapers are now available for free on the web, but many more are not. A broad array of information resources—-journals, especially academic and scientific publications, encyclopedias, databases of all kinds, digital image and audio files, topographical maps, tools for searching multiple sources at once—are available on the web, but subscriptions are costly. Libraries will continue to be the only place where people can gain free access to this information.

Footing the bill

One of the biggest challenges facing libraries is figuring out how to cover all of these new costs on already stretched budgets. The information age is expensive: computers, software, rewiring, access fees, staff training and electronic publications that are often more costly than their discontinued print versions.

Some libraries have been able to tap into new public and private funding. The Bill and Melinda Gates Library Foundation has installed computers with internet access in 2,671 library buildings, with priority given to low-income and rural communities. A number of states have provided one-time grants for new technology. Last year, the federal government chipped in $156 million through the Library Services and Technology Act (LSTA). Unfortunately, a single injection of funds for technology will not cut it. Computers may seem like capital equipment at first blush, but they're not. Unlike Carnegie's buildings, computers have a limited lifespan. How libraries will manage to fund regular upgrades is a source of much concern.

While public and private funds have emerged to help pay for new technology, most libraries have had to foot some, if not all, of the bill themselves. This has forced hard choices in already slim budgets. There is a danger that libraries could become little more than an on-ramp to the information highway. Buying computers means less money for books, yet although the demand for internet access at libraries has proven to be almost insatiable, surveys show that about two-thirds of library trips are still aimed at borrowing a book.

Copyright law

Much has been written about the problems of funding new technology and redesigning library services around the internet, but what is shaping up to be the most daunting challenge facing libraries in the digital age are the rules that govern how libraries share information resources with the public.

Traditionally, copyright law has balanced the interests of publishers against society's right to maintain a robust public discourse. The first-sale doctrine, long enshrined in copyright law, enables the owner of a work to read it multiple times; resell, lend, or donate it to anyone; and make copies for archival purposes. The fair use doctrine protects the right to copy and quote sections of copyrighted works without permis-

sion for teaching, criticism, research, and journalism. Nonprofit educational institutions, like libraries and schools, are given the most leeway under copyright law, because the free flow of information is essential to scientific research, the progress of new ideas, and democracy itself.

The migration of information to digital formats has rendered the future of these protections uncertain. Many electronic information products are not purchased outright, but rather licensed. These private contracts may contain provisions that contradict the principles of public copyright law and restrict the ability of library patrons to access, borrow, and make fair use of electronic works. Publishers have installed a variety of "padlocks" (passwords, encryption, etc.) that enable them to limit and even monitor access and use of their products. Such protections are designed to prevent unauthorized copying and distribution, but media companies also view them as a means of moving society toward a pay-per-view information world, a scenario at odds with the very philosophical foundation of libraries.

These changes impact library functions in a variety of ways. The license and access controls that accompany a subscription to the electronic version of *Nature,* for example, limit it to one computer in the library. A single user viewing one issue will prevent everyone else from accessing any of the other issues. Once the contract expires, unlike a print version, the library no longer has access to the back issues. Libraries are barred from copying and archiving works for future generations. Electronic products typically cannot be shared through inter-library loan or made available for distance learning. Libraries are not even allowed to lend many of these products to their own patrons. Padlocks may prevent users from copying portions of electronic works for legitimate, protected uses. They may also limit the duration or number of times a work may be accessed. In many cases, there is no choice but the electronic version, as print products are being discontinued.

"The widespread deployment of pay-per-use systems could effectively reduce libraries from repositories of valuable knowledge to mere marketing platforms for content distributors," contends the ALA. The association has petitioned Congress to enact ground rules to ensure that the traditional rights of the public under copyright law are carried over into the digital age.

But Congress has instead chosen to move in the opposite direction. The 1998 Digital Millennium Copyright Act contained an anti-circumvention provision that bars users from circumventing the padlock on digital products. Under the law, libraries and library users could face civil and criminal penalties for accessing or making fair use of material that the library has lawfully acquired if doing so involves sidestepping the padlock. The provision was so contentious that Congress delayed its enforcement until the Copyright Office of the Library of Congress could determine whether to exempt certain products or uses. Its final ruling was issued in October and contains only two narrow exceptions involving malfunctions and filtering software.

At the state level, major software manufacturers and media companies are moving to further enclose and meter the information commons through the Uniform Computer Information Transactions Act (UCITA). This generic state law has already been adopted in Maryland and Virginia. Proponents are working to enact it in every state. UCITA makes "shrink-wrap" contracts on packages and "click-through" contracts that precede electronic products legally binding.

Under UCITA, these contracts possess the full force of the law. They may contain any number of provisions that restrict users' rights. Some, for example, prohibit users from quoting, reviewing, or publicly criticizing the product. Others absolve companies of all liability in the case of malfunction. These contracts generally stipulate that purchasers are licensees and not owners, and therefore cannot alter, lend, donate, or resell the product.

Although the courts have begun to waiver in recent years, for the most part judges have been reluctant to enforce these non-negotiated, take-it-or-leave-it contracts. They have typically held that these contracts are trumped by consumer protection and copyright law.

Libraries have fought UCITA and demanded that it be amended in states where it has already passed to protect the ability of a library and its patrons to use electronic products in ways that are protected by copyright law. One state, Iowa, has passed an anti-UCITA law that shields the state's residents and businesses from prosecution under UCITA laws in other states.

Protecting public access

Responding to local needs, funded by local dollars, governed by local boards, with a deep philosophical commitment to public service, the public library continues to be a critical part of the community. Libraries have stepped in to act as guides to the flood of electronic information available via the internet. Even more importantly, libraries are becoming defenders of the public's physical and legal access to that information. In a time of increasing commercialization, the library's work—everything from providing free hook-up for low-income or rural patrons to

struggling against legislation that curtails their patrons' right to read free of charge—is directed by the mandate to educate rather than to profit.

It is no surprise that the library, a 200-year-old American innovation, remains widely revered. As rules for the information age are developed, the library's voice continues to speak out for the community. [!]

Notes

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Bonding With the Next Generation

continued from page 11

windows to provide most of their light. The reduced cooling and lighting loads allowed for smaller, less expensive mechanical systems that cut added costs to less than one percent of the total construction budget. The daylighting system paid for itself in less than a year. But more importantly, students outperformed those in non-daylit schools on standardized tests by as much as 14 percent.

Why are these practices not widely copied today? Because builders try to minimize the first cost, not the operating cost, of structures. Bond agencies reinforce this attitude. They want the most square feet per dollar, not the lowest operating cost per dollar. This results in a modest savings up front and an enormous waste of money over the life of the structure.

If the building were extremely efficient and if it relied solely on renewable energy, it could potentially generate no pollution. That is the ideal, but today we can realistically expect that even the most efficient structure would still require fossil-fueled energy for its lighting, heating, cooling and mechanical requirements.

To satisfy the bond agency's directive, the builder would have to reduce greenhouse gas emissions outside the building by an amount equal to the additional emissions that would be generated by the building itself. These investments are called emission offsets. Today it is common practice to allow developers to plant trees in another part of the world as an offset. This makes some economic sense, but undermines the responsibility of highly polluting communities to mend their ways.

Thus another important principle the bonding agency should adopt is that emission offsets must occur only within the geographical area encompassed by that agency. Developers could invest in improving the efficiency of an older school, or office building, or traffic lighting, but only within the community itself.

This is a propitious time for a national campaign entitled, "bonding with the next generation." One reason is that we have learned what works. Another reason is that this can also be a strategy for tackling the current electricity crisis. Part of the strategy for meeting greenhouse gas emission goals will be to install power plants on-site.

Currently central power plants located far from their customers waste more than 70 percent of the fuel burned to generate the electricity. That means more than two-thirds of the fuel burned adds to greenhouse gases. But a power plant installed on-site can capture the ordinarily wasted heat. More and more big buildings are moving in this direction. Chicago's McCormick Place Convention Center installed a combined heat-and-power system that saves $1 million a year in energy costs and cuts carbon dioxide emissions in half. And a new generation of library or retail store or even residential-sized power plants is entering the marketplace.

Communities that join the "bonding with the next generation" movement would enjoy many benefits. One, of course, is the ethical satisfaction that comes from knowing that you are a member of a truly "responsible community." Another is that you will save money. The trivial increased first cost of the project will be paid back many times over during the life of the project. A school district might have to increase its bond issue by $1 million, but over the life of the school might reduce operating costs by $10 million, an expense that also is paid by local taxpayers.

And finally, the community would be generating a large internal market that will provide builders, designers and engineers in know-how and experience that will be increasingly attractive. If a state the size of Minnesota were to adopt this do-no-environmental-harm bonding policy, at least a thousand structures would be affected each year.

Communities that bond with the next generation can do well by doing good. It's a proposition that should attract all political parties and ideologies. [!]

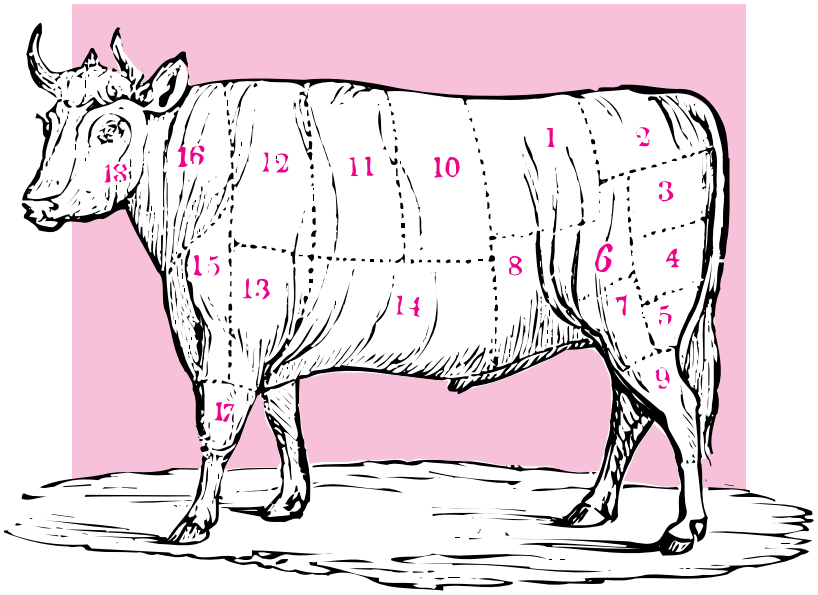
Resources

The Robert L. Preger Intelligent Workplace, Center for Building Performance and Diagnostics, 415 MMCH, Carnegie Mellon University, Pittsburgh PA 15213; telephone: 412-268-2350; website: www.arc.cmu.edu/cbpd/

The Center for Energy and Climate Solutions, c/o Global Environment & Technology Foundation, 7010 Little River Turnpike, Suite 460, Annandale, VA 22003; telephone: 703-750-6401; website: www.cool-companies.org

State Inspections Revive Local Markets

After years of suffering heavy hits from industry consolidation and low prices, small livestock farmers and independent meat processors are getting a second chance through a long-forgotten policy. The recent resurrection of state meat inspection programs has given farmers the opportunity to market their own meat and is increasing business for small processors. *By Brian Levy*



In the past 30 years, the meat packing industry has been shifting to ever-larger processing plants located in a shrinking number of counties that have huge livestock production enterprises. As a result, the industry is roughly ten times more concentrated geographically today than in the early 1960s. From 1976 to 1996, the number of federally inspected plants processing beef fell by more than half, from 1,665 to 812.[1] In 1997 the 14 largest of these plants (those with 1 million head of annual capacity or more) processed 63 percent of the steers and heifers in the U.S.[2]

Only the largest cattle slaughter plants—those that slaughtered more than 500,000 head annually—increased in number during the 1980s. Plants that slaughtered between 10,000 head and 100,000 head annually declined in number by 65 percent between 1980 and 1990, while plants that slaughtered fewer than 10,000 head annually declined in number by 44 percent.[3] This concentration of processing capacity has coincided with an even more severe concentration of ownership. Today, four firms process 81 percent of all steer and heifers, up from 36 percent in 1980.

Similar trends exist in hog processing. The number of federally inspected hog slaughter plants fell from 1,322 in 1976 to 770 in 1996. In 1995, the largest 33 of these plants processed over 87 percent of the hogs in the U.S. One Smithfield plant can process 32,000 hogs a day or more than 10 million a year. Nationally, the top four hog processors now handle over 50 percent of U.S. hogs. In the Southeast, Southwest and West, the four largest firms slaughtered more than 90 percent of the total federally inspected hogs in 1997.[4]

Gary Benjamin, vice president of the Federal Reserve Bank of Chicago, offers a glimpse of a possible future, "some 50 producers could account for all the hogs needed in the United States . . . fewer than 12 plants could process all of the country's hogs." [5]

Lacking alternative markets, small livestock farmers must sell to ever-larger and ever-fewer packing facilities. Fewer customers mean a lower take-it-or-leave-it price. Many of the packers own their own livestock or have contracts with large suppliers, which means the small producer stands at the back of the line. Farmers drive their animals to the nearest federally inspected packer. For some, this means shipping their animals hundreds of miles. →

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New problem, old solution

In response to these trends, smaller processors and farmers have called for new ways of processing and marketing their meat. This has led states to revive an old idea: small state-inspected processing facilities.

In 1906 Congress passed the first meaningful meat inspection law. The law required that all meat sold to foreign countries or across state lines be inspected by the federal government (eventually the United States Department of Agriculture (USDA) Food Safety and Inspection Service). The individual states (or in some cases cities and counties) had a variety of generally weak laws and ordinances concerning meat inspection. These remained applicable for all meat processed and sold in-state.

With the passage of the federal Wholesome Meat Inspection Act and the Wholesome Poultry Products Act in 1967, all state meat inspection programs were required to license state processing plants as "at least equal to" federal standards. The only exception to the rule was a stipulation that allowed very small meat processors to pack meat for individual customers (known as "custom" processors).

By 1970, almost every state maintained its own inspection system for meat processors, primarily because the relatively small packers who kept their products within the state did not want to be subjected to federal inspectors.

Over the next 10 years, however, the majority of states turned all inspection back to Washington. Some dropped the programs to save costs, while other programs were revoked when the USDA found them falling short of federal guidelines.[6]

With the programs gone, processors without federal inspection could only slaughter and process meat for the farmer who raises the animal or the consumer who purchases a live animal, stamping the wrapped meat "not for sale." Restricted to individual service, these custom processing plants slaughter livestock for local farmers, dress deer and store meat for customers. The plants are by nature small—most process ten animals a day or less. These processors shy away from applying for federal inspection, wary of a USDA meat inspection program that caters almost exclusively to large, assembly line operations.

Recently, however, small processors and farmers have encouraged states to bring back state certification programs. The decision has suited the USDA, which finds it lacks the resources to cover additional state meat plants. Bringing back the programs has made it easier for the state's meat producers to sell their homegrown beef, pork and poultry directly to consumers in the state. Farmers may now take their livestock to a growing number of state-inspected processors that have been certified as "equal to" federal standards.

By selling directly to a smaller local processor, farmers avoid the trucking, brokerage and yardage fees associated with selling to a larger remote packing plant. Farmers typically receive the same spot market price as they would from large packers. Unlike the large plants, however, smaller processors can provide more individualized service, and may offer a higher price for specialty meats such as organic beef. Processors may then sell the meat in an adjacent meat market or through a private label distributed in-state.[7]

Many farmers have opted to retain ownership of the meat altogether. Using "co-packing" agreements, farmers work with a processor to cut and package their livestock, then sell the meat directly to consumers or through local grocery stores. The ability to direct-market the meat increases business for processing plants while providing higher returns to farmers.

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States take the lead

Minnesota boasts an example of a revived state meat inspection program. In November 1998 the Minnesota Department of Agriculture (MDA) recreated the state's meat inspection program, which had been shut down in 1972. The state currently has approximately 360 slaughter and processing facilities, of which 100 are large USDA-certified plants. Most of the remaining 260 facilities are custom processors and are not certified to handle meat for sale.[8]

In the last two years 32 of the smaller plants have been state certified as "equal to" federal guidelines. They now collectively process about 200,000 pounds of meat per month for sale in Minnesota. (Ten of the

plants do slaughtering and processing. The rest only process.) MDA's program has spurred construction of ten new meat processing facilities and the upgrading of many more small plants. The federal government pays half the cost of the state program's $675,000 annual budget.[9]

Recently North Dakota became the 26th state to adopt a state meat inspection program to certify meat for marketing in-state. South Dakota has had its program for several years and is now inspecting over 100 facilities. Some states never ended their state inspection programs: Wisconsin has been inspecting meat for nearly 30 years, and now has more than 300 state-inspected plants and 100 inspectors.

Today state meat inspection programs cover about 3,000 smaller plants that account for about 7 percent of all meat and poultry products consumed in the United States.[10]

Now the challenge lies in allowing state-inspected meat to cross state lines. A bill introduced by Senator Daschle (D-SD) would have allowed interstate meat marketing (S.1988, the New Markets for State Inspected Meat Act of 1999). The bill would also require state meat and poultry inspection programs to become seamlessly integrated with federal programs. Despite widespread support, the bill did not pass under the 106th Congress, but it will likely be reintroduced and passed in the next session.

Saving local meat

If past experiences portend the future, the meatpacking industry will further consolidate and move again. Seeking lower costs and less regulation, many of the major U.S. meatpackers already have plants abroad. To survive, livestock farmers and smaller processors must encourage consumers to build a rooted, regionally based food system. State meat inspection programs have helped them to take the first step. [!]

Notes

1. Prepared statement of Keith Collins, chief economist of the USDA, before the Senate Committee on Agriculture, Nutrition and Forestry. *Federal News Service* (January 26, 1999).

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4. Drabenstott, Mark, Mark Henry and Kristin Mitchell. "Where have all the packing plants gone? The new meat geography in rural America," *Economic Review* 84, no. 3 (1999): 65-82. Published by the Federal Reserve Bank of Kansas City.

5. Benjamin, Gary. In *Economic Perspectives* (January 11, 1997).

6. The USDA began revocation of some state meat inspection programs after several well-publicized cases of lax inspection enforcement. Interestingly, today the majority of widely publicized meat contamination cases are traced back to USDA-inspected plants. Processing plants are much larger today and contamination incidents at a large facility pose a much greater risk to public health than similar incidents at smaller facilities.

7. The economies of scale associated with meat processing in small facilities (15 animals/day or less) are largely undocumented. Most studies focus on plants that process 1,000 animals a day or more. However, different facilities serve different markets. In cattle, for example, small processors serve almost exclusively a custom, or niche market, while nearly all larger facilities specialize in boxed beef. Due to their size, larger processors are able to sell "drop" (miscellaneous non-edibles, blood, etc.) to secondary processors for $100-120/head. Smaller processors create smaller, unreliable amounts of drop, and consequently receive $17/head for the same material. In some cases, they must pay disposal fees. They are thereby at a competitive disadvantage from the start.

8. Lillywhite, Jay. AURI Meat Processors Census and Survey 2000. http://www.auri.org.

9. Personal conversation with Kevin Elfering, Minnesota Department of Agriculture.

10. Federal Document Clearing House Congressional Testimony, April 6, 2000. Carol Foreman, director of the Consumer Federation of America, for the Senate Agriculture, Nutrition and Forestry Committee on S.1988.

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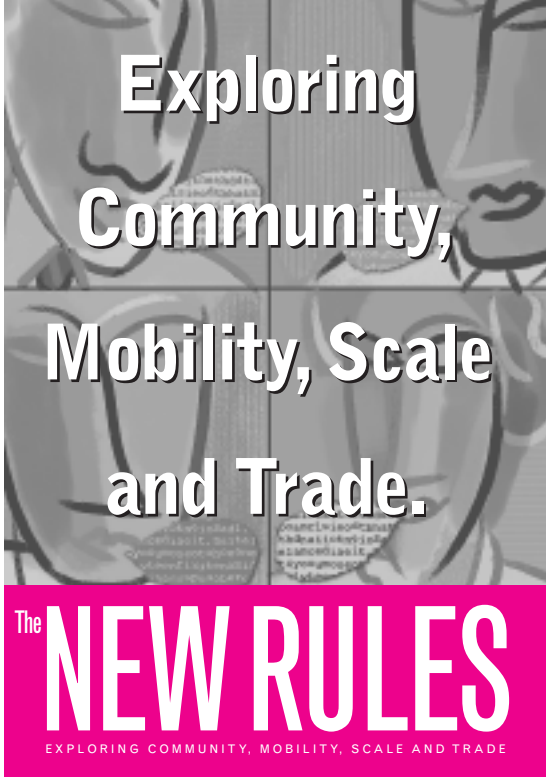

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