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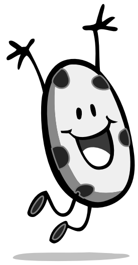

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COVER PHOTO BY PAUL SHOUL

LEARN ABOUT BANKRUPTCY, AVOID BROKEN HOMES

I have read the Conversation with bankruptcy expert Elizabeth Warren in the recent issue of *CommonWealth* magazine ("Doubling Down," Fall 2003). In short, let me say it was fantastic. It sent a message that should be read by every family or individual, whether they are just starting their financial life or are somewhat down the path and have not come to grips with financial reality.

I thought the article presented the message so well that I am sending a copy of it to every college graduate I know—the children of my friends—and to the high school principals in my district. I think that getting the moral of your lesson out into the young community may relieve future financial grief as well as reduce the divorce rate. When I started practicing law in 1966, the major cause of divorce on Cape Cod was not having enough money.

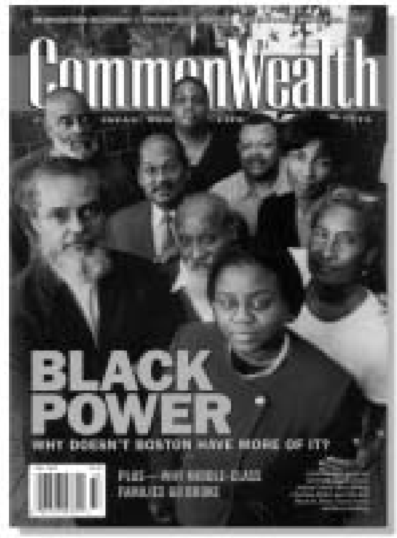
Rep. Thomas N. George
1st Barnstable District

BOSTON MAYORAL CAMPAIGN WAS ABOUT RACE AND CLASS

The night of October 11, 1983, was indeed a watershed moment for black political power in Boston ("Black Power"). It was also a high water mark for populist politics. The surge of electoral activity that year was about more than race; it was about race and class. That evening, the city's power structure lost complete control of a mayoral election that was still six weeks away.

A Paul Szep editorial cartoon captured the results of the preliminary election, which put Ray Flynn and Mel King into the November runoff, with full shock value: A dignified, elderly woman faints on the pavement. To the rescue come the mayoral finalists, Mel King in dashiki and Ray Flynn in scally cap. The matronly lady in distress is the Vault, the establishment committee of corporate CEOs who had backed anyone but these two.

In the final election, the two men argued over who was more authentically dedicated to social and economic justice. Though they had always considered themselves political competitors, Mel King and Ray Flynn could not help but agree on most issues. They supported rent control. They were for linkage. They ran against the downtown power structure. They advocated higher taxes on the wealthy in order to fund better services for poor and working-class people.



They both called for unity across neighborhoods in the face of downtown power. Mel had his Rainbow Coalition; Ray told audiences across the city, "The issues we share are more powerful than the issues that divide us." There were two incidents of racial violence during the final six weeks of the campaign, and each time King and Flynn appeared jointly on television to call for peace and calm. Unity prevailed—and inspired.

It's hard to imagine a campaign like that one today. Flynn organized 125 house parties across the city. King held rallies on every issue imaginable. A field of nine candidates—including former school committee president David Finnegan, former city council president Larry DiCara, and Suffolk County Sheriff Dennis Kearney—faced each other at 76 forums.

The climax of the campaign came five days before the preliminary election. Jesse Jackson came to town, endorsing King in front of more than 800 supporters at Concord Baptist Church, a political rally for the ages. That same evening, Ray Flynn stood on City Hall Plaza and confronted presumed frontrunner Finnegan live on the Six O'Clock News. "This building is not for sale," Flynn shouted as he pointed to City Hall, the concrete fortress behind him. "Stop yelling at me, Ray," Finnegan responded. Flynn kept pressing. "First you called me a racist, then you called me a lizard," referring to a radio ad comparing Flynn to a chameleon.

More than 200,000 voters went to the polls for the final election, almost 70 percent of an electorate newly swollen by King's voter-registration drives, and more than twice the number that voted in the 2001 mayoral election. It was this surge that raised hopes that a totally independent black candidate could become mayor.

The other path to power for black leaders is in coalition with white politicians. As hard as it is to imagine, this might very well have happened in 1983. If not for the unprecedented numbers of new voters, Finnegan would have outpolled King. In all likelihood, this would have led to a Flynn-King alliance in the final election and a multi-racial, coalition city government in January 1984. A coalition like this, perhaps with a black candidate atop the ticket, could happen in the future, but only if the issues are as clearly and passionately defined as they were that year.

Neil Sullivan
Dorchester

The writer was a campaign aide and chief policy aide to Mayor Ray Flynn from 1983 to 1992.

Budget imbalance

Rising medical costs could throw off the ecology of government

BY ERIC KRISS

When we speak of balance in government, the typical reference is either to the intricate separation of powers inherent in our constitutional democracy, or to the fiscal requirement of a balanced budget. Questions of balance, then, are usually left to the political scientist or fiscal officer, and are of secondary importance to most citizens. I would like to explore a third aspect of governmental balance that we should be concerned about, this time in an ecological context.

A primary issue in ecology is sustainability (or the lack thereof) of the natural system under study. Ecologists honor endurance—that is, species survival—as the critical objective. We also honor endurance in government. We are justly proud to be part of the oldest continuously functioning constitutional democracy in the world, right here in Massachusetts. July 4th marks the annual celebration of our American experiment.

Endurance does not mean stasis, a dead world without change. We expect dynamic changes and anticipate adapting to them. But how do we know whether each new development can be sustained?

The French biologist Jean Rostand said, "The obligation to endure gives us the right to know." This powerful idea inspired a chapter in Rachel Carson's *Silent Spring*, the book that popularized the ecological movement in America. Exercising our right to know depends on asking the right questions.

A little history lesson is instructive here. Almost everyone viewed the significant "dust bowl" warming in the United States during the 1930s as a mild natural cycle of unknown origin. The one exception was G.S. Callendar, a steam engineer, who wrote a 1938 British journal article that described a potential link between carbon dioxide gas and a greenhouse-like warming in the atmosphere. If Callendar was correct, rising temperatures would result in an ecological imbalance. Everyone ignored him.

Callendar's idea eventually attracted some government funding—especially from the military, which was interested in adaptive weather tactics—for studies that showed carbon dioxide could build up in the atmosphere and trigger warming. In 1961, scientific instruments showed that the level of CO_2 was indeed rising each year, but no direct link to temperature was made. *Silent Spring* was published the next year.

By 1967, some speculated that average temperatures might rise a little over a century or so, but scientific concern remained low. During the 1970s, the mass media confusingly predicted both global flooding as the ice caps melted, and the possibility of a catastrophic new Ice Age. The scientific community reached no consensus.

The record hot summer of 1988 focused public concern. Greatly improved computer models began to suggest more rapid jumps in temperature. In 1992, international discussion of global warming was embodied in the agreements that led to the Kyoto Protocol. Scientific debate on the causes and extent of global warming continues to this day, but it is now an issue that no one—in the scientific community or the broader community—can ignore.

I recount this history to point out that ecological issues take a long time to surface. Defining them requires a concerted and serious quantitative effort, and it depends on asking the right questions.

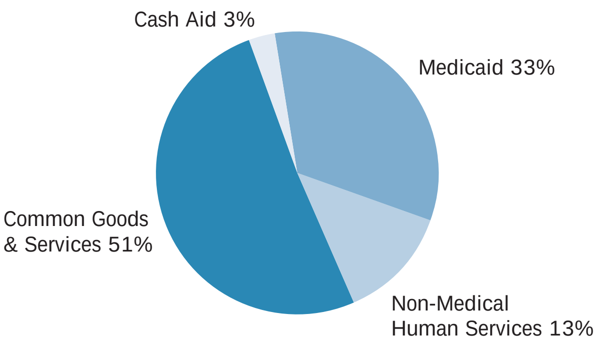
Are human service programs squeezing out other needs?

My examination of Massachusetts state spending trends (as documented by the US Bureau of the Census, which tracks spending over time more consistently than state budget accounts) leads me to ask some very difficult ones. Is the growth in health and human service programs—driven by obvious needs we all care about—causing a kind of fundamental imbalance in our governmental affairs? Are these problems squeezing out other needs and/or crimping economic growth by consuming an ever-larger share of our incomes? Or are we witnessing just a mild natural cycle of unknown cause, as everyone but G.S. Callendar thought back in the 1930s?

Today, state government pursues two fundamental missions: 1) aiding those unable to pay for the basic necessities of life, and 2) providing the infrastructure and shared services that form the fabric of our society, like roads, schools, parks, police, and courts.

This year in Massachusetts almost half of state spending aids the needy, while the other half is devoted to public goods and services shared by all. Most assistance the state gives to the needy is handled indirectly through payments to providers for medical care and nursing homes, primarily through Medicaid (also known as MassHealth). Public health and social service spending account for the next largest portion. In 2004, only 3 percent of state dollars went directly to individuals as cash payments.

2004 Spending: Health & Welfare vs. All Other



Does this division—state spending roughly split down the middle between services to the needy and functions that serve us all in common—reflect a natural balance between basic functions of government? Can we expect to maintain it? Or are we quietly, but dynamically, changing the mix of basic governmental missions in a way that threatens to be unsustainable going forward?

Within the services provided to the needy, a shift is well underway—indeed, almost complete (see Fig. 1). In 1977, direct cash assistance and provider payments were nearly identical in scale, each representing 16 percent of state spending. From there, cash assistance began a long, 25-year slide, interrupted only by the 1990-92 recession. Meanwhile, vendor payments held relatively steady for a decade up to a significant escalation in 1990-91, followed by another stable decade at a level of roughly 23 or 24 percent of the state budget.

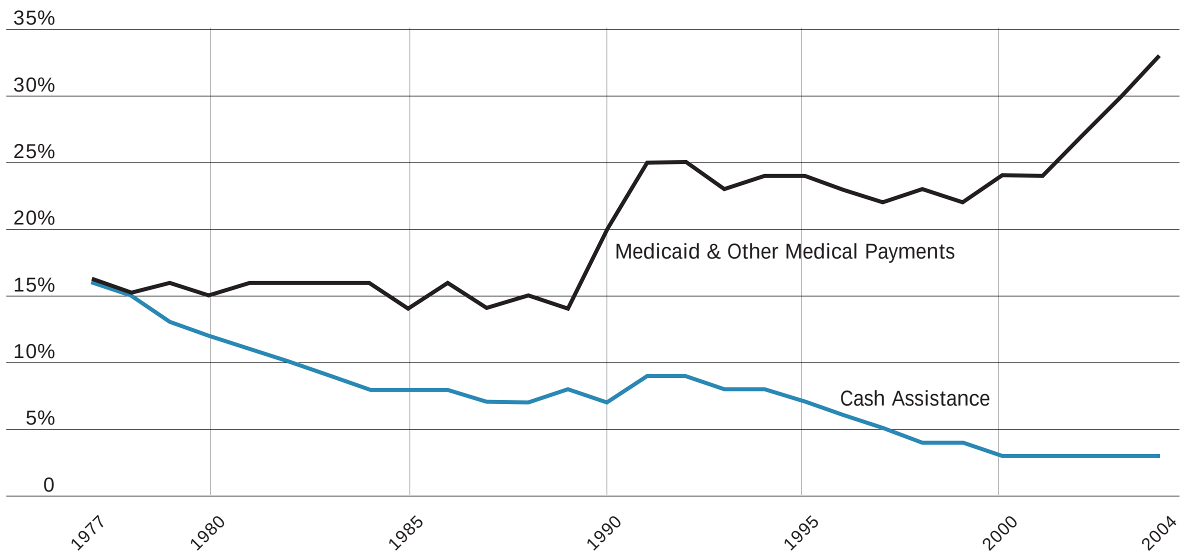
Since 2001, however, we have witnessed a jump similar to the last recessionary period. State spending on medical care for the needy crossed the 30 percent threshold in 2003, and is at 33 percent of state expenditures this year.

Is this leap in medical payments a function of a decade-long cycle? Should we expect a slight decline over the decade ahead, as a new equilibrium settles in? Or is the recent upward movement evidence of unsustainable cost growth, driven by an aging population, new technology, or other unknown factors? And if so, what does that mean for the long-term balance between the two core missions of state government? In other words, what does it mean for the ecology of government?

TWO SCENARIOS

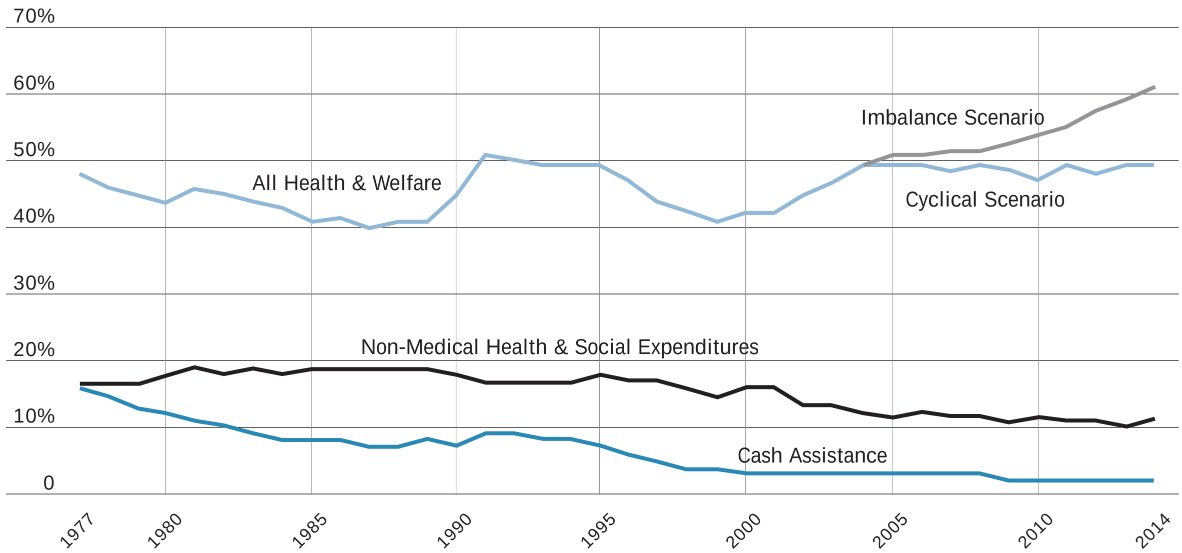
It is possible to project the Commonwealth's spending mix into the future according to two different scenarios (see Fig. 2). Each scenario has implications for the ecolo-

FIGURE 1: Medicaid and Public Assistance (Percent of State Budget)



Source: US Bureau of the Census and Mass. Executive Office for Administration and Finance

FIGURE 2: Spending Scenarios: Cyclical vs. Imbalance



Source: US Bureau of the Census and Mass. Executive Office for Administration and Finance

gy of government services. But one is less troubling than the other.

If we forecast a slight decline in the share of state spending going to medical care and nursing home payments for the next decade, similar to the 1990s, we reach a new balance, albeit at levels reached only during previous peaks in the cycle. That would mean the balance between the two fundamental missions of caring for the needy and meeting common needs would stay roughly where it is in 2004. Any new initiatives—in education, environment, housing, or transportation, for example—would have to be accommodated within the current share (half) of total state spending (which would, of course, generally grow with the overall economy).

Now let's turn to the alternative scenario, one that I consider a scenario of imbalance in the making. Here we see no equilibrium reached, as medical and nursing home payments continue to escalate. At this point, cash assistance is too small for any further declines to offset this expansion of medical spending. Even with other, non-medical social-service programs for the needy remaining under 15 percent of state spending, as they are now, after a decade, the mix between the two fundamental missions of government would shift from today's roughly 50-50 balance, with functions shared by all citizens declining below half of total spending. In order to accommodate this growth in medical payments, services shared by all citizens would have to shrink as a portion of the state budget. This imbalance scenario raises obvious questions about sustainability.

GOVERNMENT AND THE ECONOMIC ECOSYSTEM

Of course, there is another possibility. What about raising taxes? Why not simply increase the size of government relative to the private sector in order to satisfy the new demands of the public assistance mission?

Viewing government from an ecological perspective, taxes do not exist in a vacuum. Tax policy is part of our economic ecosystem, as well as our government ecology, and it contributes to the dynamic balance between job growth and decline. Again, a look at history is helpful.

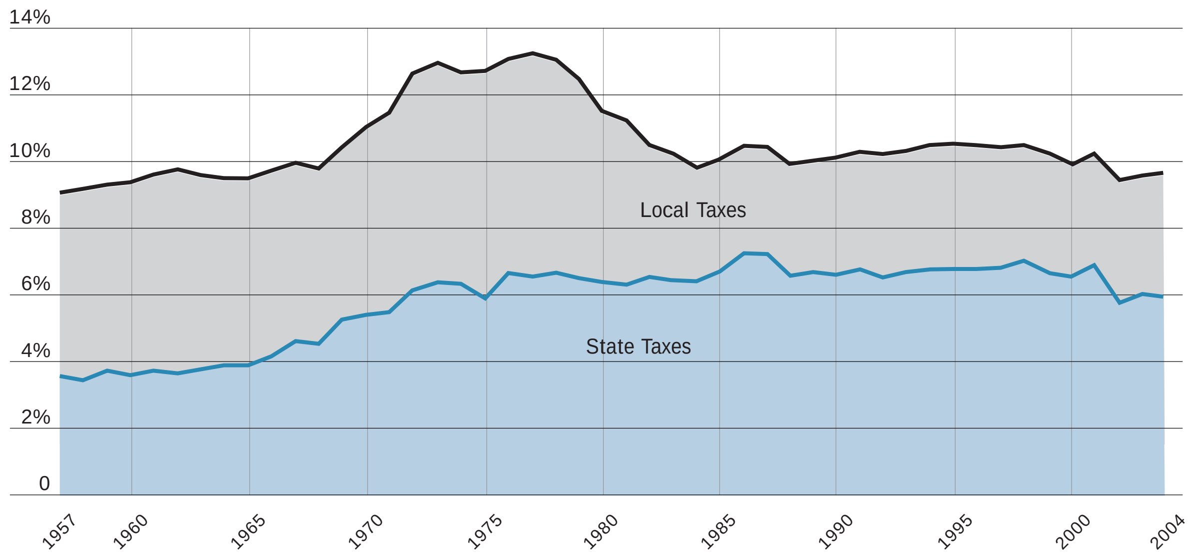
State and local taxation has been relatively stable—hovering around 10 percent of personal income—for 40 years (see Fig. 3). Proposition 2½, which was fully implemented by the early 1980s, corrected for a spike in taxes that occurred in the mid-to-late-1970s. Currently, we have still not emerged fully from the latest economic downturn, which has had a significant impact on state tax revenue. But the important thing is the long-term stability in the share of Massachusetts income taken by state and local taxes, a stability that can be seen despite hundreds of tax law changes during this period, including:

- income tax rates that went from 5 percent to 6.25 percent and then back down to 5.3 percent;
- cigarette tax rates that rose 800 percent; and
- gas tax rates that rose 150 percent.

In fact, the only tax change even visible on this time scale is Prop. 2½, which only impacted local real estate taxes.

Stability also implies a central fact of governmental budgets: Over the long term, budgetary spending tracks

FIGURE 3: State and Local Taxes (Percent of Personal Income)



Source: US Bureau of the Census and Mass. Executive Office for Administration and Finance

economic growth. From an ecological viewpoint, we should be concerned with economic growth rates, not with tax rates. We should also be thankful that this government share has remained stable, for the past 20 years have witnessed a remarkable revitalization of a once-stagnant state economy. A fluctuating governmental share would certainly have impeded robust job growth.

Our modern capitalist system is like a complex biosphere, influenced by multiple factors, such as tax burdens, housing costs, transportation infrastructure, concentrations of educated workers, and climate. To grow, we need to accentuate the positive and minimize the negative. In this context, a move to raise taxes would threaten the long-term balance on which we all rely.

Looking at historical data, we can reasonably expect income growth (in nominal terms) to average around 5 percent. We have a state law that sweeps any "excess" revenue due to inflation into a rainy day fund, so 4 percent is a realistic growth expectation for our state budget.

These assumptions regarding economic growth (and government's share of that growth), put together with the two different scenarios I've projected, have implications for the governor's fiscal 2005 budget and beyond. Overall, we might expect a 4 percent increase in spending next year. However, the mix change I have described puts the major government missions in direct competition for resources. And that competition is likely to get worse.

If, over time, we experience an unsustainable escalation in medical and nursing home payments, then funding for the rest of government will have to decline. For schools, parks, subways, and roads, each year will be harder than the previous one. Meanwhile, cost pressures on the health-and-human-services side will collide with the natural growth rate of the underlying economy. This will mean continuing budget shortfalls—and cuts.

A cyclical scenario offers, perhaps, a slightly more optimistic assessment. A new equilibrium will emerge, but with the public goods mission of government permanently downsized to a level only seen once or twice before in the state's history. In either case, we will have to make better use of existing resources.

Ecological issues take a long time to surface and even longer to understand. The ecology of government is no different. It is too soon to tell whether unsustainable medical and nursing home costs would need to be addressed by narrowing eligibility, reducing benefits, or other remedies we haven't yet contemplated. But the longer we wait to think about these issues, the more painful the remedies will be.

In *Silent Spring*, Rachel Carson defended the perspective of nature:

> *In some quarters nowadays it is fashionable to dismiss the balance of nature as a state of affairs that prevailed in an earlier, simpler world—a state that has now been so thoroughly upset that we might as*

well forget it. Some find this a convenient assumption, but as a chart for a course of action it is highly dangerous. The balance of nature is not the same today as in Pleistocene times, but it is still there: a complex, precise, and highly integrated system of relationships between living things which cannot safely be ignored any more than the law of gravity can be defied with impunity by a man perched on the edge of a cliff. The balance of nature is not a status quo; it is fluid, even shifting, in a constant state of adjustment.

I think this logic applies to our governmental affairs as well. It is tempting to dismiss the notion of the long-run balance between government and the private sector as a relic from some simpler American era. It is easy to ignore the mix changes we see in government missions.

But we cannot do so with impunity. The obligation to endure gives us the right to know, and exercising that right requires that we ask the right questions, no matter how difficult they may be. ■

Eric Kriss is the Commonwealth's secretary for administration and finance.

Overruling home rule

Too little local authority, not too much, stymies regional cooperation

BY DAVID J. BARRON, GERALD E. FRUG, AND RICK T. SU

In Massachusetts, the birthplace of town meeting, no civic value is more sacred than the idea of home rule. By the term "home rule," people generally mean the right of every locality to control its own destiny. This appeal to local sovereignty is so strong that it is regularly invoked as the reason that solutions for problems that transcend municipal boundaries cannot be pursued. Why can't more affordable housing be built, or water supplies regulated, or traffic congestion relieved? The answer always boils down to two words: home rule.

Yet here in the cradle of American democracy, self-determination is honored more in the breach than in the observance. After two years of examining the law—and the reality—of municipal control, we have concluded that home rule is more myth than fact in Massachusetts. What's more, it's a myth that hides where the true power lies, diverting attention from promising solutions to the region's problems. Indeed, the true obstacle to regionalism in the Boston area, we have found, may not be too much home rule but too little.

Massachusetts got around to granting home rule to its cities and towns only in 1966. And it did so grudgingly. The Home Rule Amendment—Article 89 of the state Constitution—says that its purpose is to "grant and confirm to the people of every city and town the right of self-governance in local matters." But it goes on to say that the right of self-governance does not extend to the power to regulate elections; to enact private or civil law; or to tax and borrow. In other words, home rule is alive and well—unless you think that holding an election, regulating local businesses, or determining the local budget are local matters.

Worse still, the Massachusetts Constitution empowers the Legislature to overrule any local decision on any matter at any time. As an official from Medfield put it: "[The] Legislature, by taking action, can preclude the local community from using the Home Rule Amendment to accomplish anything." Many other states give their localities much more protection from state power than this. In some states localities are shielded from state legislative interference on local matters. California's home rule provision, for example, enabled Los Angeles to establish public funding for local elections even though the state Legislature sought to prohibit it. It's even more common for states to give their localities greater powers of initiative than Massachusetts does. Indeed, the exclusion of elections and revenue from home rule makes Massachusetts one of the most restrictive states in the nation in terms of home rule power.

Not even dog regulation is free of state interference.

Which is not to say that municipal officers have no powers. A Gloucester official pointed to one: pooper-scooper mandates. "That's an area where municipalities have complete authority," the official says. "But how important is that?" A Sherborn official suggests even dog regulation is not free of state interference. She says that the town could not address "dog complaints" without consulting with the state because it regulates penalties and hearings. In Topsfield, an official told us that the town did not change the fee for the local fair for fear it would be deemed an unauthorized tax. For many officials, the presumption is that a locality cannot act unless it has been expressly authorized to do so by the state.

SHOW THEM THE MONEY

Nowhere is the lack of local power more evident than in the area of municipal finance. Because of Proposition 2½, unfunded state mandates, and state limits on a locality's ability to find alternative sources of income, most municipalities cannot decide how much to spend on services and then use that figure as the basis for tax rates.

This state control over local revenue and expenditures turns municipal budget calculations into an algebra equation that squeezes out local discretion. The only variables municipal authorities can use to adjust revenue and expenditures are the local services and programs that state regulations do not control. Much of a municipality's actual fiscal power involves cutting locally initiated programs.

A town administrator from Reading discussed what he saw as a downward spiral. Without the ability to levy taxes or to find other ways to raise income, Reading raised property taxes up to the levy limit. Yet because the property tax rate is now higher than in areas around it, and because Reading lacks the authority to make rate adjustments, elderly residents, impacted by the property tax, have moved out, only to be replaced by families with kids. This increase in school-age children has led to an increase in educational services, which in turn has required more revenue to pay for these increased costs. The municipality can only react by cutting more services, trimming back on personnel, or, potentially, relying on its land use powers to limit new residents.

Land use planning—practically speaking, development control—is one area over which home rule is thought to be strongest. But even there, it's not that strong. The American Planning Association recently listed Massachusetts as one of the states with the most outdated land use laws, and the Zoning Reform Working Group of its local chapter concluded: "Although technically a 'home-rule' state, the statutes that govern planning and land use regulation are so restrictive to local authority as to make home rule more an illusion than a reality in Massachusetts."

The ways that state mandates inhibit local growth control are legion. The state prohibits localities from establishing maximum floor areas for houses (which might outlaw so-called McMansions); the state exempts its own use of land from local zoning, thereby inhibiting the planning process; the state grants developers vested rights to build under old zoning laws while new ones are being considered; and the state inhibits modification of existing zoning codes except on a two-thirds vote of the city council or town meeting. In all of these ways, state law threatens to prevent suburbs from acquiring the look and feel of the traditional New England towns, one of the region's greatest assets.

Many people think that local control over education is an exception to this pattern. But, although it's true that state law gives local residents control over education, it does so by fragmenting local power over schools. The reputation of their schools affects how municipalities develop. Yet while city and town governments are generally responsible for managing growth and economic development, state law gives school committees, rather than municipal officials, responsibility for management of the schools. Except in the city of Boston, these committees are not under the control of town or city government, which only have the ability to determine overall school department spending. It is important to recognize that, unlike municipal governments, school committees lack home rule as a constitutional matter. Quite the contrary: They are increasingly beholden to the state Board and Department of Education. We all know about MCAS, but that's just the tip of the iceberg.

With little authority to take action on their own, localities must seek legislative permission for almost everything they want to do. More than half the state's new statutes each year are responses to such "home rule petitions." But that does not mean local officials always get what they ask for. Some speak of petitions that have been pending for more than five years. Others complain that their state representatives and senators, who shepherd these petitions through the Legislature, sometimes delay action for their own purposes or take the opportunity to extract favors. "It's a God-awful process," says one official, speaking for many.

POWER TO IMPEDE

Bereft of true authority over many matters, local officials have learned to make the most of the power they do have, especially to resist change and preserve the status quo. By making localities so subservient, the state has facilitated a kind of parochialism that frustrates cooperation between municipal neighbors.

Constraints on municipal revenue raising and expenditure make local officials averse to inter-local arrangements that might further diminish their power. They are equally reluctant to consider cooperative arrangements with other municipalities involving expenditures because of lingering fears that they may not come out ahead—or that voters will think a neighboring competitor has snookered them. So deep is this fear that some officials avoid cooperative efforts that would benefit their towns if the other municipality appears to get more out of the deal.

Or take the crisis in affordable housing. The statewide fair share housing mandate known as Chapter 40-B has certainly played an important role in overcoming local resistance to low- and moderate-income developments. And many localities have, in turn, done their best to undermine it. But, as designed, Chapter 40-B does little to give localities power to make their communities more socioeconomically diverse.

For the first two decades of its life on the books, Chapter 40-B did not even count locally initiated affordable housing efforts toward the state mandate. Current provisions of state law erect legal obstacles to local efforts to preserve what affordable housing does exist within towns and cities. Others place significant limits on the ability of cities and towns to make developers set aside affordable units in new projects or pay into affordable housing trust funds. And, of course, the state limits on local fiscal control play a key role in making localities leery of young families likely to enroll their children in public schools.

So, if the lack of true home rule undermines the basis of trust and reciprocity necessary for crafting solutions to regional problems, granting local officials greater authority would not, by itself, give rise to regional cooperation. Indeed, more local autonomy might just generate more local parochialism.

Besides, the state has a legitimate and necessary role to play in regional issues. Many of the problems that communities face arise from actions taken by their neighbors. The state has to help resolve such conflicts. But now, the parochial mindset of many local actors often makes the state shy away from taking them on.

Still, rather than mandating regionalism from above, or coercing localities by tying funding to greater regional cooperation, the state could promote regionalism by responding to the widespread sentiment that the state has unduly limited home rule. The state can enhance local power—and relax existing limitations on it—as a carrot to induce greater regionalism.

The possibilities are numerous. Virtually every municipal official we interviewed emphasized the lack of local power over fiscal matters. In response, the state could grant a group of localities a limited power to impose a sales tax as long as they agree to share the new revenue. Alternatively, the state could reimburse localities for the lost revenue generated by state-owned, tax-exempt property as long as the municipalities collectively submitted to the state a plan detailing where such new state properties should be located.

> The state can enhance local power as a carrot for greater regionalism.

The state could also increase municipal authority to offer tax abatements to encourage development on condition that the locality agrees to share a portion of the revenue generated with neighboring communities. The recent proposal by the state-appointed Chapter 40-B Task Force to provide communities increased state aid in return for making progress toward their Chapter 40-B housing requirements is very much in the spirit of what we have in mind.

Similar ideas could be used to enhance local land use power that would not involve fiddling with the revenue structure. One noteworthy example is the state's insistence that developers be allowed to operate under existing zoning while the municipality considers changes. Since any move to alter its land use rules would presumably spur, in fire-sale fashion, just the kind of development local officials are hoping to discourage, this state requirement serves as a powerful disincentive against rethinking development guidelines. The state could encourage regional growth management by relaxing this rule for cities and towns that enter into regional land use planning agreements.

It would be easier still to foster collective action among the region's towns and cities on issues such as transportation that, unlike revenue collection and land use planning, everyone agrees require regional solutions. Currently, localities have no authority to make the transportation

The mythology of home rule credits localities for power they don't have.

decisions that affect their future development. That power now resides in the state Executive Office of Transportation and Construction, MassHighway, and other state-controlled agencies. Several towns noted that their own efforts to establish bus routes among neighboring suburbs were thwarted by the MBTA. Even the metropolitan planning organization for the Boston area, established to advise on the allocation of federal funding for highways and mass transit, has only seven of the region's 101 cities and towns represented on the board, and they are outnumbered by state and federal officials. Giving all the region's municipalities more influence on regional transportation policy could promote regionalism and increase home rule at the same time.

These proposals would not fully address the problems facing Boston and other regions, nor would they restore home rule in the sense of wide local autonomy. But the mythology of home rule—which blames localities for exercising power they don't really have—is impeding progress toward regionalism more than the reality is.

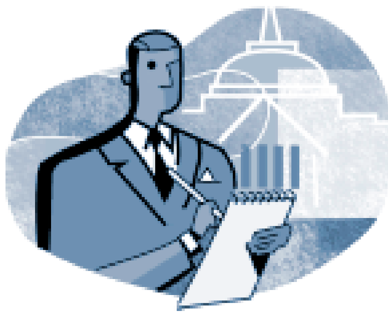
We need a new way of thinking about home rule, one that would empower cities and towns to work together to solve regional problems, not just go to the state with hat in hand—or dig in their heels against changes they have little power to control. If we listen closely to what local officials themselves are saying, we might discover that such an idea is closer than people think. ■

David J. Barron and Gerald E. Frug are professors at Harvard Law School, where Rick T. Su is a third-year law student. The full study on which this article is based, Dispelling the Myth of Home Rule, *is being published by the Rappaport Institute of Greater Boston at Harvard's Kennedy School of Government.*

Paying up

Delahunt proposes an Internet sales tax — with Romney's support

BY SHAWN ZELLER



A pair of boots from L.L. Bean. The latest bestseller from Amazon.com. A diamond engagement ring from Blue Nile. Every day, more and more consumers are buying items like these over the Internet. According to the most recent estimates, nearly 100 million Americans bought something using the Internet in 2003, with about 7 million buying online for the first time. Internet sales nationwide totaled about $100 billion, according to Cambridge-based Forrester Research.

The steady growth in online retailing is the one bright spot remaining in Internet commerce following the dot-com collapse. It's also a growing worry for struggling state governments, which see a growing loss of sales-tax revenue from purchases made by modem. But if a new bill proposed in Congress by US Rep. William Delahunt and backed by a bipartisan group of legislators becomes law, Internet retailers will be required to collect sales taxes and remit them to the consumers' home states—including Massachusetts, which has only lately joined the push to collect taxes on online sales.

The reason the Bay State has jumped on the Internet tax bandwagon is the ongoing fiscal crisis now working its way down from the state to municipalities. "Our state and local governments are laying off teachers and firefighters, and we are eliminating programs in our public schools," says Delahunt. The Quincy Democrat believes that Massachusetts's commitment to limiting property-tax increases, by means of Proposition 2½, will be sorely tested if the state continues to lose sales-tax revenue. "There will be pressures to seek more and more Prop. 2½ overrides, or to see it amended or even repealed," he says.

With its many tech-savvy citizens, Massachusetts has been hard hit by the shift to Internet purchasing. In 2002, the state lost $240 million in tax revenue because of online sales, and by 2011 that figure is expected to jump to $830 million, according to the Salt Lake City–based Institute for State Studies. Massachusetts counts on the sales tax for about a quarter of its tax revenue; $3.7 billion was collected in sales taxes last year.

But taxing Internet transactions is easier said than done. In a 1992 decision, *Quill v. North Dakota*, the Supreme Court ruled that state governments could not force out-of-state retailers to collect sales taxes. (Technically, consumers are expected to pay that sales tax themselves, in the form of a "use" tax, with their state tax return, but they generally ignore the requirement, and states do little to enforce it.) Because state and local governments impose multiple sales taxes, at varying rates, the high court determined that making these retailers collect for the more than 7,000 local and state taxing jurisdictions in the country would be an excessive burden. That is, the court said, unless the states could agree to streamline their disparate taxing systems and convince Congress to sign off on the plan.

In 1998, Congress passed the Internet Tax Freedom Act, which prohibits states from taxing access to the Internet, or from taxing online sales more heavily than those made by brick-and-mortar retailers or catalogers. But the bill never prohibited states from taxing online sales. As a result, Web retailers must now collect sales tax on purchases made by consumers living in the store's home state, just as catalogers do. Amazon.com, for example, must collect sales tax on purchases made by residents of Washington and North Dakota, where the Internet retailer maintains offices.

In 2002, the state lost $240 million in tax revenue because of online sales.

In 2000, state officials from across the country organized the Streamlined Sales Tax Project in order to meet the court's challenge in the *Quill* decision. Under the proposal they developed, each participating state would be allowed to set one primary sales tax rate, with the option of a secondary rate for food and pharmaceuticals.

TRAVIS FOSTER

Each local jurisdiction with a sales tax would be allowed to add one more rate into the mix. In addition, states would adopt a set of definitions for all consumer products, grouping the products in categories. Now, for example, some states tax baseball hats as sporting goods, whereas others consider the hats clothing and don't tax them. Under the proposed plan, states could choose to tax or not tax either sporting goods or clothing, but they would have to agree on which category each item belongs to. Participating states would pay for software that enables out-of-state retailers to collect the correct tax for all jurisdictions and would agree to limit or eliminate audits of retailers that use the software. Businesses would no longer have to file tax returns with each local jurisdiction that levies a sales tax. Rather, there would be in each state a central point of administration for sales tax collection that would also distribute the proceeds to cities and towns.

The plan would "simplify the collection of taxes," and in that sense "reduce the burden on businesses," says Delahunt. "It forces states to come together and say, 'Let's make sense out of this hodgepodge that we have.'" Some 20 states have passed legislation adopting this streamlined tax system. Eighteen other states, Massachusetts included, have passed legislation supporting the concept of streamlining sales-tax collection.

For Massachusetts, this represents something of a change of heart. Two previous Republican governors, Paul Cellucci and Jane Swift, refused to take part in the effort, taking the stance that Internet sales should remain tax-free for out-of-state purchasers. But Gov. Mitt Romney approved a budget rider last March authorizing the state to join the tax-streamlining compact. "For us it's a matter of enforcement," says Eric Fehrnstrom, director of communications for Romney. "We already have a use tax that applies to transactions over the Internet. These taxes go [mostly] uncollected. We would prefer to collect the tax directly from the retailer."

In 2003, for the first time, Massachusetts included a line on its state tax return requesting that consumers report and pay the use tax. Fehrnstrom says between 11,000 and 12,000 people voluntarily paid about $1.2 million. But if the Streamlined Sales Tax Project comes up with a better method, he says, Romney will support amending the state tax code to conform to it.

In making this policy shift, Romney has broken ranks with a local high-tech industry that, despite the absence of major online retailers here, is dead set against taxing any Internet sales. "What suffers is economic growth, because there is a new layer of uncertainty and administrative tax bureaucracy," says Christopher Anderson, president of the Massachusetts High Technology Council, a business trade group. "It will dampen the full potential of the Internet."

In this, the state high-tech group echoes the stance of national trade associations. George Isaacson, counsel for the Washington, DC–based Direct Marketing Association, which represents Internet and catalog retailers, says that the states are looking to cash in on Internet taxes without actually doing much to streamline their tax systems. Indeed, when state officials working on the project "were confronted with the difficult task of surrendering the unique features of their state and local tax systems, they repeatedly retreated from proposals for real tax reform and consistently rejected, or diluted, provisions that would have produced true uniformity," Isaacson said in congressional testimony last fall.

In addition, he said, retailers would still have to juggle different tax rates for thousands of local communities; in some cases, two different rates within the same state (one for food and drugs and one for other items); and various product categories being treated differently from state to state. To date, the states have not produced software that can handle the job, he asserted.

Industry complaints about the unwieldiness of managing the collection burden are undermined, in part, by the many retailers that have brick-and-mortar stores around the country and also sell products over the Internet. Earlier this year, several of these major retailers, including Wal-Mart and Toys "R" Us, agreed to collect sales tax on all of their online sales, even in states where they do not maintain a physical presence.

Another countervailing force is the traditional retail industry, which sees the sales-tax free ride of Internet sellers as an unfair competitive advantage. Thus, the National Retail Federation, a trade group for major retailers, supports the streamlined sales tax proposal, and some retailers have proven to be aggressive advocates for the new system. Jack Vanwoerkom, executive vice president of the Massachusetts-based office supply store Staples, for example, says that taxing Internet sales by all retailers is simply a matter of fairness.

"A sale is a sale no matter how it is made—in-store, online, by phone, or by mail," says Vanwoerkom. He adds that Staples is already required to collect taxes in myriad jurisdictions, employing 30 full-time staffers and spending about $30 million on tax compliance each year. Consider, he says, the state of Colorado, which imposes a 2.9 percent state sales tax. Seven Colorado counties impose additional sales taxes to pay for mass transit, subsidize cultural events, or fund a new football stadium for the Denver Broncos. In addition, more than 200 cities and towns in the state tack on their own sales tax. The streamlined sales tax proposal, he says, would be an improvement.

Ultimately, the fate of Delahunt's bill may come down to regional interests, rather than partisan differences. States with lots of online or catalog retailers, which would also come under the streamlined sales-tax scheme, are likely to resist the proposal, while states that don't have such retailers will support it. Currently, Delahunt's bill has 20 co-sponsors, including several Republicans, as well as three of his House colleagues from the Massachusetts delegation: Michael Capuano, Barney Frank, and John Tierney. But apart from the Bay State, Delahunt has found few allies from states with large high-tech industries. ■

Getting tough on hard time

Romney should set his own measure of corrections success—recidivism

BY ROBERT KEOUGH

Pledging themselves to the cause of reform, Gov. Mitt Romney and his team have taken on a number of shibboleths in state government during their first year in office. From UMass to the courts, the Romney administration has raised legitimate questions about the way state government organizes and delivers vital services to citizens of the Commonwealth and put forward ambitious, if not always persuasive, plans for improving public services in Massachusetts. If the governor has done so with an eye toward scoring points with the electorate, who can blame him?

But governing is not just about picking your battles. Sometimes, the battle picks you. In this way, the first true test of Romney as governor, not just politician, has come from the state Department of Correction.

If the governor were to draw straws, he could hardly have done worse. The correctional system performs a vital, if largely unappreciated, public service. Even in the most perfect society, there will always be malefactors, and, as Nelson Mandela has said, the way any society treats those behind bars is "a reflection of its character." Even without sentimentalizing sociopaths, it is in the best interests of a free society that those who victimize their fellow citizens be redirected into the law-abiding mainstream. If the DOC fails in its mission of correction, the Commonwealth becomes a more dangerous place.

Romney did not set out to take on this particular challenge. A law-and-order regime that staked out its criminal-justice turf on a sex-offender registry and restoration of the death penalty (on scientifically irrefutable grounds Romney has appointed a task force to develop), the Romney administration did nothing to make inmate rehabilitation a centerpiece of its reform agenda. A gubernatorial working group on criminal justice appointed shortly after the administration took office did put mandatory post-release supervision—a worthy idea put forward by the MassINC report *From Cell to Street*—on its agenda, but little has come of the body or its agenda. No broader review of correctional policy was ever contemplated.

Then, in August, came the cellblock killing of John Geoghan. A defrocked priest sent to prison for child sexual abuse—a crime despised not only by society but also by inmates—Geoghan did not make a sympathetic victim. But the revelation of a frail old man being tormented on a daily basis by prison guards was more shocking than the killing itself, by a fellow inmate. Although the team initially assigned to investigate Geoghan's death in state custody and the circumstances leading up to it—a trio of DOC and correctional industry insiders—gave rise to suspicion of a coming whitewash, the subsequent appointment of a "blue-ribbon" panel of respected outside reviewers, chaired by former attorney general Scott Harshbarger, now heralds the most sweeping re-examination of correctional purpose and method in a generation.

The extent of the rethinking underway is evident within the administration itself. Testifying before a legislative committee in late October, Public Safety Secretary Edward Flynn expressly refuted the Weld Doctrine (the former governor pledged, as a candidate in 1990, to "reintroduce prisoners to the joys of busting rocks") that has guided, rhetorically if not literally, criminal justice philosophy for a dozen years. "We are emerging from an era in which Massachusetts was proud to be 'tough on crime,'" Flynn told the Public Safety Committee. "This emphasis on punishment over rehabilitation came with a price tag, which was costly both economically and socially."

The economic cost has come to the attention of the Massachusetts Taxpayers Foundation, which recently pointed out the uncomfortable reality that, after cuts to higher education in the last two budgets, the state now spends more on state and county corrections ($830 million in fiscal 2004) than it does on public colleges and universities ($816 million). "We simply cannot afford the course of rapid expansion in prison populations—and even more rapid growth in costs—that has characterized the corrections budget for more than two decades," MTF concluded.

When it comes to corrections, reform can be perilous, at least politically. Already, the *Boston Herald* has chided Flynn for his "get smart not tough" testimony, charging in an editorial that Flynn's vision of criminal-justice reform "risks igniting a legislative retreat from tough criminal justice policies implemented successfully over the past 12 years in favor of 'rehabilitation.' Any such move would be incredibly stupid."

Though this pre-emptive editorial broadside was directed more at liberal legislators than at the administration, which shows few bleeding-heart tendencies, the Romneyites should be aware of the bodies strewn along the path of prison reform. There was John O. Boone, the state's only African-American commissioner of correction to date, who was Gov. Francis Sargent's chosen clean-up artist. In that post-Attica era, Boone tried to give voice to inmate grievances, but that backfired in prison violence—and a revolt by correction officers. Boone was soon gone, but Sargent still managed to push a package of reforms through the Legislature, adding halfway houses, work release, and furloughs to the correctional repertoire.

In the mid-1980s, Gov. Michael Dukakis continued Sargent's community-reintegration approach, but also launched the prison-building boom that MTF says we can no longer afford and pushed a precursor to the "truth in sentencing" law that resulted in continued growth of prison populations throughout the '90s. That didn't keep Willie Horton's fateful furlough from defining Dukakis's (national) profile on the crime issue—and dooming the reintegrative model of corrections even before Weld's rock-busting declaration.

Soon after his appointment to head Romney's commission, Harshbarger told the *Herald* that one of the key goals of corrections is to make sure that inmates "don't leave [prison] more dangerous than when they went in." That's a mantra that's easier to enunciate than to put into practice. But there is a way to gauge success—or failure—in that correctional mission: recidivism. The rate at which graduates of our state prison system get sent back to prison for committing new crimes can serve to focus efforts to make corrections more effective.

The point has been made in these pages before ("The revolving cell door," *CW*, Fall 2000), but it deserves to be made again, under these new circumstances. The switch a few years ago by DOC's research department from tracking recidivism on a one-year basis (which overemphasizes return to prison for technical parole violations over commitment for new crimes) to a three-year window provides a basis of comparison to other prison systems around the country.

Against national benchmarks, Massachusetts doesn't look too bad. In the first three years of the new reporting system, state inmates released in 1995, '96, and '97 were returned to prison (for parole violations or conviction for new crimes) within three years at a rate of 44, 45, and 41 percent, respectively. These Massachusetts numbers compare favorably to the Bureau of Justice Statistics 15-state recidivism study of 1994 releases (its first since 1983), which yielded a three-year reincarceration rate of 52 percent. But in absolute terms, the rate of recidivism here, as elsewhere, is appalling. In what other state agency would failure nearly half the time be considered acceptable?

More to the point, the recidivism rate provides a potentially powerful management tool. Institutionally, DOC has nothing at stake in reducing recidivism; its interest (overwhelming, in the past dozen years) is security. For that reason, the one statistic former commissioner Michael Maloney always had at his fingertips was the number of escapes, which the department could hold down by steadily reducing the proportion of prisoners held at lower levels of security—levels of increasing freedom and responsibility inmates need to go through to prepare for a successful return to the community. The same is true of the Parole Board, which can reduce its chances of embarrassing misdeeds by parolees by denying parole to any inmate who presents the least risk; for that reason, state inmates are currently granted parole at half the rate they were pre-1990. If it's important to the state—indeed, to public safety—that correctional agencies gear their efforts to turning offenders around, correctional managers need to be held accountable for what ex-offenders do after they've left custody.

This would be a new approach for Romney, in more ways than one. For all the talk of reform, the Romney administration has not gone in for one of the principal mechanisms for change currently in vogue across the country: results-oriented governing. From performance-based budgeting to CitiStat, public managers are increasingly relying on measurable outcomes as a means of reorienting bureaucracies. The recidivism rate would be a new and objective method of accountability for an area of state government that desperately needs one.

And it's an idea that, once presented to him, Romney showed some enthusiasm for as a candidate. In a long interview with the editors and publishers of *CommonWealth* (posted online at www.massinc.org/commonwealth), Romney was asked what he would consider a reasonable goal for reducing the rate of repeat criminality.

"I would hope the executive branch, and that means me if I'm lucky enough to be elected governor, [could be charged] with the responsibility to cut recidivism in half," Romney said. "Once we've cut it in half, then we should cut it in half again. Once we've done that, we should do that again. We'll make progress step by step."

A worthy goal, indeed. It's not too late to set it—nor a moment too soon. ■

Rising STAR

Towns with state-owned property fight for more funds

BY VICTORIA GROVES

NORTH ANDOVER—With the help of some thoughtful planning, the town of North Andover has been able to enjoy economic development without losing its historic character. About 27,000 residents coexist with such employers as Merrimack College and the Lawrence Municipal Airport. But in one sense, North Andover is among the Commonwealth's biggest losers, and town leaders are looking to do something about it. Tired of waiting for full compensation for land that was taken over by the state, North Andover has joined STAR (Stand Tall, Act Responsibly), which began its existence as Small Towns Against Repression, a militant-sounding organization of rural communities that has recently grown to include nearly one-third of the state's municipalities.

When the state acquires land within a city or town's boundaries, that municipality loses that land from its tax rolls. Yet it still must provide police, fire, and road-repair services to the area. To compensate for these expenses and for lost tax revenue, the state began the PILOT (payment in lieu of taxes) program in 1910, with the amount due host communities determined by statutory formula.

But STAR members say that the state has reneged on these reimbursements to towns and cities across the Commonwealth. And North Andover is the fourth-largest casualty of PILOT penury. The state owns 91 parcels of land in town, including 1,967 acres in Harold Parker State Forest valued at $32.7 million and 60 acres in Boxford State Forest valued at $684,000, according to the Bureau of Local Assessment. (North Andover ranks 102nd among the state's 351 cities and towns in terms of land area.) In 2003, the town received only $144,559 of the $559,718 owed, according to the *North Andover Citizen*. Over the last six years, the town has been shortchanged by an average of $311,000 per year. Only the towns of Edgartown, Framingham, and Sunderland are owed more PILOT funds from the state.

Town leaders in North Andover say they are joining the STAR movement because there is power in numbers, as well as in principle. Selectman Rosemary Smedile says that despite the state's current budget problems, it has a responsibility to deliver the promised funds.

"There is a moral piece to this because the state has pledged this money in the past, and [the lack of payment] has become a burden to the town," says Smedile, comparing the state to deadbeat dads who won't pay court-ordered child support. "Children and public safety suffer."

Smedile's sentiments are not universal, even among smaller towns without much of a tax base to make up for the loss of PILOT money. In the central Massachusetts town of Berlin, for example, some residents want the state to purchase more conservation land, and some town officials are willing to give up their PILOT claim to get what they want. Because development of the land would increase the strain on town services, they say, Berlin would come out ahead on the conservation deal even without PILOT funds.

"The bottom line is that by taking beautiful natural areas out of the grips of developers, the state is doing local communities and future generations a lasting service," Walter Bickford, chairman of the Berlin Conservation Commission, told the Worcester *Telegram & Gazette*. "The state should not, in addition to this

STAR members say the state has reneged on reimbursement.

wonderful gift of free open spaces to local towns, be pressured by local politicians into picking up the tab for other town matters beyond the demonstrable direct costs to towns for maintenance and protection of state lands."

According to a 1975 law, the state's annual PILOT obligation to each community is determined by the fair-market value of state-owned land (which is determined by the state Department of Revenue) and a town's average commercial-property-tax rate over the previous three years. Under the law, state-owned land is defined as that "specifically used as a fish hatchery, game preserve, wild life sanctuary, state military camp ground, state forest or other land held for other state purposes."

If Massachusetts towns were receiving these funds in full each year, STAR probably wouldn't exist. But the gap between what is paid and what was promised keeps rising. In 1993, the state paid $6.5 million of the almost $18 million demanded by cities and towns. In 2003, the state forked over $10 million of the requested $30.8 million.

STAR was formed in 1996 to represent mostly small towns in western Massachusetts, like Adams, home to a large portion of Mount Greylock State Reservation, and Washington, where October Mountain State Forest is located. Eventually, the group did claim some credit for prying loose $10 million in overdue funding. It wasn't all that they wanted, but it was better than the complete lack of funding proposed by then-acting Gov. Jane Swift—who, ironically, hailed from the western part of the state.

The organization lay dormant for a few years, but revived last May when the Legislature refused to appropriate $21 million in PILOT payments that were earmarked for various cities and towns. This time, STAR really spread its wings. Princeton town administrator Dennis Rindone, one of STAR's organizers, said the group obtained a list of the top 30 PILOT fund losers in the Commonwealth from the state auditor's office. ("We want to remain credible, so all of our numbers came from the state," Rindone said. "It's not something we made up.") Surprisingly, 25 of them were communities in the eastern half of the state, including Concord, Bourne, Upton, Salisbury, and North Andover.

From its initial membership of 14 sparsely populated towns in the western part of the state, STAR now includes 110 cities and towns across Massachusetts, including voter-rich suburbs. The state's most populous town, Framingham, was one of the first communities in the eastern part of the state to join. It was also one of the few towns that saw its PILOT funding increase from 2001 to 2002 (when it received $490,000), but it still gets far less than town leaders feel they are owed.

Members were briefly pleased by a proposal from Gov. Mitt Romney that would allocate $173 million in PILOT payments for fiscal year 2004. Then they read the fine print, which explained that most of the funds would go to cities that host state office buildings and courthouses (neither covered by the PILOT program previously), and not to towns with large blocks of state-owned conservation land. The governor's formula would also have changed the way towns and cities receive all state aid—including education aid and lottery aid. Legislators have not been receptive to the idea because communities will be unable to predict how much aid they will receive, state Rep. Daniel Bosley, a North Adams Democrat, told the *Berkshire Eagle*.

All STAR members are now keeping tabs on the local services they provide to state land. These data will be used for a study to determine exactly how much money towns spend on land that they can't tax. Expenses include sending police to investigate criminal activity, putting out fires, rescuing victims of climbing and snowmobile accidents, and cleaning up illegal dump sites.

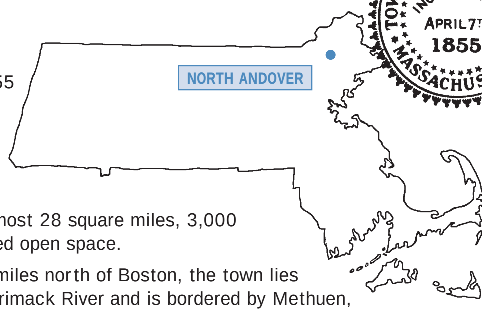
Not every STAR member community is in it for the money. Southwick and Easthampton have joined the group despite being owed less than $5,000 for the small parcels of state-owned land within their boundaries. With a membership fee of $25, it's easy for towns to join STAR and demonstrate their support for other cash-strapped

NORTH ANDOVER

Incorporated as a town: 1855

Population: 27,202

Town Meeting: Open



FACTS:

- North Andover occupies almost 28 square miles, 3,000 acres of which are preserved open space.
- Located approximately 24 miles north of Boston, the town lies along the banks of the Merrimack River and is bordered by Methuen, Haverhill, Boxford, Andover, Middleton, North Reading, and Lawrence.
- Settlement began in 1640 and the town was incorporated as part of Andover in 1646. The community was split into the North Parish (now North Andover) and South Parish (now Andover) in 1709.
- Seventy-two percent of housing units in North Andover are owner-occupied.

communities that are waiting for money they are owed. “Part of it is solidarity, and part of it is really believing that the state should have to pay their taxes,” says Florida town administrator and STAR administrative coordinator Jana Brule. “Everyone else has to.”

But as a recruitment device, there’s nothing like municipal self-interest. When STAR emissary Rindone visited North Andover town selectmen at a September board meeting, he informed them of the magnitude of funds owed to them. In addition, town administrator Mark Rees told the board of selectmen that over the past three years, the fire department has answered 129 ambulance calls to the Harold Parker State Forest, according to the *Citizen*, costs which the town has to incur. Fire Chief William V. Dolan has estimated that it costs the town $1,350 to respond to a single false alarm. The elected officials agreed to join the STAR cause.

“This has been something that [state Auditor Joseph] DeNucci’s been examining for some time,” Glenn Briere, director of communications for the office, told the Lawrence-based *Eagle-Tribune*, adding that the PILOT program was under review. “The auditor has been a consistent advocate for full funding,” said Briere. “It’s an important law. Particularly, smaller towns in the Commonwealth depend on this funding.”

> “The state should have to pay their taxes. Everyone else has to.”

Monies previously allotted to a variety of programs have shrunk dramatically as state leaders scramble to close the Commonwelath’s budget shortfall, but one North Andover legislator is concerned that the lack of funding puts an added drain on the communities it affects. “Obviously, if there is a drain on town services [because of] the state, the state should be doing everything in its power to pay for those services,” state Rep. David Torrisi, a Democrat, told the *Eagle-Tribune*.

If a home or business owner refused or was unable to pay their local taxes, town officials could place a lien on their property. Not so with state land. After Rindone spoke at the September selectmen’s meeting, town leaders complained to lawmakers, but nothing changed. “The number they give you is the number they give you,” Selectman Smedile told the

Eagle-Tribune. “You can fight it all you want, but if that’s what you get, you’re stuck with it.”

While North Andover could obviously use the PILOT funding in the current economic climate, the money owed to them this year makes just a dent in their $62 million budget. But the tiny western Massachusetts town of Washington only received $26,000, a drop from last year’s payment of $102,000—40 percent of all the state aid it received, including money for schools and roads, out of a total budget of $650,000.

For now, Rindone and other STAR members are traveling to other select board meetings to speak with town leaders, and they’re cautiously waiting to see if Romney will fund the program next year. “We’re good stewards to [the state’s] property and we provide good services,” Rindone said. “We’ll have to see in January if Romney fully funds the PILOT program. If he puts it in the budget, we’ll have to get the Legislature to support that.”

And they’ll go there with new allies. As more voter-rich towns join STAR, Rindone believes that more lawmakers will fight for money owed to their districts. North Andover Selectman Mark Caggiano agrees that there is power in numbers. “It becomes so much easier when you’ve got a whole crowd of senators and representatives saying, ‘Hey wait, my people are involved, too,’” Caggiano told the *Eagle-Tribune*.

“I think the PILOT program will have greater success now because we’re picking up new legislators that we never had before,” says Rindone. Take Plymouth, which recently joined STAR; Plymouth’s state senator is Therese Murray, chairman of the Senate Ways and Means Committee. “That’s got to make some difference,” says Rindone. ■

Victoria Groves is a freelance writer living in Chelmsford.

Can housing plans pass inspection?

BY MICHAEL JONAS

With Massachusetts home prices continuing to soar, the housing crisis has begun to sound like the old Mark Twain saw about the weather: Everybody talks about it, but nobody does anything.

Hoping to match deeds to words, the Romney administration and an independent task force of housing, business, and academic leaders are pushing separate plans for enticing communities to accept both more modest-priced housing and "smart growth" alternatives to land-gobbling sprawl. Whether either plan can pass muster, fiscally or politically, remains very much an open question.

The more ambitious of the two schemes was unveiled in November by an ad hoc group of leaders from business, labor, and housing organizations. The Commonwealth Housing Task Force proposed a rich set of incentives to coax communities into approving "zoning overlay districts" that would allow dense development near town centers and public transit stations, reserving 20 percent of units in larger-scale projects for low- and moderate-income residents.

The plan proposes to pay communities an upfront "bonus" of $2,000 for each apartment and $3,000 for each single-family home allowed under new overlay district zoning. What's more, responding to the single biggest complaint from suburban officials about new housing, the task force calls for the state to underwrite 100 percent of the school costs of children living in any new housing unit built in the designated area.

TOWNS WOULD GET BONUSES FOR DENSE DEVELOPMENT.

The task force report projects that 33,000 new housing units could be built in overlay districts over 10 years if the incentives are approved by the Legislature. The task force also calls for a near doubling of state housing program funds to help pay for the affordable units, and also recommends that communities that approve overlay districts receive priority in state spending on roads, parks, sewers, and other improvements.

Barry Bluestone, a Northeastern University economist and co-author of the task force report, concedes that many previous housing studies—including some he has been involved with—have come up short on solutions to the region's housing shortage. "This is the first one that explicitly tries to put in place concrete proposals about what to do about it," says Bluestone.

Concrete or not, the proposals still have to be paid for. "I don't know where the money is going to come from," says state Sen. Harriette Chandler, a Worcester Democrat and co-chairman of the Legislature's Housing Committee.

Smart-growth housing in Manchester-by-the-Sea.

The total price tag of the plan is roughly $1 billion over 10 years, but the task force claims that $300 million of that cost will be offset by additional income and sales taxes associated with the new construction, along with job growth made possible once high housing costs no longer impede business expansion. The report suggests that the sale of surplus state-owned property could generate a further $400 million for the housing plan.

These assumptions have prompted even one of the state's leading affordable housing advocates to question the plan's realism. "This is a plan without revenue," says Tom Callahan, executive director of the Massachusetts Affordable Housing Alliance. He's particularly skeptical of counting on economic

ALISON WILLIAMS

spinoffs to finance housing development. "None of those ways [of funding programs] have been accepted by the Legislature in the 20 years I've been working on housing issues," he says.

Callahan also chafes at the notion of funneling state funds to wealthy suburbs that have, until now, resisted the call to build more affordable housing. "All of a sudden they get religion on the issue and you're going to give [them] cash bonuses?" he says.

Doug Foy, the Romney administration's development czar, welcomes the task force's call for town-center and transit-oriented density, but he's also dubious about its dollars-and-cents assumptions, especially regarding surplus state lands. "The notion that you're going to be able to liquidate those lands and turn such gains into giant cash bonuses is, I think, just unrealistic," says Foy. "Virtually every town is hoping they're going to be turned into parkland or a wildlife refuge."

At the same time, Foy suggests that the plan's costly school-cost subsidy may be unnecessary. "In many cases, it appears, it's a myth" that the kids brought to town by new housing bust local budgets, says Foy. According to a draft analysis by the Executive Office of Administration and Finance obtained by *CommonWealth*, the incremental revenue coming to communities from single-family homes built in 2000 actually exceeded, on average, incremental school costs by $1,592 per house. Of the 215 communities studied, 170 gained more revenue than they needed to cover additional school costs, while 45 municipalities were net losers on the housing deal.

But Foy's view that school costs are no reason for localities to resist moderate-priced housing may be tinged with wishful thinking as well. The net gain that towns enjoyed from new housing may well be the result of the very practices the state hopes to end: restrictive zoning that limits construction to expensive, super-sized homes on large lots. For dense development of modest-priced, family housing —more kids, lower valuations—the fiscal equation may not be so favorable.

Still, Foy thinks that housing development can be boosted and directed toward town centers and transit stops without a huge infusion of state funding. Foy's office is working on a plan that would earmark a portion of the state's annual $1.2 billion in capital spending—perhaps 10 percent —to be awarded on a priority basis to communities that agree to smart-growth housing and development goals.

"If there was more money in the hopper for us to use, it would be that much easier," says Foy. But "I'm convinced we can get all or at least a bit of what the task force is calling for using existing tools."

This, too, is a variant on a familiar theme. Efforts by the Cellucci administration as well as a bid last year by Romney to have a portion of local aid to cities and towns earmarked to reward communities that permit new housing construction have all been shot down by lawmakers.

State Rep. Kevin Honan, co-chairman of the Housing Committee, likens the challenge of solving the state's housing crisis to the education reform effort of a decade ago, which made school funding the state's budget priority for seven years. "The business community played a major role in that, so I am delighted to see the business community coming to the table on housing," says Honan, citing the participation of leaders from area banks and the Greater Boston Chamber of Commerce in the Commonwealth Housing Task Force. But if solving the housing crisis means big bucks for municipal incentives, the Brighton Democrat predicts "an uphill battle." ■

Parting words—and shots—from Bartley

BY JAMES V. HORRIGAN

David Bartley is rarely at a loss for words, and this cool autumn afternoon is no exception, as he spins tales from a lifetime of public service and blurts out pointed opinion, reveling in the role of cantankerous contrarian.

The president of Holyoke Community College is in classic form as he drives toward Boston for what seems like the millionth time. Bartley figures he's spent four years of his life on the Massachusetts Turnpike—a significant chunk of time for someone who is still shy of 70. But after 40 years of state service, including 28 at the helm of the western Massachusetts campus and more than 12 in the state House of Representatives, including six in its top position, Bartley doesn't expect to be making the two-hour trip from Holyoke to Boston too often in the future. And now the man known in Holyoke as "Mr. President," but still referred to in Boston as "Mr. Speaker," is heading to the Hub to finalize some paperwork for his retirement, effective January 1.

Reflecting on his rise to Beacon Hill power more than 30 years ago, Bartley laughs when asked if he owed his speakership to Richard Nixon. "There's no question about it," he

David Bartley then, as House Speaker, and now, as outgoing president of Holyoke Community College.

says. "Richard Nixon was one of the best things that happened to Democrats in Massachusetts."

When Republican state Attorney General Elliot Richardson resigned in January 1969 to become Nixon's undersecretary of state, a joint session of the Legislature convened and chose then-House Speaker Robert Quinn to succeed him. The move suddenly put Bartley, then the majority leader, in the pole position for the Speaker's post. The dominoes were tumbling much faster than he had anticipated.

"I had been thinking that my hour probably would be in 1974 when Bob Quinn ran for statewide office," says Bartley. "But you take what you can get."

Later that night, the House elected the 32-year-old Bartley to succeed him in the Speaker's chair. Bartley was not the youngest speaker ever elected, but he still holds the title of the youngest Democrat to lead the House. "I was three years younger than Tip," he says, referring to Thomas P. O'Neill Jr., who in 1949 became the first Democrat to wield the gavel in the lower branch.

With Holyoke's Maurice Donahue presiding over the state Senate, Bartley's rise marked a rare Beacon Hill moment when the leaders of the Legislature's two branches hailed from the same community. Donahue, who was 17 years Bartley's senior, "was almost a second father to me," says Bartley, whose own father died when he was 13. "We were great friends. And it was a fantastic time for both of us."

And a good time for Holyoke, too. "We helped the community as much as we could," says Bartley. "Hospital reimbursements got done quicker for the hospitals. Money for the city of Holyoke got back." He recalls with pride how former Holyoke mayor Bill Taupier "used to say that the best thing that ever happened to the city was the two of us down there."

To this day, Bartley remains a proud defender of those who enter the political fray, especially much-maligned lawmakers. "The bottom line, [in] my book, is legislators are totally and ridiculously underpaid," he says. "If I had my druthers I would double their salary immediately. When a Boston city councilor makes more than a state legislator, that's ridiculous."

"IN MY BOOK, LEGISLATORS ARE TOTALLY UNDERPAID."

As for criticism that chairmen of the Legislature's ethics committees are often chosen not for their teeth, but for lack of them, Bartley says, "Oh, I think that's newspaper hogwash. I think that the ethical standards of elected officials—they sure as hell are a lot better than businessmen. Just look at what's happened over the past couple of years."

Bartley doesn't care much for the idea of shrines devoted to political figures like him, but the gymnasium at Holyoke Community College does bear his name. "Earlier in my

LEFT: COURTESY OF DAVID BARTLEY; RIGHT: PAUL SHOUL career I was captain of the UMass basketball team," he says. "That's when white midgets could play basketball."

Bartley says he and Donahue didn't overstep their authority by doing "special favors" for Holyoke. But one joint effort to help out a hometown institution remains near and dear to his heart, although it actually took place before Bartley became Speaker. "When I was majority leader and Maurice the Senate president, the Holyoke Community College burned to the ground," he says. The school needed a new site, "and we clearly helped in buying the land and we helped in getting the place built up again."

Did that have anything to do with his eventual elevation to the college's presidency? Bartley shakes his head. "If you asked me" back then if he might one day serve as president

GETTING TO THE BOTTOM OF MIDDLE-CLASS DEBT

Much has been written about federal and state governments spending beyond their means, but many middle-class American households are also awash in red ink. At the Commonwealth Forum "Going for Broke: Middle Class Families on the Financial Edge," held on December 5 at the Omni Parker House Hotel in Boston, panelists discussed the reasons and remedies for the growing problem of household debt. Robert Keough, editor of *CommonWealth*, moderated the forum.

Elizabeth Warren, author of *The Two-Income Trap: Why Middle Class Mothers and Fathers Are Going Broke* (see "Doubling Down," *CW*, Fall 2003), said the idea that Americans are spending too much money on things like "cappuccinos and $200 tennis shoes" is a myth. "Families have cut much of their consumption to the bone," said Warren, a law professor at Harvard University. She noted that the rising costs of necessities such as a home, health insurance, transportation to work, and day care leave families with almost nothing to cut back when times are bad. Warren also charged credit-card companies with taking advantage of families in tenuous financial situations. "We have deregulated the credit industry and set them loose," she said. "It has become far more profitable to lend to people at the margins."

Robert Frank, an economics professor at Cornell University and author of *Luxury Fever: Money and Happiness in an Era of Excess*, echoed Warren's theme of American families struggling to stay in the middle class. Since the 1970s, he noted, "There has been an explosion of income distribution at the top, none in the middle, and a loss at the bottom." But Frank argued that changed spending habits are also to blame for the growing number of families in debt. "More spending on top," he said, "has an influence on people's spending needs in the middle," adding that "what you feel you need depends on what other people have."

Frederick Breimyer, a regional economist at the Federal Deposit Insurance Corp., said that he didn't want to judge the spending decisions of middle-class families. But he voiced concerns that today's wage earners "are probably unprepared for their own retirement."

Bringing the discussion to the political arena, MIT historian Meg Jacobs, author of the forthcoming *Pocketbook Politics in the 20th Century United States*, said that "moral condemnation" of consumer spending and borrowing has always been present in the United States, but what is absent today is the idea that "an increase in the buying power of the masses…is essential to promoting capitalism and democracy." She pointed to the "stagnation of wages [and] the decline of the labor movement" as factors pushing middle-class families into debt.

Keough asked the panelists for ways to bring relief to the middle class. "We've got to get back to usury laws," responded Warren. Noting as well that many families spend more than they can afford on housing in order to move into highly rated school districts, she added, "We must address the sense that public schools have failed us…[and] decouple zip codes from educational opportunity."

Frank said he opposed a cap on interest rates but did feel that credit companies should be required to provide better disclosure to consumers. He also called for a more progressive federal income tax, saying that it is "the one lever we have" to address income inequality.

Breimyer was less convinced relief was necessary. "There was more angst about the future at the end of the 1970s" than there is today, he noted. "I am not caught up in the sense that this is a point of crisis."

Before the panel discussion, Boston filmmaker Tim Wright presented segments from a documentary-in-progress on the "culture of debt."

The Commonwealth Forums are a joint project of MassINC and the Massachusetts Foundation for the Humanities. A transcript of this forum provided by State House News Service can be found on the Internet at www.massinc.org. A transcript from the previous forum, "Odd Fellows and Mugwumps: Learning from the Past to Revive Civic Life Today," can also be found at the same site. That forum took place on October 1; panelists were Theda Skocpol of Harvard University, author of *Diminished Democracy: From Membership to Management in American Civic Life*; Deborah Banda, state director of AARP; Ron Bell, director of Boston-based Dunk the Vote; and David Crowley, founder of Woburn-based Social Capital Inc.

—ROBERT DAVID SULLIVAN

of Holyoke Community College, he says, "I would've laughed at you." ■

James V. Horrigan is a writer living in Boston.

Cahill says he'll tackle early-pension reform challenge

BY MICHAEL JONAS

Nobody likes getting fired. Well, almost nobody. For long-time state workers, getting the heave-ho or having their position eliminated can be a pension bonanza under a controversial provision of the state retirement laws.

Nearly two years ago, *CommonWealth* reported that the granting of so-called Section 10 "termination pensions" appears to be rife with abuse ("Pension liabilities," *CW*, Spring 2002). A review of more than 1,000 such pensions granted since 1990 revealed a number of top-level state officials who had been granted the benefits despite having left state service voluntarily. And fully one-third of the early pensions had been granted to state workers who had passed the qualifying 20-year mark by less than a year. In 10 percent of all cases, workers cashed in within a month of their 20th anniversary, raising doubts as to whether workers were actually being terminated or were timing their own departures to qualify for this partial payment (one-third of their previous salary) to tide them over until they turn 55 and become eligible for regular pension benefits.

Since the *CommonWealth* report, there has been little movement on Beacon Hill to rein in these termination pensions. Then-Treasurer Shannon O'Brien, whose office oversaw the state retirement board, told *CommonWealth* at the time she would call for a state commission to consider a complete overhaul of the law. "Everything's on the table," she said. But no such commission was formed before O'Brien left office a year ago, following her failed run for governor.

Now, O'Brien's successor, Treasurer Timothy Cahill, is vowing to take up the cause. He says he has established a "working group" in his office to examine the entire pension system, including Section 10, and recommend reforms. Section 10 benefits, says Cahill, "should not be seen as a golden parachute."

But that is, in fact, what they have become for many state workers. The termination provision was established in the early 1950s, apparently to protect mid- and low-level career civil servants from sudden changes in the political winds on Beacon Hill. But it has become a cash cow for many who have worked their way into high state positions, including former state legislators and top-ranking political appointees, providing generous benefits to some who have left state government well before retirement age and gone on to lucrative private-sector positions while they pocket a check from the state every month.

"If the original rationale, to the extent there was one, was to protect lower-level career employees from the vagaries of politics, it's now become a rich subsidy for high-level political figures," says Michael Widmer, president of the Massachusetts Taxpayers Foundation.

And the use of Section 10 by top-level political appointees has by no means drawn to a halt. For instance, Robert Durand, a former state senator, applied last January for termination pension benefits, after incoming Gov. Mitt Romney decided not to retain him as secretary of environmental affairs. Durand, 50, who has since started his own consulting business, now receives a state pension of $43,229 per year.

Meanwhile, legislators continue to cash in by tapping an ambiguous provision of state law that, as it has been interpreted, grants lawmakers a privilege not available to any

"IT'S BECOME A RICH SUBSIDY FOR POLITICAL FIGURES."

other state employee—the right, in essence, to fire themselves, and collect a termination pension as a result. The Section 10 statute says that the benefits are available to any lawmaker who "fails of nomination or re-election." The state retirement board and the Public Employee Retirement Administration, an oversight agency that provides advisory opinions to state and local boards, have read that language to mean that legislators who choose not to seek re-election are eligible for termination pensions, as well as those who are voted out of office. Two state representatives who, after 10 terms in office, left the Legislature on their own last year, Paul Caron of Springfield and Christopher Hodgkins of Lee, are now collecting "termination" pensions of about $20,000 per year.

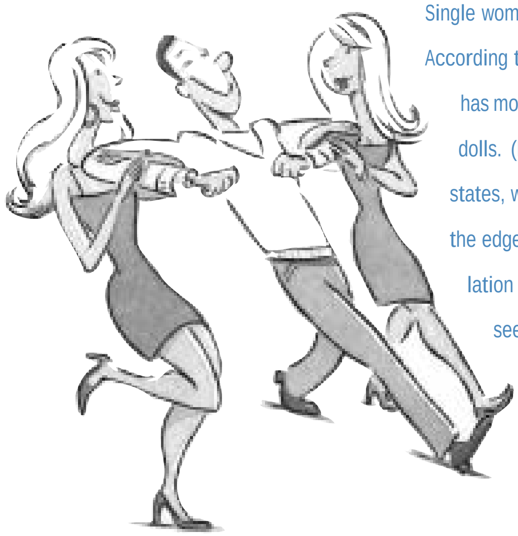
Cahill says the lawmaker perk is one that has to be changed. "It bothers me because termination means termination," says Cahill. "Quitting or leaving is not being terminated." A broader question asked by Cahill is whether termination benefits should be available at all to those who have opted to pursue high-profile positions in state government, whether elected or appointed, that make no pretense of promising job security.

"The law was originally passed to protect the lower-level person from being hurt by the political changes that happen up here on Beacon Hill," says Cahill. "I think it's been twisted to help the higher-up people, to benefit those who choose to move up knowing they might only be there a few years."

Cahill understands that lawmakers may not be eager to trim back benefits they might one day cash in on. But he vows not to let that stop him from making the case for pension reform. "We're not going to accept that this is way things are done because that's the way they've always been done," says Cahill. ■

STATISTICALLY SIGNIFICANT

BY ROBERT DAVID SULLIVAN



TEMPTATION ISLAND?

Single women who like the odds to be in their favor might consider moving to Nantucket. According to the Web site ePodunk.com, the island is the only county in New England that has more single men than single women, with 105 available guys for every 100 detached dolls. (Essex County, Vt., comes the closest to equilibrium among the New England states, with 99 single men to every 100 single women.) But on the mainland, guys have the edge. Barnstable County is tied with Bristol County, RI, for the most lopsided population in the region, with just 74 single men for every 100 single women. Men would seem to have it made in Hampshire and Norfolk counties as well, where for every 100 single women there are only 75 single men.

THE MISCELLANEOUS MIRACLE

According to the National Association of State Budget Officers (www.nasbo.org), the Bay State is relatively generous in funding public assistance programs but frugal when it comes to prisons and public schools. In analyzing state expenditures for fiscal 2002, NASBO ranked Massachusetts 46th in the percentage of funds going to higher education (4.3 percent, compared with 11.2 percent nationwide); 41st in spending on corrections (2.2 percent vs. 3.6 percent), in part because the Bay State excludes all of juvenile corrections and part of county jails from its spending report; and 40th in spending on elementary and secondary education (17.9 percent vs. 21.6 percent), which is still principally supported by local property taxes.

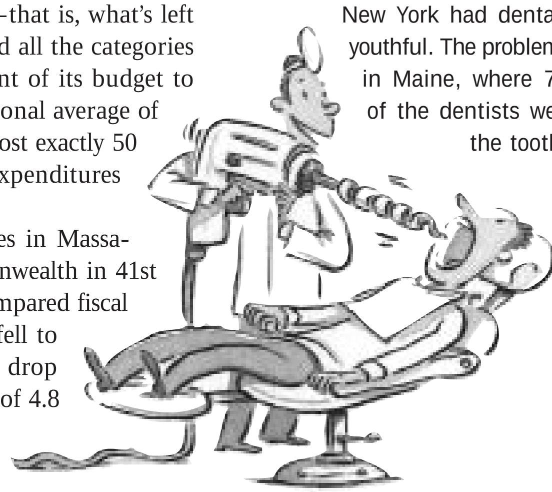
But the Bay State made the top 10 in two categories. It ranks second to California in the percentage of funds spent on public assistance (4.8 percent vs. 2.1 percent nationwide). And adding to the air of mystery that often surrounds the budget process here, Massachusetts ranks fifth in the percentage of spending going to "other" functions—that is, what's left over after spending for Medicaid, transportation, and all the categories mentioned above. Massachusetts devotes 43.6 percent of its budget to these miscellaneous programs, compared with a national average of 32.6 percent. Oregon is tops in "other" spending (almost exactly 50 percent of the budget), while Wyoming reports no expenditures outside the major categories.

From fiscal 2001 to fiscal 2002, state expenditures in Massachusetts rose by 3.1 percent, which puts the Commonwealth in 41st place in terms of spending growth. When NASBO compared fiscal 2002 to state budgets for fiscal 2003, the Bay State fell to 46th in the rate of increase, with expenditures set to drop by 0.7 percent. The national average was an increase of 4.8 percent.

YOU'LL MISS THEM WHEN THEY'RE GONE

There's decay in the dental profession, according to the National Conference of State Legislatures (www.ncsl.org). Using data from the American Dental Association, the group warns that "the number of dentists in every state will severely decline in the next two decades because most are near retirement and too few are entering the profession." As of 1999, about 69 percent of the nation's dentists were older than 45, and many of them were cutting back their work hours in anticipation of retirement.

The study shows that the dental future was marginally brighter in Massachusetts, where 64 percent of dentists were older than 45; only California, Delaware, and New York had dental corps as youthful. The problem was worst in Maine, where 78 percent of the dentists were long in the tooth.



TRAVIS FOSTER

THESE OLD HOMEBODIES

Americans are becoming more mobile, but in Massachusetts plenty of people prefer to stay put. According to 2000 Census figures, 13.4 percent of households in the Bay State have occupied the same home for at least 30 years—which puts us in a tie for third place with neighboring Connecticut, behind Pennsylvania and West Virginia.

Among Massachusetts communities, the compact town of Avon has the most stable population, with 37 percent of its 1,705 families living in the same home since 1969. Following closely behind are Everett, Adams, and Somerville. While those communities also have among the oldest housing supplies in the state (most of the homes and apartments were built before 1940), Avon has relatively modern housing stock. Only 31 percent of its residential units were built before 1940, compared with 35 percent statewide. It appears that Avon attracted a large number of families in the years between World War II and Watergate who bought new homes and grew old in them. But perhaps the words "upward" and "mobility" really do go together: This town of long-term residents placed 346th among the state's 351 communities in the growth of median household income during the 1990s.

As for the towns with the lowest percentages of long-term residents, it's no surprise that most are on Cape Cod or the South Shore. Only 106, or 2.4 percent, of Mashpee's 5,256 households were there before 1970. The runners-up in this category are Brewster, Carver, and Sandwich.

BREATHE OUR AIR, BUT STAY OFF OUR BRIDGES

Last fall Massachusetts was one of only three states to get straight As in an annual survey by the Corporation for Enterprise Development (www.cfed.org), a Washington, DC-based nonprofit that monitors business climate and quality-of-life issues. The Bay State took top scores in the general areas of Performance (which includes employment, poverty and crime rates, and the cleanliness of the environment), Business Vitality, and Development Capacity. Only Minnesota and Virginia scored as well; Mississippi and West Virginia were at the bottom of the scale.

The Bay State scored particularly well in "resource efficiency" (thanks to recycling programs and reductions in the emissions of greenhouse gases and toxic chemicals) and "protecting the health of its young citizens" (thanks to low rates of infant mortality and teenage pregnancy). But Massachusetts did pick up some demerits in income distribution, housing and energy costs, and the amount of private lending to small businesses.

Perhaps indicating that Massachusetts is better at building things than maintaining them, the state ranked first in venture capital investments and second in initial public offerings, but 49th in the state of its bridges.

TRUCKERS REFUSE TO BUCKLE UNDER

A record 62 percent of all vehicle occupants in Massachusetts used seat belts in June 2003, according to figures recently released by the Governor's Highway Safety Bureau. That's up from 51 percent in 2002, but still nothing to crow about compared with the national average of 79 percent. The bureau's figures are based on an observation of 47,179 motor vehicles during the month of June.

Women, as drivers (73 percent) and as front-seat passengers (69 percent), were much more likely to buckle up than were male drivers (58 percent) or front-seat passengers (51 percent). And "senior" drivers (72 percent) were more cautious than teens behind the wheel (58 percent). Seat belts were most widely used in the Pioneer Valley and central Massachusetts regions, and most often ignored in the southeastern part of the state.

A majority of drivers and front-seat passengers in pick-up trucks were still riding without a net, but the lowest rates of seat-belt use were among operators and riders in commercial vehicles.

Steady state

Population growth in the Bay State has been relatively predictable over the past half-century: no sudden spurts, no actual declines. The problems associated with population loss—labor shortages, falling tax revenues, etc.—are obvious, but should Massachusetts, which ties for 11th in the narrowness of the spread between highest and lowest growth rates over the last five decades, take comfort in the fact that it hasn't been a boom state for nearly a century?

Perhaps. *The Washington Post*'s Blaine Harden recently suggested that rapid growth can actually be a negative factor in attracting young, well-educated migrants. He pointed out that the nation's fastest-growing city, Las Vegas, attracts more high school dropouts than college graduates. Population-boom areas, he wrote, "have needs not associated with college education, like the construction industry and service workers for retirement communities." Cooling-off periods, which may be in the offing for Arizona and Nevada, may bring their own problems, since states will need a continued influx of younger people as the migrants from their boom periods get older and require more social services.

By at least one measure, median family income, states with steady population patterns seem to do better economically. Massachusetts, for example, ranked 10th in median family income in 1959, and rose to fourth place by 1999. During the same period, other states with stable population growth made similar income gains. On the same scale, North Carolina rose from 45th to 31st, Georgia from 43rd to 24th, Minnesota from 24th to eighth, and Virginia from 32nd to 12th.

Meanwhile, states with more unpredictable growth patterns have fallen behind in income. Alaska, ranked first in median family income in 1959, was down to fifth place in 1999. Wyoming fell from 18th to 34th, California from fifth to 15th, New Mexico from 27th to 47th, and Nevada from fourth to 20th. Both New York and West Virginia, which have actually lost population at points during the past half-century, also slid down the median-income chart, the former moving from seventh to 18th and the latter from 39th to 50th. ■

STABILITY IN POPULATION GROWTH

RANK / STATE	1950-60 % CHANGE	1960-70 % CHANGE	1970-80 % CHANGE	1980-90 % CHANGE	1990-99 % CHANGE	DIFFERENCE BETWEEN HIGHEST & LOWEST GROWTH RATES (PCT. POINTS)
1. Washington	19.9	19.5	21.2	17.8	18.3	3.4
2. North Carolina	12.2	11.5	15.7	12.7	15.4	4.2
3. Missouri	9.2	8.3	5.1	4.1	6.9	5.1
4. Georgia	14.5	16.4	19.0	18.6	20.2	5.7
5. Nebraska	6.5	5.1	5.8	0.5	5.6	6.1
6. Minnesota	14.5	11.5	7.1	7.3	9.2	7.4
7. South Dakota	4.3	-2.2	3.8	0.8	5.3	7.5
8. Pennsylvania	7.8	4.2	0.6	0.1	0.9	7.7
9. Virginia	19.5	17.2	15.0	15.7	11.1	8.4
10. North Dakota	2.1	-2.3	5.7	-2.1	-0.8	9.0
11. Alabama	6.7	5.4	13.1	3.8	8.1	9.7
Massachusetts	**9.8**	**10.5**	**0.8**	**4.9**	**2.6**	**9.7**
13. Iowa	5.2	2.4	3.2	-4.7	3.3	9.9
14. Tennessee	8.4	10.0	17.0	6.2	12.4	10.8
15. Wisconsin	15.1	11.8	6.5	4.0	7.3	11.1
16. Kansas	14.3	3.1	5.2	4.8	7.1	11.2
Texas	24.2	16.9	27.1	19.4	18.0	11.2
18. Maine	6.1	2.4	13.4	9.2	2.0	11.4
Rhode Island	8.5	10.1	0.0	5.9	-1.3	11.4
20. South Carolina	12.5	8.7	20.5	11.7	11.4	11.8
Vermont	3.2	14.0	15.1	10.0	5.5	11.8
22. Montana	14.2	2.9	13.3	1.6	10.5	12.6
23. Kentucky	3.2	5.9	13.7	0.7	7.5	13.0
24. Mississippi	0.0	1.8	13.7	2.1	7.6	13.7
25. Oklahoma	4.3	9.9	18.2	4.0	6.8	14.2
26. Illinois	15.7	10.2	2.8	0.0	6.1	15.7
27. New Hampshire	13.8	21.5	24.8	20.5	8.3	16.5
28. New York	13.2	8.7	-3.7	2.5	1.1	16.9
29. Indiana	18.5	11.4	5.7	1.0	7.2	17.5
30. Oregon	16.3	18.2	25.9	7.9	16.7	18.0
31. Colorado	32.4	25.8	30.9	14.0	23.1	18.4
32. Hawaii	26.6	21.5	25.5	14.9	7.0	19.6
33. West Virginia	-7.2	-6.2	11.8	-8.0	0.7	19.8
34. Utah	29.3	18.9	37.9	17.9	23.6	20.0
35. Louisiana	21.4	11.8	15.5	0.3	3.6	21.1
36. Ohio	22.1	9.7	1.4	0.5	3.8	21.6
37. Michigan	22.8	13.4	4.4	0.4	6.1	22.4
38. New Jersey	25.5	18.2	2.7	5.0	5.3	22.8
39. Maryland	32.3	26.5	7.5	13.4	8.2	24.2
40. Arkansas	-6.5	7.7	18.9	2.8	8.5	25.4
41. Idaho	13.3	6.8	32.5	6.7	24.3	25.8
42. Connecticut	26.3	19.6	2.5	5.8	-0.2	26.5
43. Nevada	78.2	71.3	63.8	50.1	50.5	28.1
44. Delaware	40.3	22.8	8.4	12.1	13.1	31.9
45. New Mexico	39.6	6.8	28.2	16.3	14.8	32.8
46. California	48.5	27.0	18.6	25.7	11.4	37.1
47. Arizona	73.7	36.0	53.5	34.8	30.4	43.3
48. Wyoming	13.6	0.7	41.3	3.4	5.7	44.7
49. Florida	78.7	37.1	43.6	32.7	16.8	61.9
50. Alaska	75.8	32.8	33.8	36.9	12.6	63.2
US Total	18.5	13.4	11.4	9.8	13.2	8.7

Sources: US Census (www.census.gov); Demographia (www.demographia.com).

Short shelf life

Despite the periodic success story, Boston will never be a magazine mecca

BY JEFFREY KLINEMAN

Jeremy Brosowsky, age 28 but already a publishing success, thought he had the formula. His *Washington Business Forward* was 18 months old and going strong. He could imagine *Business Forward* magazines in two dozen markets, including fast-growing cities like Atlanta and San Antonio. Why not Boston, for a start?

Before long, Brosowsky had a downtown office, a staff of veteran editors, and a stable of freelancers. Unfortunately, the year was 2001.

"In retrospect, the timing could not have been worse," he says. "We ran into a buzz saw. If it had been launched a year or two earlier, it might have been a different story. But we just didn't have time to get our legs out from under us."

Trapped in an economic slump that worsened after the terrorist attacks of September 11, *Boston Business Forward* died at the end of that year, after just four issues.

You can't fault Brosowsky for picking Boston as a target. For years, Boston-based *Inc.* had been a service-journalism bible to small-business owners across the country. And start-up *Fast Company* was growing fat on the stories of free-agent high flyers who imbibed the New Economy's electric Kool-Aid. A lifestyle publication, *P.O.V.*, encouraged the moneyed readers of the other two magazines to "Live Large." Those magazines combined with the intellectual heft of *Harvard Business Review* and MIT's *Technology Review* to give the Boston-Cambridge tandem, for a brief moment, the leader's yellow jersey for New Economy journalism.

Of course, when the race gets called because the promoters have run out of money, that yellow jersey turns into just another shirt. So, instead of leading a charge to a new business journalism based in Boston, Brosowsky led a charge out of town, folding *Boston Business Forward*. (The *Washington Business Forward* closed up shop a year later, following its November 2002 issue.)

The last few years have been hard on magazines in Boston, not only for those in the New Economy sector but also for intellectual darlings like *Doubletake* and *The American Prospect*. Last year, *Inc.* and *Fast Company* left town, called to New York by new owners Gruner + Jahr USA, who had paid more than $500 million for the pair of titles. *P.O.V.* left town before it folded, in January 2000. *Doubletake*, despite a pair of benefit concerts by rock god Bruce Springsteen last February, hasn't put out an issue in more than a year, and the bulk of the *Prospect*'s editorial staff moved from Boston to Washington, DC, in an attempt to root the left-wing intellectual-journal-turned-political-magazine in the center of national politics. In the niche magazine market, the new owner of local stalwart *Natural Health* fired the entire staff and relaunched the title from Los Angeles, while *Walking* was finally hobbled—permanently—by its new owner, *Reader's Digest*, in 2001.

Has the Boston magazine scene died a tragic death? That depends on whether you thought there was a magazine scene here to begin with. Boston "hasn't historically been a magazine town," says Jon Marcus, editor of *Boston* magazine. "I don't think things have changed in Boston, but in the magazine industry [as a whole]."

A TOWN OF READERS, NOT PUBLISHERS

The magazine business has always been concentrated in New York. But still, industry analysts, including those who slave away here, say it's getting harder to escape the Big Apple's gravitational pull. The recent recession, in particular, has made it more important than ever to be a known quantity among the advertising shops on Madison Avenue. And that's tough to do out here in the provinces. When the New Economy money started to drain away, the city was left with what it had before: a few franchises, a few struggling niche publications, and a pair of strong technology-oriented trade magazine groups in the suburbs, as well as the decidedly noncommercial academic and scientific journals produced by the area's powerhouse universities.

"There was great potential," for a while, says Sarah Noble, a veteran journalist who has spent the past several years working as a media industry recruiter. "We have a lot of intellectual horsepower here. But the downturn in the magazine industry overall, the consolidation, left everyone so obsessed with advertising dollars [that] they felt they needed to be in the hot spot for those dollars, which is New York."

Still, Boston seems like fertile ground for journalistic experiments. "There's a high density of scholars and intellectuals," says Robert Kuttner, one of the founders of *The American Prospect*. "It's a very good place for what they call 'thought-leader magazines.'"

Boston is "one of the great readers' cities in the country," says Cullen Murphy, managing editor of Boston's venerable *Atlantic Monthly*. "*The Boston Globe*'s decision to create an Ideas section of the newspaper on Sundays surely recognizes that fact. And that section, a mini-magazine in its own right, is a welcome and successful addition."

And a great readers' city makes a great writers' city. Boston is one of the few remaining places in America to support two daily newspapers, the *Globe* (which recently decided to overhaul and expand its Sunday magazine, in the face of an industry-wide trend toward scuttling such publications) and the *Boston Herald*, and it's also home to a strong alternative weekly, the *Boston Phoenix*. These publications continue to produce such well-regarded writers as Charlie Pierce, formerly of *GQ* and *Esquire* (now at the *Globe* magazine) and Sean Flynn, now a regular contributor to *GQ*.

"You've got an extraordinary talent pool, particularly on the more creative ends—writing, editing, reporting, and design," says George Gendron, who, in addition to editing *Inc.* during most of its life in Boston also edited *Boston* magazine in the 1970s. "Going all the way back to the period when you had the *Real Paper* and the *Boston Phoenix* competing, there was a hotbed of talent, and that's primarily due to the extraordinary educational institutions."

Boston editor Jon Marcus says the entire magazine industry has changed.

But none of this makes the Hub a great place for glossy magazines to call home. Indeed, the pull of New York is so strong that many people assume even the oldest Boston warhorses are stored in the Gotham barn.

"People are regularly surprised to hear the *Atlantic* is in Boston," says Toby Lester, a deputy managing editor at Boston's oldest magazine, which was founded in 1857. (Lester also worked locally at *Doubletake* and at *Country Journal*, an intellectual take on small-town life that folded in 2001.) "There's not enough of a critical mass of general-interest magazines here to create cross-pollination. There are a couple of places, and as long as those magazines have similar goals, the people from one publication or another will certainly drift over. But I don't think there are enough to create a culture."

Boston is 'one of the great readers' cities.'

Scott Stossel, another *Atlantic* editor, sees the *Atlantic*'s serious tone as reflective of Boston's famed distaste for nonsense and glitz. Still, there are hardly enough publications based here to define a "Boston Style."

That is not to say that the city has never produced thought-provoking consumer magazines. In addition to

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the *Atlantic*, a National Magazine Award winner for General Excellence, *Boston* magazine consistently wins awards from the City and Regional Magazine Association. And a few years ago, awards were going to another regional publication, *New England Monthly*, which, in a memorable six-year run in the 1980s, won a pair of National Magazine Awards and lost a pile of money.

The *Atlantic* still struggles to make money, but it is possible for a profitable magazine to operate in the Hub. *Cook's Illustrated*, headquartered in Brookline, has proven that a magazine without advertisements can be lucrative—although some scoff at it as little more than a newsletter—and will soon launch another title. In the North End, *CFO* has become one of the country's largest business-to-business magazines. In the Metrowest suburbs, tech-oriented IDG runs a passel of profitable trade publications, and Reed Business Information recently purchased the healthy trade-magazine group once known as Cahners. In the downtown area, custom-publishing house Pohly Publishing puts out the Continental Airlines in-flight magazine, among other periodicals.

And if the city doesn't have a pile of glossies, it does have lots of publications generated by its universities. In addition to the usual academic journals, there's *Technology Review*, which recently went through a redesign and is positioning itself to occupy the once-crowded intersection of technology and enterprise. Both *Technology Review* and *Harvard Business Review* receive support from their parent institutions, giving them shelter from economic storms.

But the list of survivors is random and unconnected, a problem typical of regional publishing centers like Boston, Chicago, and San Francisco, each featuring a few magazines but remaining incapable of reaching what Lester terms "critical mass."

"It's always been the equivalent of that old saying about the Red Sox: 25 players, 25 cabs," says area publishing veteran John Strahinich, long the number-two guy at *Boston* magazine and editor of the ill-fated *Forward*. "When I was at *Boston*, we'd all go to one watering hole. Everyone [at other publications] would go to their own place, with their own masthead. Part of the fun with magazines has always been 'growing your own,' grooming those magazine writers out there who are the next generation. But it's always been kind of fragmented up here."

Seth Bauer, the former editor of *Walking*—"one of our big contributions to the community was our interns," he says—took over the helm of niche survivor *Body and Soul* (née *New Age Journal*) earlier this year and is doing his part to combat that fragmentation. Bauer knows a bit about developing a group spirit, having served as the coxswain for crews of Olympic rowers.

"I'd like to have it happen more than it does," Bauer says in his Watertown office. "Toby Lester at the *Atlantic* and I have become friends. We go to lunch. They were completely isolated from the magazine community. Someone's applying for a job here who interned there… but we're a ways away from being able to make Boston a strong magazine culture."

It will take a lot more than a few lunches, says Nate Nickerson, *Fast Company*'s former managing editor, who is currently freelancing as both a writer and editor.

"How many of us are there, anyway?" Nickerson says of established magazines and their staffs. "You can count them on one hand. And *Cook's Illustrated* really doesn't have much in common with *Fast Company*."

The Atlantic*'s Toby Lester and Scott Stossel reflect Boston's distaste for glitz.*

"There is real cross-pollination in New York," says veteran journalist Craig Unger, who worked at *New York* magazine and edited *Boston* magazine in the 1990s. "But it just doesn't exist like that in Boston. It's hard to have a major media career there. When I left *Boston* magazine, what would have been the next job for me?"

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A CITY FOR STARTUPS

So should Bostonians be concerned that a place famous for its literary traditions can't seem to sustain more than a sprinkling of credible publications? Not really, according to Alan Webber, one of the co-founders of *Fast Company*.

"You might as well ask, is Boston a failure as a national film center?" Webber suggests. "The city ought to be very proud of the fact that it has several magazines that continue to function here. It has spawned several already, but there's no presumption of a right or a need to be a headquarters of a nationally prominent magazine to be a great city. There are very few cities in America that think their viability is maintained by their ability to sustain a great magazine."

And yet, while having thriving magazines might not indicate that there is a powerful magazine business, exactly, it can indicate that there is a kind of buzz coming from a city, in some thriving sector. And in a city where a lot of industries have been beaten up since 2000, where many homegrown businesses are rapidly being aggregated into larger conglomerates, some local buzz might be nice.

"Having a *Fast Company* sent a message to the world that interesting things were happening in high tech, and in that respect, it was nice to have it," Marcus says. "I don't think it sent a message that there is a burgeoning magazine community."

But that first message might be as important as the second.

"Out of a kind of richness in culture come these magazines," says Lindy Hess, the founder of the Columbia Publishing Course. (Sign of the times: Hess founded the Radcliffe Publishing Course, a Cambridge camp that annually sent dozens of college graduates into the magazine and book publishing industries. It moved to New York in 2001 and recently changed its name.) "I think the two business magazines that grew up in Boston are emblematic of that. When Jan Wenner started *Rolling Stone*, he was sitting in a certain place at a certain time. So was Louis Rosetto, when he started *Wired*." Both *Rolling Stone* and *Wired* were born in San Francisco (in 1967 and 1993, respectively), but *Rolling Stone* shifted to New York in 1976.

In fact, while *Inc.* and *Fast Company* came out of different generations, they did reflect a measure of something that, if not limited to Boston, has always been active in the area: the idea that business could be done in a way different from how it is done on Wall Street.

"I don't think we could have started the magazine in New York," says Webber. "In some cases, it's harder to do

*Ex-*Inc. *editor George Gendron: More than New York, Boston is "driven by innovation."*

"From our perspective, we couldn't be in New York," Kimball says. "As an independent, you've really got to find a new way."

And the *Cook's Illustrated* serious approach to food—a typical article will describe, in step-by-step, adjective-free prose, repeated attempts to fry up the perfect cheese omelette—fits the reputation of its surroundings.

"Boston's never been a source of those penny-dreadfuls," Kimball says, referring to the celebrity journalism practiced at *Us* magazine and its kin. "It's always been thought of as a little small, studious, and intellectual."

something new when you're in the headquarters of the old. We were close enough to New York to get advice and direction and professional input, but without having to listen to the steady drumbeat and inevitable discouragement of people saying 'you can't do it that way' that comes from being in the headquarters of the old regime. We were doing a business magazine about ideas and new ways of thinking about business, and Boston is a great place for that kind of talent."

Inc. came from similar origins, according to Gendron, who notes that the magazine's founder, the late Bernie Goldhirsch, thought his how-to guide for small-business owners should be aimed at startups that could exist anywhere, rather than those simply interested in Wall Street-centered financial journalism.

"Early on, there was pressure to move it to New York, but Bernie really felt passionate about Boston being the appropriate home," Gendron says. "Here you have a different environment, and it's driven by innovation and entrepreneurship. He just felt that if he were sitting in Peoria looking for the best strategic location to start a magazine that does what *Inc.* does, Boston was the place to be. New York is a big-company town."

At *Cook's Illustrated*, one of the few profitable consumer magazines left in the Boston area, uber-Yankee founder and editor Chris Kimball says that he wanted to innovate, and the Gotham magazine culture sometimes doesn't allow for that. Nobody would have bought into his idea for a subscription-only, no-ad model, he says.

PROOF OF LIFE

"There are a lot of stories about how magazines begin," Hess adds. "Sometimes it's the passion of a single person who will do anything. Sometimes the culture of a place can make a group of people come together and believe in a magazine."

Of course, that's not always the case, particularly in a magazine economy that saw a three-year drop in ad pages from 2000 to 2002, the mothballing of several major titles, and a heavier focus on niche publications.

"I don't think the *Atlantic* would have ever emerged in Boston in a modern day," says Toby Lester. "It was born when Boston was considered the intellectual capital of the country in many ways, but it would be hard to believe a similar magazine could emerge out of the blue and really make it without the support of a big, New York-style media company."

As bleak as things are in Boston, however, Gendron sees signs of life. Now retired from *Inc.*, he regularly gets calls for advice from people thinking about magazine startups.

"I can't tell you the number of magazines that are on the drawing boards in every possible category," he says. "Will all of them succeed? No. But there are more than a handful of new *Inc.*'s out there."

Publishing's morgues are littered with well-regarded periodicals, beloved by their readers, that landed with an economic thud. *Spy* and the *Oxford American*, *Lingua Franca* and *Might*, not to mention *New England Monthly* and *Doubletake*, all fall into that category.

Magazines fail at an astounding rate. Four out of 10 make it through their first year, and only one in 10 sur-

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Nate Nickerson left New York for outsider-friendly Boston.

vives a decade, according to Samir Husni, a journalism professor at the University of Mississippi who carefully follows the industry.

"My magazine in Washington is legitimately considered a success by most publishing people, and it's not around anymore," Brosowsky says. "I published for two and a half years, and no one would call it a failure. It's like a noble pursuit. There's something about publishing a magazine that insulates it from reality. But financially, these things fail."

In fact, what might be to Boston's credit is the fact that *Inc.* and *Fast Company* are still alive, even if they have been forced, Napoleon-like, into an island exile.

"You could almost say that it's salutary that they were able to sell out for as much as they did," says *Boston Globe* columnist Alex Beam, who has written extensively about local magazines. "At the time, they were both over-mature. You could almost chalk that up to some kind of Bostonian shrewdness."

Nate Nickerson, for one, hasn't given up the hope that that shrewdness will strike again. He was part of that "magazine culture" in New York, leaping from one magazine to another, before he came to Boston after getting married. Once in the Hub, he worked at *Cook's Illustrated*, then at *Fast Company*, and believes in the possibilities of an outsider's market.

"Professionally, the big irony for me, careerwise, was, when I left New York, I was pretty sure I was leaving big-time publishing," Nickerson says. "But then, call it good luck, I got to work for two of the most interesting magazines in the country. Who would have figured that?" ■

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Down but not OUT

Springfield is struggling with crime, finances, and direction. Is 76-year-old Charlie Ryan the answer?

Springfield, the state's third largest city and the metropolitan anchor of western Massachusetts, is in the soup. To say it is on the brink of disaster might be going too far. But to say it is a struggling third-tier city facing the same challenges as many urban centers across the state, while true, would not be going far enough.

Just how bad has it gotten in Springfield? The outgoing mayor of eight years, Michael Albano, made national headlines at the end of his term for importing prescription drugs from Canada, but he was tarred locally by a federal corruption probe that dogged his administration for its final three years. When a $3.4 million cut in state aid came through last year, Springfield was forced to lay off 287 employees, by far the most drastic response of any municipality in the state. And the city's fiscal health has now declined so far that its bond rating is one notch above junk status, with open discussion of the possibility of state receivership. Meanwhile, crime has been on the rise.

With his city and administration on the ropes, Albano announced early last year that he would not run for a fifth term in 2003. But rather than opening a new chapter of bold

PHOTOGRAPHS BY PAUL SHOUL

Charlie Ryan, whose wife Joan is at right, first served as mayor more than 40 years ago.

leadership, the race to succeed him seemed to be one more commentary on Springfield's malaise, pitting a state senator retreating from a failed power-play on Beacon Hill (and facing tax troubles at home) against a grandfatherly figure from the city's political past.

Talk to those who live in the home of the Basketball Hall of Fame, and you hear that Springfield has been off its game for a while now. Many people have personal stories about how their troubled city has let them down.

Five years ago, William Pepin, vice president and general manager at television station WWLP, which had outgrown its old facility in neighboring Agawam, began looking for a site in Springfield. So he met with city officials and looked at possible locations. Several looked promising, Pepin says, but they would have required the assembly of contiguous parcels into the single package the station needed. That required legwork on the part of the city, and it became clear to WWLP that it wasn't happening.

A year after the search began, Pepin got a phone call from a real-estate agent touting a perfect site, but it was in neighboring Chicopee. Pepin hesitated, because he still wanted to locate in Springfield. But when he agreed to visit the site, he was met by an unexpected one-man welcoming party—

This article was written by Robert Keough and Michael Jonas, with reporting by CommonWealth *editors and contributors.*

Mayor Richard Kos, who assured Pepin that he and Chicopee municipal officials would do everything they could to provide WWLP a new home.

"So I've got two municipalities side by side, one of which is soliciting me, encouraging me, welcoming me with open arms," Pepin says. "The other city is not as aggressive, shall we say. Not as welcoming." Kos won Pepin over, and WWLP moved its 140-employee operation to Chicopee, starting business there in late 1999.

Pepin, a Springfield resident and native of the area, says he travels extensively and sees lots of cities that are similar to his hometown but taking initiative to move forward. "Then I come home," he says. "I drive down Main Street in Springfield, and I ask myself, 'What the hell is wrong with this city?'"

BACK TO THE FUTURE

Many people are asking themselves that same question. To Paul Caron, a former state representative who lost a bid for mayor against Albano in 2001, public awareness of the city's problems has grown in the years since then. In that campaign, he attacked the Albano administration for its fiscal practices with great intensity. But Caron was perceived as alarmist. "I don't think people were ready for the message then that things aren't as rosy as City Hall makes them out to be," he says today. "But in the last couple of years, I think people have started to realize I was right."

When Albano announced last year that he was stepping down, his administration still under investigation for corruption and the city's budget situation worsening, the stage was set for mayoral candidates who were interested in taking on the tough job of fixing Springfield. Answering the call was Charlie Ryan, 76, a retired lawyer, grandfather of 34, and veteran of Springfield politics, including four terms as mayor in the 1960s, a period when more than half of the city's current residents weren't even born—and now, once again, mayor of Springfield.

One clear asset the new mayor brought to his campaign was the best-known brand name in Springfield politics. The family mark in local politics reaches back to Charlie's great-grandfather, Philip Ryan, who served on the city council in the late 1800s. Ryan's son, Timothy, was elected to the city council in 1993. And Charlie himself mounted an earlier comeback attempt in 1995, losing a race for the open mayor's seat to Albano. Son Tim Ryan opted not to seek re-election last year, but his father still had plenty of family company on the fall ballot. Another son, James Ryan, and a nephew, Kevin Sears, both made bids for council seats, though neither was successful.

If the younger generation wasn't able to work the Ryan family magic in politics, the family patriarch, with a mix of pluck and luck, showed that he still had the touch. Campaigning in his signature blue blazer and white slacks and pledging to put Springfield's fiscal house in order, Charlie Ryan looked and acted like someone who'd stepped into the 21st century from the Eisenhower or Kennedy era. Jerold Duquette, a Springfield resident who teaches political science at Central Connecticut College, characterizes Ryan as a throwback, but a heartening one. "He is someone who is comfortable and confident that politics is a noble profession and produces positive public policy," says Duquette.

"I look at dismay at what has happened, not only in Springfield, but in community after community," Ryan says during an interview in his home two weeks before the November election. "There are very few leaders on the local, the state, or the national scene you can point to with admiration." He is intent on restoring Springfield to the kind of prestige he remembers from his mayoral tenure of 40 years ago.

"When I was mayor in the '60s, the city was first-class," says Ryan. "We had a tax situation that was under control, our city employees were getting reasonable raises, our infrastructure was in A-number-one shape, we had money in the bank, we had significant surpluses every year, and we were one of the leading cities in New England."

DOUGH WOES

No one would mistake Ryan's nostalgic lookback for a description of Springfield today. Blame for the city's present troubles, rightly or wrongly, has largely landed at the feet of the man Ryan replaced in the mayor's office. During his last year in office, Albano was best known as the mayor defying the US pharmaceutical industry (and the FDA) with his program to import low-priced prescription drugs from Canada for city employees and retirees—and to save money for his cash-strapped city. But his administration has been controversial in other ways. Federal investigators have been probing City Hall for three years, producing eight indictments as of mid-December. Albano's critics say his administration has been rife with favoritism in the form of questionable loans, political-payback jobs, and other benefits.

Albano, who has steadfastly denied any knowledge of the alleged activities for which city workers are facing charges, defends his mayoral record, touting the fact that he's balanced the budget in each of his years at the helm. "We're in balance now, the revenues are on track, and our expenses are on track," he said in September. "Unless there are future [state aid] cuts, we're in good shape."

There's no question Albano was popular during much of his tenure in Springfield, and he received plaudits for his investments, but that's not how it turned out."

But Richard Kos, the Chicopee mayor who lured WWLP-TV to his city, says Albano must bear some responsibility for Springfield's state of affairs. Kos points to a state Department of Revenue report on Springfield's finances, issued last April, that was highly critical of the city's spending practices,

Paul Caron tried to sound the alarm in 2001, but Albano beat him at the polls.

putting a particular spotlight on a ballooning deficit in an account Caron sounded the alarm on in 2001, one known as "free cash" reserves.

"I don't want to knock my colleague there, but you can draw your own conclusions," says Kos. "When you overestimate your receipts by several million dollars and your

Federal investigators have been probing City Hall.

Canadian drug program up to his last day in office. Even today, many people think his problems were more a matter of bad decisions and bad luck than nefarious intent.

"I don't buy the notion that the guy is corrupt," says Duquette. "My sense is, this is a guy who was just too good to his friends." In terms of the city's economic condition, Duquette says, "In the '90s, the Albano administration made judgments that were reasonably sound at the time, but the bottom fell out of the high-tech sector and so their decisions turned out to be bad. They thought they were making good

revenue, it doesn't take long for your free cash to be minus \$54 million, or whatever it is." Kos, too, recently left office, but he says he's leaving behind a city that's in better financial shape that it was when he took office.

The feeling that Springfield has been on the wrong track of late seems to be widely shared. City councilors and others grew particularly concerned after last year's draconian layoffs, and asked the Department of Revenue to come in and examine the city's fiscal operations. The DOR report supported Albano's action in cutting the jobs, but its broader examination of Springfield's finances identified more troubling practices.

In large part, DOR described Springfield as a poor city that is now suffering the effects of heavy reliance on the state for years. In its report, the state revenue department described Springfield's fiscal profile this way: The city's per capita income of $13,360 in 1999 was the third lowest in the state and its dependence on state aid, which comprises 62 percent of the city's budget, the second highest in the state. The city has bumped against its Proposition 2½ levy limit due to a steep decline in property values in the early to mid-1990s. Between 1994 and 2003, the city's tax levy grew by only 28.6 percent, and was essentially flat after adjusting for inflation. Furthermore, tax collections in Springfield have actually declined in recent years as delinquency has increased.

But the most critical part of the DOR report is in its assessment of spending and saving practices. Essentially, according to DOR, Springfield made it a practice to spend every penny it has, and then some. Springfield has "no meaningful cash reserves," DOR found, and "as a matter of policy, the municipal government spends all that it raises and spending often outpaces revenue collections."

Much of the talk surrounding the DOR report has focused on the mounting "free-cash deficit" that the agency identified in Springfield. According to Cam Huff, senior research associate at the Massachusetts Taxpayers Foundation, "free cash" is an accounting term that doesn't actually represent money in the bank, but rather refers to funds that are expected to be available at the end of the fiscal year. Though the practice is ill-advised, some cities and towns—led in recent years by Springfield—spend against that anticipated year-end balance, and when they come up short, simply push the deficit forward onto the next year's "free cash" account.

Huff said that Springfield has stood out from other municipalities in running a free-cash deficit since 1997. That year, the city was one of 15 Massachusetts municipalities with a deficit in that category, according to MTF. In 2000, when Springfield's free-cash shortfall was $21.3 million, only three other municipalities had deficits, totaling $1.7 million. By fiscal 2003, Springfield had a $57.5 million deficit, while the total for all other municipalities combined was $7 million, accounted for by nine communities.

"I don't know what the details are," says Huff, "but clearly it looks like Springfield has a structural problem of some sort going on."

DOR recommended the creation of a "finance advisory board," which would bring the state to the table in working out a long-term plan for Springfield to achieve fiscal stability, thereby avoiding the point of the city "fail[ing] to meet the accepted tests of fiscal stability"—and requiring direct state intervention. A finance advisory board is not receivership, explains DOR spokesman Tim Connolly, who says such panels are currently operating in several Massachusetts municipalities. Rather, their purpose, he says, is to head off the kinds of problems that might lead to receivership.

Tax collections have declined as delinquency has increased.

ELECTION SNEERING

City finances were, not surprisingly, the central issue in last fall's contest to succeed Albano. Vying for the mayor's seat against Ryan was state Sen. Linda Melconian, a 20-year veteran of the State House who had just failed in her quest for the Senate presidency. While both agreed that the city was in fiscal danger, Ryan characterized the situation as more critical than Melconian did.

"You know that old saying, 'There's going to be a day of reckoning'? Well, the day of reckoning is here," Ryan said two weeks before the election. "The Band-Aid approaches of the last six to eight years aren't going to work any more because we've run out of Band-Aids. We've had a whole series of one-year solutions. The answer is that the problem is systemic,

Mayoral candidate Linda Melconian accused Ryan of scare tactics.

State Rep. Cheryl Rivera, who represents the heavily Latino North End, gave Ryan a crucial endorsement.

, so there must be a systemic solution."

As a candidate, Ryan grabbed onto the DOR report as evidence of the strong medicine the city needs, and put a link to it on his campaign Web site. In contrast, Melconian accused Ryan of scare tactics. (The 54-year-old lawmaker did not respond to repeated interview requests for this article, before and after the election.) "Charlie Ryan's plea to bring in the state to take control over the city's finances demonstrates a clear lack of leadership," she declared in a September 1 campaign statement. "If Charlie Ryan is unwilling to make the difficult financial decisions required as mayor, why is he seeking office?" Furthermore, Melconian claimed that talk of state involvement in Springfield's fiscal decision-making was bad for business. In the same statement, she posed the question: "What business or investor would want to come to the city of Springfield if they are informed that the city is on the brink of receivership?"

During his campaign, Ryan promised to go after "tax deadbeats" who owe the city money for past-due property taxes, then totaling a whopping $43 million. It was a pledge that gained added currency when it turned out that Melconian herself had a history of late property-tax payments on two homes she owns in the city. As reported by the Springfield *Republican,* at about the time she was announcing her candidacy last March, Melconian made six hasty payments to pay off an $11,000 tax debt to the city. (She wasn't the only public official in arrears on tax payments. The *Republican* also reported that Democratic state Rep. Ben Swan owed more than $30,000 in back taxes on a building he owns.)

Melconian's tax problems proved to be a serious campaign liability. "Linda would be the 800-pound gorilla but for her tax problems," said Duquette, the political science professor and a Melconian supporter, a month before the election. "That is literally the thing that stands between her and the election."

Meanwhile, Ryan was carrying some baggage of his own, threatening his standing in the city's black and Latino communities. In 1965, black leaders called for a protest march in response to what they claimed was excessive use of force by police in arresting 17 black men during a disturbance at a bar. Then in his second term as mayor, Ryan responded by asking Gov. John Volpe to send out 1,000 National Guardsmen to patrol the march.

"It was a watershed event that people remember," says Henry M. Thomas III, president and chief executive officer of the Urban League of Greater Springfield. "It's behind us, and I don't think it's productive to throw it in his face now. It was almost 40 years ago. But I do think it was relevant in the context of people having an understanding of the full scope of his record during the campaign."

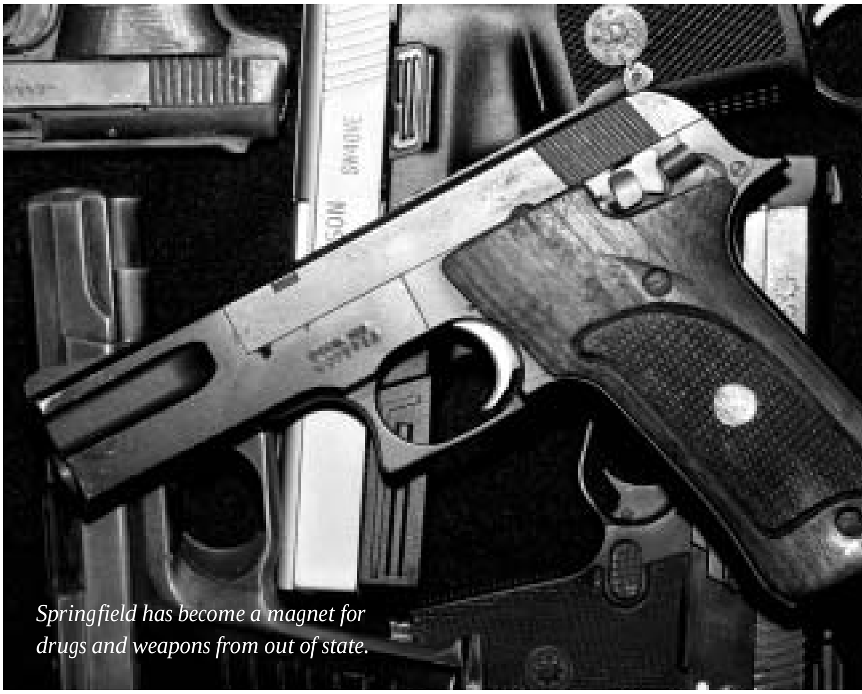
When the incident arose in a televised debate during the mayoral campaign, Ryan defended the action as a sensible choice to ensure public safety. He said his intention had been to protect the marchers.

In the end, Springfield voters chose Ryan over Melconian by 14,979 to 13,258, a margin of 53 to 47 percent. Melconian's tax missteps turned out to be a lucky break for Ryan, who was thought to be running well behind her before the senator's tax troubles were reported. But Ryan's get-tough approach also seemed to hit a chord with voters.

"I think that Mr. Ryan is going to have a tough job, but I'm glad that he's doing it," says Mary Cassidy, planning director at Springfield Partners for Community Action. "He's going to come in and shake things up, and I think that's necessary. I think that's the general feeling in Springfield, and I think that's why he was elected."

And if Ryan had lingering difficulties with the city's nonwhite population, the endorsement of Democratic state Rep. Cheryl Rivera, who represents Springfield's heavily Latino North End, may have helped to overcome them to a degree—even though Melconian carried the dominantly Latino ward by 61 to 39 percent.

"Charlie Ryan is running because he cares about the city," Rivera said several days before the election. "He's running because he wants to put it on the right track. It's not on the right track now."


Springfield has become a magnet for drugs and weapons from out of state.

If Ryan is to put Springfield on the right track, he must be successful in instituting the systemic change he was touting during his campaign. Ryan says he welcomes the creation of the DOR-recommended finance advisory board, which would give the state a role in overseeing the city's fiscal practices, and says that his first goal is to look for ways to save money by eliminating programs and jobs that he thinks are unnecessary.

OLD GLORY

It wasn't long ago that Springfield enjoyed a reputation as a thriving city. In 1940, one of the Depression-era Works Progress Administration's make-work creations, the Federal Writers Project, assembled a Springfield guide that described the municipality as a pleasant city of "clean, shady streets lined with prim houses." The guide painted a picture of Springfield as bustling and lively, but also relaxed and homey. "Springfield shows little of the harassed activity characteristic of many modern communities. Main Street is typical of the city. Automobiles in continuous procession drive up and down it, and there are always streams and counter-streams of shoppers; but men and machines move tranquilly, regulated by white-gloved policemen who have not given over their duties to automatic traffic lights."

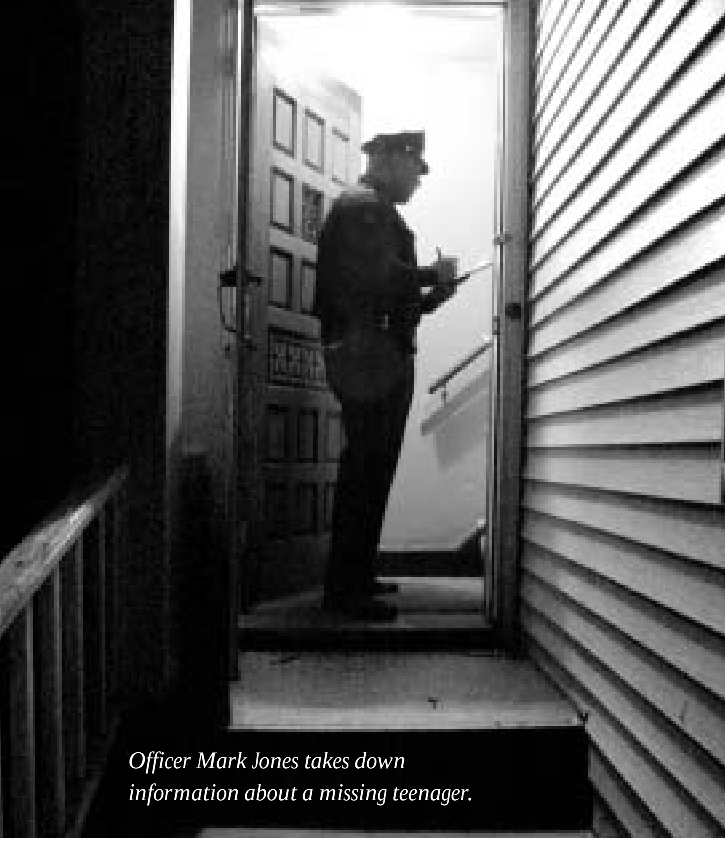
The guide sizes up Springfield as a "manufacturing center of the first rank," but less dominated by industry than most because its factory buildings were scattered. "There are no mile-long brick and stone mills flanked by acres of factory tenements. No mass exodus of workers fills the streets at the screeching of a hundred whistles. Springfield's smokestacks are less tall and far less conspicuous, though no less important, than those of her industrial neighbors eastward toward the Atlantic."

At the time, Springfield's dominant economic cog was the same one the city had relied upon for a century or more: the Springfield Armory, a major supplier of mostly small arms to the military ever since its creation during the Revolutionary War. As the WPA guide noted, the Armory presence was powerful visibly as well as economically. Describing the appearance of the city in 1940, the guide said, "The river is a silver rim to the half-wheel of the city; the Armory on the hill is its massive hub."

When the Civil War broke out, Springfield's economy benefited to an extraordinary degree. Employment at the Armory jumped from 250 to 3,000. Workers in allied trades flocked to the city, and the abundance of skilled labor resulted in the creation of new factories. "Other cities suffered depression after the Civil War," the WPA guide said, "but Springfield had hit its industrial stride." Springfield's population grew steadily for decades after, and between 1900 and 1920 it more than doubled, from 62,000 to 130,000.

The Depression brought a halt to the good times, but the outbreak of World War II restored them, as the Armory escalated to new production levels. Employment at the Armory jumped to an astonishing 14,000 workers who produced, among other armaments, 4 million Garand rifles during the war. After the war, however, Springfield's run of fortune began to end. Industrial decline set in and skilled workers departed for greener pastures. Then, in 1968, the Armory closed, a devastating development both psychologically and economically. When the Armory shut its doors, 3,000 jobs and $22 million in tax revenue disappeared from the local economy. Springfield's reputation as a strong manufacturing center was over. And it's never really recovered.

Today, with a population of 152,000—down more than 22,000 residents from its 1960 peak—Springfield is struggling with a less-than-robust local economy and a population



Officer Mark Jones takes down information about a missing teenager.

how things have changed in Springfield. More guns, more drugs, more violence. And fewer resources to deal with them.

"No one wants to talk to the police anymore," Provost says. "They all want to work it out gangster-style."

"It's gotten worse," Jones says. "It helped when we had the community policing officers."

By "community-policing officers," Jones is referring to the 100 additional officers Springfield got from the federal Community-Oriented Policing Services (COPS) program, an initiative of President Bill Clinton's that provided officers to qualifying communities for three years. Springfield police administrators and beat cops alike sing the praises of COPS because of its emphasis on community policing. At one time, according to Police Chief Paula Meara, Springfield had nearly 90 officers assigned to community policing. Those cops worked closely with the neighborhoods to forge crime-watch programs, which not only prevented crime but also provided the police information about who were the bad guys worth keeping their eyes on.

By 2002, the last of the COPS officers were gone, and ac-

Potential criminals 'don't see the patrol cars as often.'

that has lost much of its middle-class base. A growing Hispanic community is now the city's largest minority group, comprising 27.2 percent of the population. Non-Hispanic whites make up 48.8 percent, and blacks represent 22.9 percent.

By nearly every economic indicator, Springfield is a city in distress. The city's unemployment rate in October was 7.8 percent, well above the statewide rate of 5.3 percent. Median household income is $30,417, placing Springfield 344th out of 351 Massachusetts communities. The schools are not faring any better, with 2003 MCAS scores that put Springfield third from the bottom statewide, tied with Boston.

CRIME RISE

On warm summer nights, the decibel level along Main Street is stratospheric. A parade of cars moves bumper to bumper, the hip hop and meringué generating a tangled, concussive din. Nearby, in the North End, there may be a drag race or two later in the evening. And over at a private club police consider reputable in name only—they believe the bustling storefront enterprise is home to drug activity—officers Mark Jones and Mark Provost are cruising slowly past in their police car, watching. The men on the street in front of the social club stare back.

Jones and Provost are natives of Springfield, veterans of the force and survivors of the layoffs. They're talking about cording to Meara, when they left is when the crime in Springfield started to escalate. She says it spiked again last year after the ax fell on 76 department positions. "We've had an increase in violence during the summer, a number of shootings," Meara says. "We do know from the perpetrators who we've arrested and interviewed that they're aware that there are fewer officers. They're aware that they don't see the patrol cars as often."

Springfield citizens, too, are feeling greater fears about crime. "I think people have become very concerned about crime," says Jane Hetzel, president of the 40-year-old Forest Park Civic Association, the city's oldest neighborhood group. "With the budget cuts, I think some criminals feel they have greater opportunity because there are fewer police on the streets."

According to Meara, Springfield has become a narcotics marketplace and a magnet for out-of-state weaponry. "People from upper New England come down here and buy the cocaine and heroin that's coming up here on I-91 from New York and then they take it back [north] and make huge money. You can get great deals on the streets. Drugs have never been priced so reasonably because there's so much of it. We find that our supply of guns is coming down from Vermont, a very easy state in terms of gun regulation. They used to come from New York and New Jersey, but now they're coming from Vermont and they're being traded for drugs."

The numbers tell a disturbing tale. Aggravated assaults were up sharply last year, from 650 by the end of October 2002 to 955 at the same point in 2003. Robberies increased from 366 to 611 in the same period, stolen motor vehicles from 1,514 to 1,986. Arrests for gun possession leaped from 79 in 2002 to 138 last year. Between February 9 (the day the budget cuts took effect) and October 27, total reported incidents increased 8.4 percent compared to 2002, but arrests declined by 10.2 percent.

Meara says that her department now operates on a budget of about $30 million, down from a high of $38 million. She's lost about 40 civilian employees, meaning that police officers must sometimes answer phones rather than fight crime on the streets. Meara says she's turning to the public for assistance. "We just can't get to every call like we used to. So we're trying to reduce our calls for service by working with the public; we're trying to increase crime watch."

Meara has had her differences with the new mayor. In August, Ryan suggested that if he were elected he would seek to oversee some police decisions, if necessary, about how officers are deployed. Meara responded angrily on a radio talk show, criticizing Ryan as a "Johnny-come-lately on the political scene" set to "undermine the Springfield Police Department."

But Ryan has also pledged that he will do everything in his power to avoid further cuts to the police or fire departments. "We have a serious responsibility for public safety," he says. "Already we've seen the adverse effects of these layoffs. There comes a point where you say, 'I can't and I won't cut the police department any further.' That's where we are right now. I'm not going to do it."

POWER FORWARD

While everyone agrees Springfield's in tough shape, some observers believe the situation is not hopeless. Russell F. Denver, executive director of the Springfield Chamber of Commerce, argues that too little credit is given to Springfield's strengths: higher education and health care are healthy industries in the area; the new Basketball Hall of Fame has done well since opening in September 2002; $115 million in riverfront-area investments are on tap, along with a new federal courthouse and a new train station. He also points out that MassMutual, a major financial-services company, is based in Springfield and fully committed to the city, as demonstrated by the recent opening of a 400-employee subsidiary, David Babson Investments, in downtown Springfield. He points to the Worthington Street "entertainment

Neighborhood leader Jane Hetzel sees fear of crime on the rise.

district," a string of restaurants and bars, as a vital improvement to the downtown area.

"We're doing well in reviving the downtown area," he says, "and that's to Michael Albano's credit."

But the city's new mayor knows that getting Springfield's financial house in order is the first order of business. In addition to pursuing uncollected local taxes, Ryan says he intends to go hard after millions of dollars he says the Commonwealth owes Springfield. He says the state has covered less than a third of the $400 million that Springfield has spent on busing to achieve racial balance since 1974, while it's supposed to pay the full bill. He also alleges that Springfield is discriminated against in the distribution of local aid, especially monies from the state's Additional Assistance Fund, which this year totals $378 million. If Springfield is the third largest city in the Commonwealth, he asks, why are 35 municipalities ahead of it on the Additional Assistance list? Springfield's allotment from that fund this year, he says, is $1.8 million, less than the town of Winthrop, population 18,000, which is getting $2.3 million.

After making the tough decisions on specific cuts, there may also be new revenue sources to consider, like trash-pickup fees. Even with plenty of belt-tightening, though, Ryan believes that the city's future depends on help from the state. "Unless there is significant assistance, we're not going to be able to make it," Ryan says. "It's as simple as that. We could be looking at receivership."

Meanwhile, Caron, the former state representative, believes that the only answer for Springfield is a bailout bill. "It will require someone who will make a good case to the Legislature and say, 'We have the third largest city and the second largest school district not only in Massachusetts but in all of New England. We can't allow this city to just fold up shop.'"

Ultimately, however, Springfield's long-term health will depend not on cutting a better deal with Beacon Hill but on recapturing at least some of the private-sector vitality that once made the city a powerhouse of the western Massachusetts economy. John Davis, a former industrialist who operates an investment office and a family foundation in Springfield, believes the city and area have great potential.

"One of the big issues for Springfield is finding ways to attract new businesses, particularly technology-type businesses that are going to provide value-added in the future," he says. "Boston's been successful with technology and biotechnology, but we never seem to get the benefit of that here in Springfield. One of the big issues in eastern Massachusetts is that it's getting very crowded. I think Springfield is an area where we have good infrastructure; our housing is a lot more reasonable than in the eastern part of the state."

And in a fitting link to the city's manufacturing tradition, one place where new biotech ventures could take root is the old Springfield Armory, since 1967 the home of Springfield Technical Community College. In 1996, the college opened a "technology park" on the site that is now home to 13 companies in technology-related fields, with a total of 860 employees. The venture has been the brainchild of the college's long-time president, Andrew Scibelli.

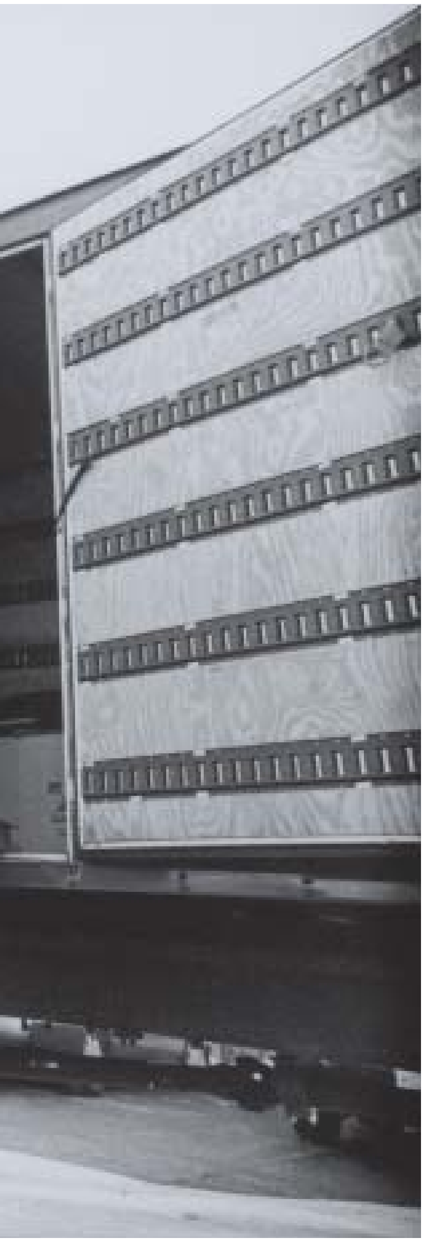
Springfield Tech now offers a degree in biotechnology for aspiring technicians, and Scibelli, who is retiring from his community-college post in June, thinks the city is well positioned to compete for biotech firms that are ready to graduate from the laboratory to commercial production. Meanwhile, he says Bay State Medical Center and nearby University of Massachusetts-Amherst are exploring a possible joint research-and-development project in biotechnology.

And Allan Blair, executive director of the Economic Development Council of Western Massachusetts, says he's guardedly optimistic about Springfield's future. For one thing, he says, the city is scheduled to open an 80-acre tract of developable land next year, the first sizeable chunk of industrial space brought onto the market in more than a decade. Since new investment is one way to expand the property-tax base beyond the Prop. 2½ levy limit, Blair says this new asset could give the city some fiscal "traction."

"I think Springfield has all of the infrastructure in place to be successful," he says. "It's just a question of re-ordering priorities, and that can only be done in City Hall. I think the next mayor, Charlie Ryan, is going to be faced with some tough decisions about spending and government organization, but I think he's up to the task."

And with the laundry list of problems facing Springfield, Scibelli says there may be a silver lining to having a mayor who is in his golden years. "He has nothing to gain," says Scibelli. "He's not going to run for Congress or run for higher office, and from that perspective alone, he comes in with all good intentions. We have to have faith and hope that he's got the horses to do this. This is the main city in western Massachusetts, and there's a lot riding on it." ■

Moving In—
OR Moving On?



Massachusetts is a magnet for young professionals. But it's also driving them away.

BY MICHAEL JONAS

PHOTOGRAPHS BY FLINT BORN

Teny Gross has never felt better about his work with urban youth. As executive director of the two-year-old Institute for the Study and Practice of Nonviolence, Gross is building on a decade of outreach work on the streets of Boston, where he was one of the unsung heroes of the city's successful campaign to quell juvenile crime in the late 1990s. But now he's plying his urban peacekeeping trade 50 miles away, across the Rhode Island border.

Twice driven out of apartments because the property had been sold and feeling cramped in the one-bedroom unit he was renting for $1,200 a month, the 37-year-old native of Israel packed up and left with his wife and their newborn son two years ago. Landing in a neighborhood of modest homes on the south side of Providence, he was able to buy a simple but attractive three-bedroom Victorian single-family for $105,000, about one-third the price of similar homes in his old Boston neighborhood.

Providence Mayor David Cicilline is glad to have had the ex-Bostonian set up shop in his on-the-rise but still-troubled city. "He has had an incredibly powerful and important impact on the city," says Cicilline.

But Providence's gain is Boston's loss, and Gross admits to being a reluctant Rhode Islander. "I really loved Boston in a very deep way," he says. "I knew all the neighborhoods. I knew it like the back of my hand." But his wife, Julia Clinker, 35, a documentary photographer, was the voice of realism, he says, as they looked ahead, dreaming of a home they could own and raise a growing family in. "She said, 'Teny, it won't happen here,'" recalls Gross.

The monthly mortgage payment on their new home in Providence is $400 less than they were paying in rent for their small apartment in Dorchester. They are 10 minutes from Clinker's father, a minister in neighboring Cranston, and still only two hours from her mother, who lives in western Massachusetts. With a backyard vegetable garden that yielded a bounty of fresh produce last summer and the 435-acre Roger Williams Park, designed by Frederick Law Olmsted, just two blocks away, "I totally feel like a Rockefeller," Gross has to admit.

Gross and Clinker aren't the only Massachusetts residents to find the grass greener on the other side of the state line. Over the past five years, the Bay State has suffered a net loss of more than 5,000 residents to the Ocean State. It's part of a migration pattern that has sent thousands of residents over Massachusetts's borders into Rhode Island, New Hampshire, and Maine over the past dozen years. Many of these Massachusetts expatriates are young people, in their 20s and 30s, college educated, their ties to Greater Boston unraveled by the high cost of living here. Among those getting swept away are teachers, social workers, and employees of nonprofit agencies, the kind of people who do not command high-flying salaries but play vital roles in civic life.

That fact, while troubling, doesn't in and of itself make Massachusetts a loser. There are other contests underway. With an economy increasingly driven by growth and innovation in knowledge-based sectors such as information technology and biomedical research, the Bay State is also waging a high-stakes battle with a handful of states like California, Colorado, North Carolina, and New York for the high-priced talent needed to fuel the technology-focused industries they have all pegged their futures on.


Julia Clinker and Teny Gross, with son John, found a better deal in Providence.

The state's challenge in attracting and retaining educated young workers has drawn attention recently from business and civic leaders. In October, the Greater Boston Chamber of Commerce and The Boston Foundation released a report sounding the alarm over the loss of graduates from area colleges, half of whom said they were leaving the territory after receiving their degrees. "If the trend continues, it will have serious implications for Greater Boston's knowledge-based economy," warned the Chamber report. That same week, however, the Boston Redevelopment Authority released a report that drew precisely the opposite conclusion. The BRA study, titled *Boston's Dynamic Workforce*, pointed out that Boston is teeming with young people, second only to Austin, Texas, in the concentration of young adults as a percentage of its population—a finding that would come as no surprise to anyone who rides the MBTA's Green Line at rush hour.

The disposition of the region's twenty- and thirtysomethings is unquestionably important to the state's future. With the fourth lowest rate of labor-force growth of any state during the 1990s, Massachusetts needs to hold on to as many young workers as it can, particularly those with higher skills. But the dueling reports, which seemed to disagree on whether the news on that front was grim or rosy, may have done more to cloud than to clarify the issue.

The mixed messages even came in for a bit of ridicule in the pages of the *Boston Herald*. Columnist Tom Keane mocked the Chamber's warning of "a new crisis in Boston," pointing out that losing half of the region's college graduates doesn't seem so bad if one considers that roughly 80 percent of Greater Boston college students come here from other areas. A *Herald* editorial piled on two days later, charging the Chamber and the Boston Foundation with joining forces to "mutually hyperventilate" over a problem that doesn't exist.

In fact, Keane may have sneered his way to the real challenge facing Massachusetts. Dismissing both studies for a "demographically-driven, MTV-ish feel," Keane concluded by setting his demographic sights a bit higher, or at least older: "Young adults eventually grow into older adults. Knowing that the city will care as much about them when they're over 35 might be the best reason for those who are under 35 to stick around." As attractive and fun-filled as the Boston area may be for the footloose crowd fresh out of college, it is becoming an increasingly difficult place for those in their 20s to envision a future as they reach 30 and beyond.

The loss of residents has accelerated in the past five years.

HOT PURSUIT

From beaches to mountains, high-quality public education to rich cultural offerings, lilac blossoms to autumn leaves, Massachusetts offers a lifestyle that many residents seem to cherish. That was the finding of *The Pursuit of Happiness*, a report issued last May by MassINC, based on an in-depth survey of 1,000 Bay State residents. But the largely positive picture was disturbed by some dissonance. Most noteworthy was the finding that one-quarter of all state residents would leave the state if they had the opportunity, a figure that rose to fully one-third among those who had moved to Massachusetts within the past 10 years, including the state's younger, non-native college graduates. The state's high cost of living, led by stratospheric housing prices, was a major factor cited by the would-be movers for their restlessness.

Another MassINC study, released in December, documented the movement underway. Looking exclusively at domestic migration patterns (i.e., not counting foreign immigrants), *Mass.Migration* reveals that Massachusetts has lost a substantial number of residents to other New England states—a net loss of 79,031 residents over the past 12 years. Those leaving for neighboring states tend to be young, Massachusetts-born, well educated, and married with children. New Hampshire has been, by far, the most popular destination, with a net gain of 78,201 former Massachusetts residents during the period 1990 to 2002. The loss of residents to nearby states has accelerated over the past five years; particularly striking is a recently developing exodus to Rhode Island, from which Massachusetts had been gaining residents in the early '90s.

The MassINC report also tracked movement between Massachusetts and seven direct competitors in the hunt for knowledge-economy talent. Here, the Bay State fared better. Massachusetts actually experienced a net gain of 14,428 residents from seven economic-competitor states over the period, but with substantial regional variation. The more distant competitors—California, Colorado, Minnesota, and North Carolina—gained more residents than they gave up to Massachusetts, but the Bay State's loss was offset by larger gains from nearby competitors Connecticut, New Jersey, and New York.

These bragging rights, while significant, were not sufficient to drown out the overall finding: In every year over the 12-year period—which included the economic boom of the 1990s—Massachusetts lost more residents than it gained, with a net loss of 213,191 domestic residents.

"Even during the most robust period of economic growth the state has experienced in recent memory, we were still unable to retain more people than we lost," says Michael Goodman, director of economic and public policy research at the University of Massachusetts's Donahue Institute and a co-author of the MassINC report. "If these flows varied with the business cycle, we might be able to say, 'Hey, when growth returns, so will these people.' That's not really what the data suggest."

BRAIN GAINS

If high-skilled knowledge-economy workers are the quarry in the labor-force hunt, David Schultz qualifies as a prize catch. The 27-year-old Long Island native came to Boston eight years ago to attend Boston University, from which he received a degree in biomedical engineering. With the region booming in businesses that make use of his specialty in bioinformatics—the use of technology and computers to analyze genomic data—it was an easy call for Schultz to stick around and begin his career here. After spending three years as a programmer for Astra Pharmaceuticals in Waltham, he's now working in the Cambridge office of IDBS, a United Kingdom-based company that develops data management software for biotech and pharmaceutical companies.

Schultz fits the bill of the highly paid knowledge worker that has made Boston—like Seattle, Austin, San Francisco, and Raleigh and Durham, North Carolina—a leader in attracting highly educated, younger college graduates—that is, a "brain gain" center, in the parlance of a *Washington Post* article describing US cities that seem to be riding the crest of the New Economy wave.

During his first year out of college, Schultz shared an apartment with a friend in Norwood, about 15 miles south of Boston. That was "miserable," he says. "I had never been to the Massachusetts suburbs, and I got my first taste of them and I wasn't thrilled." Preferring the culture and pace of city life, Schultz spent more than a year looking for a place to settle. Last August he found a two-bedroom condominium in Cambridge. Purchase price: $360,000.

"People who aren't from around here get sticker shock when they see how much it costs to live here, but they generally aren't coming from a major city," says Schultz. "I don't think someone coming from New York or San Francisco would be that shocked to see what it costs."

Although he voices some reservations about Boston—Schultz says he would jump at the right opportunity to return to New York—he could very well end up here for the long haul, he says. Contemplating a return to school for an MBA, with an eye toward an eventual entrepreneurial turn, Schultz says Boston is unquestionably one of the places to be. Pointing to the pharmaceutical giant Novartis locating its worldwide research headquarters in Cambridge and new Merck research labs going up in Boston, Schultz says, "That's very encouraging for people in the biotech industry in Massachusetts. That's a reason to stay."

MEDICAL PRACTICE

Whether Ruchi Gupta and Tarun Jain will find reason enough to stay remains to be seen. The young physicians met while completing residencies at the University of Washington Medical Center in Seattle. They came to Boston in the summer of 2001 in order to pursue specialty fellowships at Harvard-affiliated hospitals: Gupta, 31, in pediatrics at Children's Hospital, and Jain, 33, in reproductive endocrinology at Brigham and Women's Hospital.

Gupta, who grew up in Louisville, Ky., spent several months in Boston on a research internship after college, "and fell in love with the city," she says. "I felt it was the greatest place on earth," she adds, citing everything from the museum and theater life to the rich mix of people she met here.

As to Boston's allure for someone going into medicine, it is almost without parallel. "It's a great place to train," says Gupta. "It's Harvard, and people want to be here."

But staying here is another matter, she says. "Once you're done training, the competition is incredible, and the pay is not all that great compared to other places," says Gupta. "I'm not so smitten with it anymore. I still enjoy it, but I don't know if it's the right place to stay and live." Now figuring in their calculations is a son, Rohan, who will turn 2 in April. And that means planning for the future. "You're starting to have kids, and having to pay the prices here and having to find jobs here," says Gupta, her voice trailing off.

The young physicians considered buying a place, but decided to pass when the 900-square-foot condos they were looking at in Brookline within quick reach of their hospital posts, where they work 60- to 70-hour weeks, were going for $500,000. They pay nearly $2,500 a month in rent for a roomy two-bedroom apartment in a modern building on Beacon Street in Brookline, and say they wouldn't trade the location. But with each of them earning a typical fellowship salary of between $40,000 and $50,000, and paying for rent and child care, they're not putting much money away.

Both want to pursue careers that combine academic research with clinical practice when their fellowships end in

David Schultz: no "sticker shock" for a migrant from New York.

June, and where better to do so than Boston, a place that's often touted as the medical research capital of the world? Gupta and Jain are certainly looking at opportunities here, but the stresses and costs of life in Massachusetts have them exploring other options as well. "We're looking at Cincinnati," says Gupta, and not just because it would be close to her family in Louisville. "You can get around, there's not all that traffic, and you wonder if it's not better at this point in your life," she says. "Here we've worked so hard to get to where we are, and we still can't afford a house in Boston."

Gupta's is a story that's all too familiar to Ellen Zane, the longtime network president of Partners HealthCare System, who was named recently as the new chief executive of Tufts-

New England Medical Center. "We're really seeing this slow drip, drip of talent either not wanting to come here or to remain here," says Zane. "It's very clearly cost of living in general, cost of housing, specifically," as well as malpractice insurance rates, she adds.

On one level, training here only to take that talent elsewhere is the natural order of things. After all, we can no more expect every graduate churned out of a Boston-area college or university to remain in this area than Michiganders should expect to see every car coming off a Detroit assembly line motoring around their state. Higher education is an export industry in Massachusetts, pulling in dollars as students from around the country and, increasingly, from around the world come here for college and advanced study. The brainpower honed here is a national, if not international, resource. That we get as much the pick of the litter as we do is a stroke of luck, as much as it is an intrinsic advantage. As more regions come to see their future tied to promoting knowledge-based industries, Massachusetts and other states that came early to the technology ball will have good reason to worry about that dance floor getting more crowded. And good reason to take one wistful comment from Ruchi Gupta seriously.

"We made so many friends when we came here, and so many of them have left," says Gupta. "It's just a place where people come and go."

GO NORTH, YOUNG FAMILY

While we fret about whether high-tech engineers opt for Austin over Boston, or whether medical superstars who train here will ultimately settle here, another story is playing out that involves lots of people who don't carry the credentials that have business and civic leaders panting. They are teachers, middle-level managers, and sales representatives, and they're finding that the soil on which many of them grew up has become an increasingly difficult place to put down roots as adults and raise a family.

"We're definitely city-type people," says Lisa Atkins, 31, a graphic designer who, after getting married, settled in a Belmont apartment with her husband, DJ, in 1997. But when they decided in 1999 that they wanted a house, not a condo, they gave up their Belmont apartment for a small three-bedroom home in Wakefield, which they paid $229,000 for. Two years ago, with one child and another on the way, they decided they needed more room.

DJ grew up in Chelmsford, and they went house hunting in communities near his hometown—Westford and Tyngsborough were on their radar—but found themselves priced out of what they wanted. They landed just over the line in Pelham, NH, in a 2,600-square-foot, four-bedroom colonial for which they paid $370,000. "We had no intentions of moving to New Hampshire," says Lisa Atkins. "But we wanted a big house, we wanted a lot of land, and that pushed us up to Pelham." DJ's commute to his job in Andover with a company that installs commercial security systems is exactly the same as it was when they lived in Wakefield, 20 minutes. And Lisa has launched her own graphic design business, working three days a week out of the home office she's set up in their fourth bedroom.

If the Atkins family find themselves in New Hampshire by surprise, Paul Granada has been moving north all his life. Born in South Boston, he and his family fled the turmoil of school busing in the 1970s for Medford, where they lived in a public housing development. He attended the University of Massachusetts–Lowell, where he got a degree in industrial management. He's been an account manager with Electronic Data Systems, with an office in Waltham, for six years. Granada and his wife, Nancy, both 36, spent two years looking for a house to buy, but to no avail. "We tried desperately to find a home in Massachusetts," says Grenada. "We just couldn't do it."

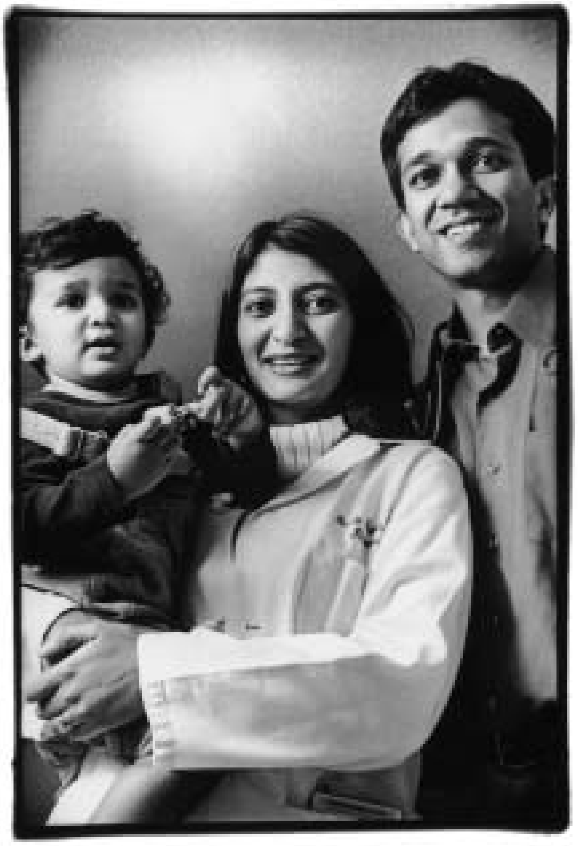
Two and a half years ago, they bought a three-bedroom raised ranch in Merrimack, NH, a town of 25,000 just north of Nashua. The Grenadas paid $225,000—$100,000 less, Paul Grenada figures, than they would have paid for a comparable home in the Massachusetts towns where they began their house hunt. Though Paul is still employed in Massachusetts, he has set up a home office to save him the long commute whenever he can. And his frequent trips to see client companies, which are scattered along the eastern seaboard, are a breeze thanks to nearby Manchester Airport.

If Paul still has one foot in the Massachusetts economy, Nancy Grenada has cut her ties to the Bay State completely. Laid off from a Cambridge dot-com firm in 2001, she now works as a marketing manager at Daniel Webster College in Nashua. There may be a steady flow of commuters streaming over the border each morning from New Hampshire, but Nancy Grenada's shift to a job in the Granite State is more representative of those who have migrated from Massachusetts since 1990, three-quarters of whom not only live, but also work, in New Hampshire.

Two families that recently bought houses on their street both came from Massachusetts, but Paul Grenada knows he's hardly a pioneer. "I'm not trying to blaze a path to New Hampshire," he says. "It's been well blazed before."

DIGGING IN, BAILING OUT?

The road to New Hampshire or Rhode Island, or out of the region altogether, is one that more and more well-educated young people, and especially young families, in Greater Boston may be forced onto. Curtis Ogden came to Boston in 1998 from Ithaca, NY, and dove into the life of the city. He worked for a local nonprofit agency, Teen Empowerment, as a coordinator of youth activities at English High School, in Jamaica Plain. The 34-year-old Michigan native met his wife, Emily Howard, 31, in Boston, and both of them recently completed master's degree programs at Harvard, Ogden in theological studies from the Divinity School, and Howard from the Graduate School of Education.



Ruchi Gupta says Boston is great, but Cincinnati is more sensible.

Ogden now works for Building Excellent Schools, a 10-year-old Boston nonprofit that promotes the development of charter schools, while Emily, shifting career gears, is working at a local produce and farm store, with thoughts of possibly opening a similar business of her own. But as they contemplate the future from the Newton apartment they now rent, with an eye toward starting a family and buying their first home, the couple are having a hard time seeing how that might happen anywhere near where they are now.

"We want a place to call our own, and to really dig into a community," says Ogden. But the only way that seems feasible, he says, is to head toward the hinterlands, perhaps to some place like Milford, a fast-growing town in the southeast corner of Worcester County, where friends of theirs recently bought a house. Leaving the state altogether, says Ogden, could end up being more attractive than being forced to settle so far from the city that drew them here to begin with.

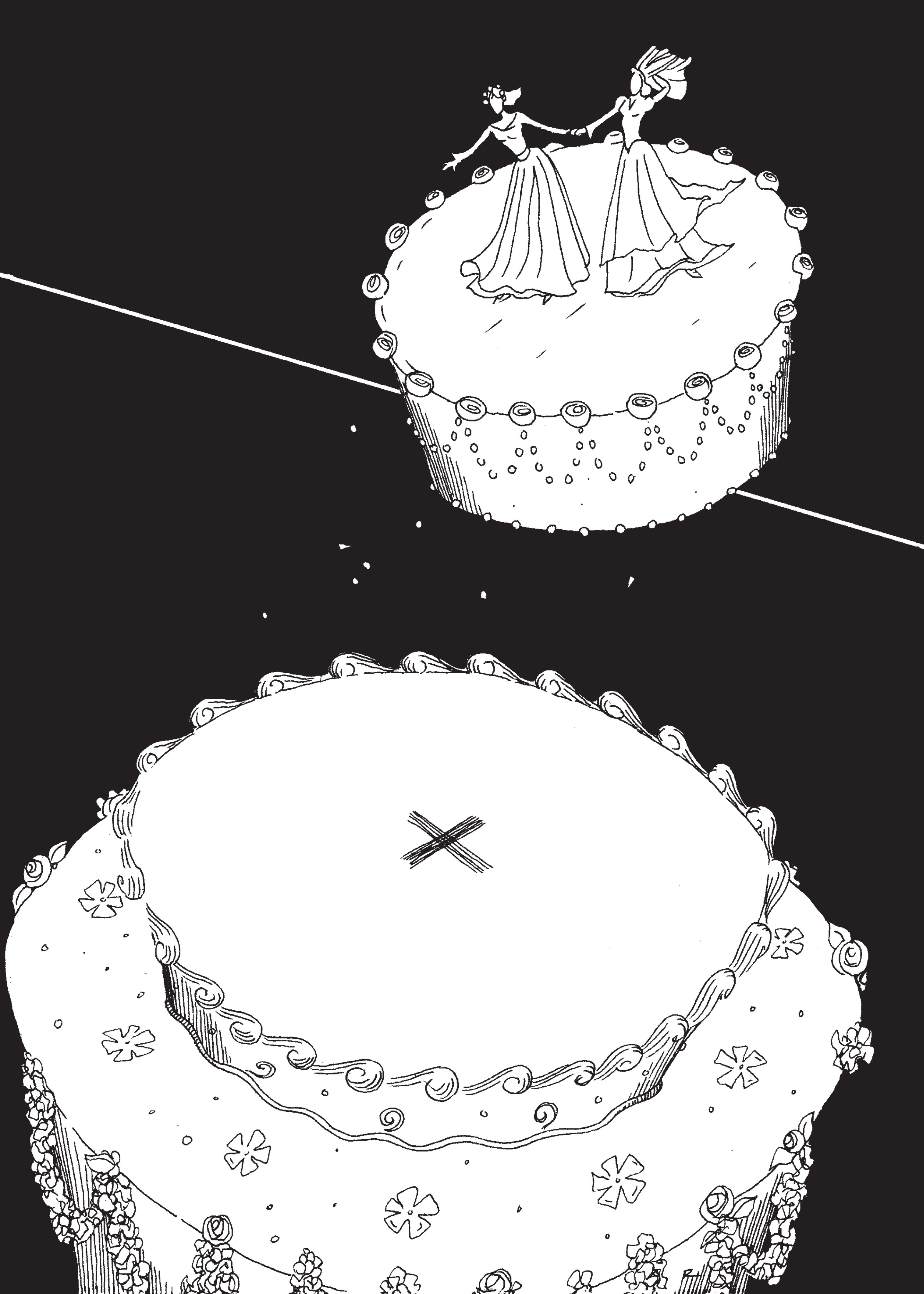
"It's certainly not what I bargained for," says Ogden. "There's a lot to be said [for] the Boston area, but more and more people I talk to in their later 20s and early 30s who want to pursue teaching or work in nonprofit organizations feel they've become second-class citizens. For 10-plus years I've been hearing about the disappearing middle class, and now I feel like I'm living it."

What are the implications of Ogden's story, or that of Lisa and DJ Atkins in Pelham, NH, or Teny Gross and Julia Clinker, once vital threads of the region's social fabric who now count themselves as Rhode Islanders? "It could be some evidence of the hollowing out of the economic ladder in Massachusetts," says Ralph Whitehead, a professor of journalism at the University of Massachusetts–Amherst. The Massachusetts migrants to neighboring states, he says, are "the kind of households that made up the middle of the income distribution in the age when the income distribution was a bell-shaped curve."

Though fully immersed in their new life in Providence, Teny Gross and Julia Clinker still have ties in Boston and enjoy their proximity to the city they called home for 11 years. For Lisa and DJ Atkins, small-town life just across the Massachusetts border seems to offer the best of both worlds. If she can avoid rush-hour traffic, Lisa says, it's an easy 45-minute drive into downtown Boston, where she recently took her daughters for a day at the New England Aquarium.

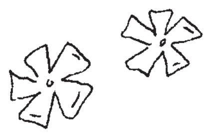
It's possible that these population shifts just represent another cycle in a population churn that has remade the face of Greater Boston countless times over the years, a chapter worth chronicling, perhaps, but not a sky-is-falling trend to be fought. Indeed, some portion of the demographic flow of young people into and out of the state, and especially Greater Boston, is attributable to the 20-year boom Massachusetts has been in, periodic dips in the business cycle notwithstanding. Still, the rising tide created by the hyper-competitive, knowledge-based economy of today, rather than lifting all boats, seems instead to be reconfiguring the fleet, making way for sleek sloops by forcing many sturdy, reliable vessels into dry dock.

For now, perhaps, Massachusetts can content itself with being one of the winners in the cutting-edge economy of the 21st century. Whether it can stay in the winner's circle, however, may depend on finding a way to preserve—or create anew—a way for people who were born to, or who chose, the Bay State to keep it as their home. Otherwise, more and more of those who start out trying to make a life here may come to view the region the way summertime tourists do: a nice place to visit, but you wouldn't be able to live here. ■



Popping THE question

Gay marriage could revive the political culture war—or end it, once and for all



BY ALAN WOLFE

One almost certain consequence of *Goodridge, et al v. Department of Public Health*, the decision by the Supreme Judicial Court last November to allow gay marriage, will be an increase in Massachusetts tourism; imagine the number of weddings in Provincetown next summer! But the national implications of the state court's actions, for politics and society, are more difficult to predict.

America has witnessed something close to a revolution in its attitudes toward homosexuality over the past half century. Not that long ago, gays, especially those who worked in sensitive jobs, could be blackmailed because of their sexual orientation. Both physical violence and verbal abuse toward them was common. Homosexuality was treated by many as either willful or sinful, requiring, in either case, stern countermeasures. And those were the attitudes of the people willing to talk about the subject; large numbers of Americans preferred instead to pretend that homosexuality did not exist and certainly would never discuss it in polite company.

Even in the late 1990s, when I was interviewing Americans all around the country for my book *One Nation After All*, people who were otherwise reluctant to pass

continued on next page

Rejection could have economic consequences

BY DAVID LUBEROFF

The Supreme Judicial Court's decision on gay marriage is forcing the Commonwealth to a familiar crossroads, one at which we, like our predecessors, will have to choose between tolerance and intolerance. As we make up our minds, individually and collectively, we would do well to remember the consequences of past choices along the same lines. In general, Greater Boston, and with it the Commonwealth as a whole, has thrived when it has chosen tolerance. In contrast, the times in its history when the region and the state have been intolerant and exclusionary are the times when the region lost the high ground, not only morally but economically.

Indeed, Massachusetts's long economic decline in the late 1800s and early 1900s was due in large part to the Brahmins' unwillingness to open their world to outsiders.

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ELIZABETH ROCK

moral judgment on the beliefs or behaviors of others seemed to put homosexuality in a different category. It was as if, confronted on all sides by the demands for greater personal freedom, they wanted to draw the line somewhere. The issue of homosexuality, touching as it does on matters involving love, sex, family, and God, was where they drew it. Americans generally do not know or care what happens to tariffs, but they have strong opinions about families and what makes them strong.

Today, by contrast, gay characters are featured on prime-time television; prominent politicians (of both parties) are either gay themselves or have gay children they make a point of expressing pride toward; and a right to privacy in one's own bedroom, even if what takes place in that bedroom is gay sex, is generally respected. In June 2003, the US Supreme Court, in *Lawrence v. Texas*, ruled that states could not criminalize gay sexuality through laws against sodomy, and although a backlash to the decision was predicted, none ever developed.

The Massachusetts ruling may be a very different story. Americans make a sharp distinction between what takes place in private and what happens in public. Though nominally a vow of commitment between two people, marriage is among the most public of acts, legalized by government, celebrated by friends, and (at least for many people) sanctified by religion. As much as Americans support the right to privacy, they balk at giving homosexuals full equality for an act as public as marriage, even when conducted as a civil ceremony outside of church. A recent poll conducted by the Pew Research Center before the Massachusetts decision found that 59 percent of Americans oppose gay marriage; among evangelical Protestants, 80 percent were against the idea. Gay marriage is not an idea whose time has come, at least not yet.

The disjunction between the Massachusetts high court's embrace of gay marriage and the country's ambivalence (if not hostility) toward it makes the issue unavoidable fodder for the upcoming presidential election. It is frequently said by inside-the-beltway commentators that Karl Rove was disappointed at the low turnout among evangelicals in 2000 and hopes to see more of them at the polls for George W. Bush the next time around. Not being inclined to turn down free gifts, the Republicans are unlikely to pass up the opportunity provided by our SJC to rally their religious base.

Still, President Bush has to watch out for a backlash, should his attitude be perceived as intolerant. That is why the president is likely to avoid language that smacks of discrimination, instead giving symbolic backing to a constitutional amendment defending heterosexual marriage (symbolic because the possibility of any such amendment ever being ratified on the necessary state-by-state basis is so remote). But this will not stop other partisans from using the *Goodridge* decision as evidence of the need to re-elect a Republican president who will name conservative judges to the bench. (The fact that no president appoints judges to the supreme courts of the states will no doubt be overlooked.)

The Massachusetts decision also gives the GOP an opportunity to make inroads into two key minority groups. African-Americans, who overwhelmingly vote Democratic, tend to be conservative on the issue of homosexuality and frequently object to gay activists using the language of civil rights to advance their cause. Latino voters are not only predominantly Catholic but more likely than white Catholics to support the church's teachings on sexuality, including opposition to gay marriage.

These tactical considerations are rooted in public attitudes, which continue to change.

What is more, the Republicans will be able to run not only against gay marriage but against Massachusetts. Unlike the rest of the country, half of Bay State residents support gay marriage, according to polls conducted by *The Boston Globe* and the *Boston Herald* shortly after the decision, and a portion of the rest are not sure. Gay marriage is simply not as unpopular in the Commonwealth as it is in the rest of the country, and we are unlikely to join in any backlash that may develop elsewhere. As the Democrats assemble in Boston in July to nominate their candidate, Republicans will remind voters around the country of Massachusetts's (well-deserved) reputation for liberalism. It will surely be pointed out that our state, at this time of increasingly Republican hegemony, has an entirely Democratic congressional delegation, one of whose members, moreover, is the most openly gay politician in Washington. We were the only state to vote for George McGovern in 1972 (the District of Columbia joined us), a fact that will surely be cited to indicate how tenuous is our relationship to the God-fearing Americans who live in the rest of the country. Republican ideologue Ann Coulter likes to call liberals treasonous. Surely she will find appropriately ugly words to slander residents of America's most left-leaning state.

Finally, the Republicans may benefit simply because their position will be the simpler one to understand. Nearly all the Democrats in the race have said that they oppose gay marriage but support civil unions. In the context of a debate with a Republican who says he is against both, Democrats will appear equivocal, tailoring their stance to focus groups. For Republicans, gay marriage is a "red meat" issue. For Democrats, it is a study in ambiguity.

Yet the Republicans will not hold all the cards on this issue. It is important to remember that the Massachusetts case was decided by a state court interpreting a state constitution. In theory, the "full faith and credit" clause of the US Constitution guarantees that an action in one state will be recognized by all the others. But under the Defense of Marriage Act passed by Congress in 1996, no state would be forced to accept a gay marriage that took place in Massachusetts (unless, of course, the Defense of Marriage Act were declared unconstitutional by the US Supreme Court). As of now—even as of the May deadline set by the SJC—Massachusetts law is not national law. Since it is they who usually argue for giving states leeway to make their own rules and set their own standards, Republicans will be violating their own philosophy if they rattle their swords against Massachusetts, as Democrats will be glad to point out.

In denouncing gay marriage, moreover, Republicans will also find themselves arguing against marriage—an odd position for a conservative party. Republican-leaning columnist David Brooks of *The New York Times* has made a powerful conservative argument on behalf of gay marriage. Surely at least one Democrat—perhaps Richard Gephardt, who has spoken movingly about his gay daughter—can take the hint and speak in favor of expanding a social institution that discourages promiscuity, offers protection against sexually transmitted disease, encourages love and compassion, is committed to wealth sharing, and creates a stable environment for raising children. That, of course, will take a certain amount of political courage, but it will also demonstrate qualities of leadership that voters tend to admire.

Finally, the issue of gay rights contains an undercurrent of anti-governmental sentiment that appeals to libertarians in both parties. Defenders of *Roe v. Wade* rarely defend abortion per se; they argue that government should not come between a woman and her doctor. Along similar lines, defenders of the *Goodridge* decision can point out that just as government should not decide which industries will flourish and which will die, it should not dictate what kinds of marriages will be permitted to succeed and what kinds must fail. Gay rights and gun rights do not resonate with the same constituents, but both possess the same underlying logic. Whether or not this is a good thing is another question entirely.

These tactical considerations are all rooted in public attitudes, which are continuing to change. For that reason, the ramifications of gay marriage, in politics and society, go far beyond the 2004 election. The issue that the Massachusetts Supreme Judicial Court has put in play will go a long way toward determining whether America's culture war has a future.

Before this decision, evidence existed that the culture war was coming to an end. On affirmative action, the US Supreme Court found a compromise last year that essentially removed race as a divisive issue in American society. And the passage of a law banning "partial birth abortion" transformed the conservative side in the culture war from losers to winners, thereby undermining its claim that the United States is plunging headlong toward moral decadence. With two of the major battles of the culture war concluded, there seemed every likelihood that the 2004 presidential campaign would be devoted to issues like national security and the economy.

That may still be the case. If gay marriage either peters out as an issue or develops in such a way that its political benefits are neutralized, the issue of gay marriage—however important it may be to gays on the one side and conservative religious believers on the other—could wind up losing traction.

Americans may someday come to feel about gay marriage as they now do about interracial marriage, which is that while it is an exception to the norm and can occasionally cause a head to turn, it is also nobody's business but the people involved. The United States has for some time been moving away from its Puritan and censorious past, and this would be one more step in the direction of a society that values personal freedom more than it does adherence to older conceptions of morality, including those that originate in religious teachings.

Should that occur, the implications could be more profound than the choice of the next US president. It would mean that the culture war is really over.

Some of the issues that once defined its passions, such as abortion, will shift in the direction of marginal restrictions on the right to choose. Others, such as affirmative action, will find a compromise in the middle. On the issue of homosexuality, the shift would be to the left, since people who hold the strong religious conviction that homosexuality is a sin will have to give way to respect for individual rights.

And if the culture war does come to an end in such a way—with each side winning a bit and also losing a bit—Americans might find themselves actually looking for politicians who unite them rather than divide them. ■

Alan Wolfe is director of the Boisi Center for Religion and American Public Life at Boston College.

Economic consequences

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The Watch and Ward Society's censorship of the arts in the first half of the 20th century made Boston infamous for its closed-mindedness to new ideas and aesthetics. More recently, the violence that marked the anti-busing movement gave the city a nationwide reputation for racism, making the region one of the least attractive destinations in America for a growing class of African-American professionals.

In contrast, in the mid 20th century, the city's public schools—particularly the elite exam schools, which rewarded talent, not family history—opened vast opportunities for the children of the immigrants who came to Boston despite its coldness toward them. In a similar vein, in the decades after World War II, Harvard University, under the leadership of James Bryant Conant, began scouring the country for the best young minds, not just those with the best connections, and the region's many other colleges and universities followed suit.

These first-rate public schools and institutions of higher learning produced the business and civic leaders who led the region's economic revival in the latter part of the last century. For example, Norman Leventhal, one of the city's most successful developers and an important civic leader as well, got his education at Boston Latin School and MIT. More recently, a new generation of immigrants—including the thousands of Cambodians who settled in Lowell in the 1970s and '80s, initially finding work at An Wang's then-cutting-edge computer firm—helped stabilize our oldest and most troubled cities and, in some cases, reversed their decline.

It should be no surprise that attracting and nurturing talent, rather than driving it away or denying it opportunity, has been associated with economic progress. Since our area is not blessed with significant natural resources, cheap labor, or even a pleasant climate, the region's economic vitality depends on creativity and innovation. Indeed, this is truer today than ever, because knowledge-based enterprises—fields such as financial services, health care, information technology, and biotechnology—have been and continue to be the fastest growing sectors in the nation's economy.

What does this have to do with same-sex marriage? There is reason to believe that, at the dawn of the 21st century, regions at the forefront of the knowledge-based economy generally are also those that are most comfortable for gay men and lesbians. Certainly, major cities—like New York City, San Francisco, Chicago, and, indeed, Boston—that reversed their 1970s and '80s decline to become economic engines once again in the '90s saw the development of significant gay communities as part of their urban rebirth.

Apart from such urban meccas, it's hard to pinpoint the geographic distribution of homosexuals. But the US Census does track one important slice of the gay population—households headed by same-sex couples. And most of the regions that grew the fastest in recent years have an unusually high percentage of households headed by same-sex couples.

That's not because gays and lesbians, in and of themselves, drive economic growth. Rather, the things that make these regions good places for gays and lesbians to live also make them winners in the knowledge-based economy.

"Creative, innovative and entrepreneurial activities tend to flourish in the same kinds of places that attract gays and others outside the norm," writes Richard Florida, a professor of regional economic development at Carnegie Mellon University who has studied the New Economy. "To put it bluntly, a place where it's OK for men to walk down the street holding hands will probably also be a place where Indian engineers, tattooed software geeks, and foreign-born entrepreneurs feel at home."

Most fast-growing regions have a high percentage of same-sex households.

Tolerance, of course, is only part of the story. Florida, who summed up his ideas in a book titled *The Rise of the Creative Class*, argues that innovators also value regions with advanced technologies—often in the form of universities and companies already doing cutting-edge work—and regions that have vibrant neighborhoods, abundant natural amenities, ample opportunities for outdoor recreation, and thriving music and arts scenes.

In addition, tolerance is not everything. Some critics believe that Florida overstates the importance of atmosphere and amenities in driving regional economic performance. Harvard's Edward Glaeser, for example, puts more emphasis on such factors as spending on higher education, the importance of benign climates, and acceptance of low-density land-use patterns (that is, sprawl) that many people seem to prefer. This helps explain the appeal of fast-growing areas such as North Carolina's Research Triangle or the Austin, Texas, region.

Though our climate can be unappealing and our housing prices daunting, Greater Boston is high on almost all factors cited as important by both Florida and his critics. We have a base of world-class universities, which attract talented researchers and students. We have a dense network of cutting-edge firms, which makes the region attractive to talented workers, and the presence of talented workers makes us attractive to growing firms. The region, moreover, has the bohemian urban neighborhoods and outdoor amenities (from beaches to skiing) that Florida touts, as well as its share of low-density suburbs.

And according to the Urban Institute's Gary Gates, who has closely analyzed US Census data on same-sex headed households, the region and the state are now home to an unusually high proportion of gay and lesbian households. Indeed, among states, Massachusetts is third highest in the country in terms of the percentage of the population who are in Census-counted same-sex couples, and among counties, Suffolk ranks fourth. In larger metropolitan areas, as identified by the 2000 Census, the Boston-Worcester-Lawrence region is ninth in terms of Census tracts with high concentrations of same-sex-partner households.

Viewed in this light, how we react to the SJC decision allowing gays and lesbians to marry could have important consequences for the Commonwealth. If we embrace it, we will reaffirm the Bay State's reputation as a tolerant place that embraces diverse philosophies, viewpoints, and lifestyles, which in turn seems likely to strengthen our ability to compete in the global economy. If we reject it, we will be choosing the path of intolerance, which could cost us not only our moral standing, but also one of our most precious economic advantages.

The SJC has put us at a crossroads, to be sure. But it has also given us a rare opportunity to do well by doing good. ■

David Luberoff is associate director of the Taubman Center for State and Local Government at Harvard's Kennedy School of Government.

THE $100,000 QUESTION

How much is a year of life worth? Economist David Cutler has the answer. And that price tag makes the medical advances of the past 25 years look like a bargain, despite their high cost. Should we be prepared to pay even more?

Harvard economist David M. Cutler's new book, his first, has a catchy, if somewhat threatening, title: *Your Money or Your Life*. The subtitle promises "strong medicine for America's health care system," and the book delivers on that promise in a number of ways. But the real dose of castor oil Cutler dispenses is for the employers, insurers, government officials, and even consumers who howl about health care costs that are driving up premiums, state expenditures, and co-payments. Cutler's cure for health care inflation: Get used to it.

That's his message, Cutler says, because he's done the math. Sure, spending on health care consumes almost 15 percent of the nation's Gross Domestic Product, up from just 4 percent in 1950, crossing 10 percent in the mid-1980s and, after a brief leveling off in the mid-1990s, now hurtling, perhaps inexorably, toward one-fifth of the US economy. In 1950, medical spending was just $500 per person annually, adjusted for inflation; now, it is $5,000 per person. But Cutler asks, which would you rather have: today's $5,000 treatment, or $4,500 in your pocket—but medical care at the standard of 1950?

For him, the question is more than rhetorical. By comparing other economic tradeoffs in the areas of health and safety, Cutler has put a price tag on an additional year's worth of healthful life: $100,000. On that basis, he can determine whether the medical improvements that have driven up health care spending over the years have been worth what we've paid for them. Are we shelling out too much? Not by Cutler's calculations. He says that improvements in life expectancy made possible by advances in care in just two areas, cardiovascular disease and low birth weight babies (three and a half years, out of an overall nine-year rise in longevity), are worth the entire increase in lifetime medical costs since 1950. And, he says, no need to stop there.

"I believe that we can afford additional medical spending, and further that it will be good for us as a society to do so," writes Cutler.

Cutler's been wrestling with health care costs and benefits for more than a decade, ever since his mentor, Lawrence Summers, now president of Harvard, pointed him in that direction. After receiving his Ph.D. from MIT in 1991, Cutler got a heavy dose of the political, as well as economic, realities of health care reform as part of the team

PHOTOGRAPHS BY FRANK CURRAN

that developed President Bill Clinton's ill-fated health care plan in 1993. Cutler was also a health care advisor to former US senator Bill Bradley in his unsuccessful campaign for the Democratic presidential nomination in 2000. But mostly, Cutler churns out papers on the dollars-and-cents value of medical improvement by the ream for the National Bureau of Economic Research. Now, he gives us a book that tells us that the medical system is in "crisis," but perhaps not quite the one we think it's in.

"We worry far too much about wasting money on medicine," writes Cutler. "The issue in spending is not how much we put in, but making sure we get value for our dollar." I sat down with Cutler one morning last fall to talk about cost, value, and coverage in health care. What follows is an edited transcript of our conversation.

—ROBERT KEOUGH

CommonWealth: Let's get into the nature of the health care crisis at the present moment. We've gotten back to a point where health care costs are escalating at a rate that is well in excess of overall inflation. Premiums are increasing again at a double-digit rate. Employers are passing along more of their costs to the employees, and the numbers of the uninsured are on the rise once again. I can't help but have a feeling of déjà vu. It seems very much the way things were in the early '90s, the last time the health care crisis was acute. But at that point, we had this solution in the offing, namely managed care, which was ultimately embraced across the political spectrum as the solution for cost. So why are we back to square one again?

Cutler: Those who forget the past are destined to repeat it.

CommonWealth: In this case, whether we forget it or not.

Cutler: That's right. Nothing in medical care ever looks so rosy as what you had a decade ago. I think there are a couple of issues. One is, I think the most fundamental thing is that we misdiagnosed the nature of the crisis, so we're always trying to come up with a solution that is not appropriate for what the real problem is. Maybe I should expand on that for a minute. We pose the crisis as rising cost of medical care, and I think that's our first big problem. Let's say, instead: Was it a bad idea that we spent so much more on medical care over the past decade? Would it have been better if we had not spent the money that we did? If you look at it that way, we spent a lot more, but we're really much better off for it, because what it's done is it's increased the length and the quality of life. And if you look back over the past several decades when people have been continually complaining about rising medical costs, not all of it has been worth it, but enough of it has, to where you'd say this was really a good thing for us to do, in total. So I think we get into trouble by saying we've got to control costs. It seems to me what that's doing is substituting for two other things, and if we focused on those two other things, we would be much better off. The first is, there is certainly a lot of waste out there, and we would like to trim the waste, if we could. We'd like to use a scalpel to get rid of the fat in the system. So far, most of the things we've invented in the past, like managed care and whatever we're thinking of now, are closer to meat cleavers than scalpels. If we use the meat cleaver on things when we really wanted the scalpel, we're unhappy. So we have yet to figure out how to do that.

But, somewhat more fundamentally, the reason we're scared by costs going up is that we're afraid that's going to push us out of insurance and into a situation where medical care is going to bankrupt us. Let me give you an analogy from another situation. Suppose that you didn't have automobile insurance and, God forbid, you were in an automobile crash. You were fine, but your car was completely wrecked. Well, you need a car to get to work, and you need a car for your family and stuff. So, all of a sudden, you would be stuck with paying, out of pocket, $10,000 or $20,000 for a car. You haven't saved the money for it. You're

not ready for it. Now, in that context, the things that add to the price of a car, like better safety features, new braking systems, and crumple zones, [might put a new car out of your reach]. So you would be afraid of a lot of the stuff that goes into making a car better, because when you really need a car, you might not be able to afford it. Fortunately, because we have auto insurance, when you're buying a car, it's more discretionary. So we don't fear the innovations that come along in cars, because it's never a situation where we have a life-or-death need to buy the car and we don't have the money. We have put ourselves in a situation with health insurance where having it can mean life or death, but we don't guarantee coverage. So that means that the things that make health care more expensive are things to be feared, rather than things to be welcomed. What people want is to make sure that they will be able to afford medical care at the time it's needed, and that's a statement about poor insurance coverage more than it is a statement that we are obviously spending too much on health care.

CommonWealth: You spend a good deal of your book trying to get a sense of whether the improvements in care that the medical field has given us over the years are worth the cost. I'd like you to walk me through the cost-benefit analysis that you do, because it's a fascinating exercise.

Cutler: Thank you.

CommonWealth: And it's one that's based on a calculation of just what a year of life is worth.

Cutler: It's about the most morbid thing one can do as an economist. It's a conversation that necessarily makes people uncomfortable. But in order [to make judgments about] the medical system, you've got to be prepared to face up to certain things. And those involve a host of ethical choices, religious issues, legal issues, and political issues, in addition to economics.

When you say, "What's the value of medical care?" a lot of people would say, "Well, suppose I had a heart attack, or suppose I was hit by a car on my way crossing the street in downtown Boston. What would it be worth to have access to medical care?" And the answer is, well, whatever you have in your wallet and whatever you can get your hands on. That's not incredibly helpful, and it's also not the way we want to think about things like this. Suppose you're thinking about, let's say, Medicare and what Medicare should cover. You're not saying, my mother is sick, or my spouse is sick, what should Medicare cover? But really, what's it right to cover? What do we think is appropriate to be covered? Should we cover in vitro fertilization in insurance policies? Should we cover extremely expensive care for low birth weight infants? Should we cover heroic end-of-life care? We know how much that will cost. How much is it worth to us?

Actually, in our daily lives, we frequently face issues like that [even if we don't think about them that way]. For example, nowadays all new cars come with air bags. But if you go out and buy a used car, you'll find choices between cars with air bags and cars without air bags. And the car with an air bag might sell for a few hundred dollars more than a car without air bags because it's a safer car. People have to make that tradeoff about how much it is worth to them to have the air bag in the car or not. If an air bag costs $300, if the equivalent car with an air bag costs $300 more than one without an air bag, most people will be willing to pay that amount. If it were to cost $30,000 more, a lot of people would say, "I understand the value of that, but I just can't afford to spend that amount of money."

What the analysis in the book does is ask how good an investment a particular health care improvement is, based on how much people are willing to pay in comparable situations, such as air bags and other safety devices. How much more do people have to be paid to work in jobs that are riskier compared to jobs that are safer? There is a whole range of decisions that people make where health is one of the considerations. So it's trying to put medical care into a context where health is one of the choices that we make and saying, "How does it fare?" When you put it in that framework, it actually fares very well. It's a bit like a $300 air bag, which is to say, for the vast majority of people, that seems like a good thing, so most people would be happy to pay for it.

CommonWealth: Your chapter entitled "Pricing the Priceless" certainly seems to capture that issue, because it talks about what it's worth—in broad societal terms, not individual—to generate the kinds of improvements in health care that our medical community is routinely doing these days. You actually come up with a price to compare those costs to: $100,000 for extending life expectancy by one year. Now, using this method, you determine that the benefits of improvements in just two areas—low birth weight babies, and the treatment of cardiovascular disease—in longer life expectancy are enough to justify all of the cost increases in all of the areas of medical treatment over the past 50 years. That's fairly extraordinary.

Cutler: People value their health very highly. We're fortunately in a situation where we can afford—at least as a society, not everybody individually—but the vast majority of people can afford the basic necessities of life. We have enough food for our families. We have enough clothing for our families. Shelter isn't quite what we want, certainly not in the Boston area, but we have a reasonable amount. So, unlike the old days, when essentially all the money we had had to go to real necessities, now we have more discretionary income to think about. Some of what we've done is buy computers, and VCRs, and fancy TVs, and so on. But another thing that people want, that's very high on their list, is they want to be healthy. They want to live longer lives and higher quality lives. What the calculations you're describing basically reflect is that people are really saying that's a very good use for my discretionary income. Therefore, when we wind up spending a lot more on medical care but it saves low birth weight infants, we say that's really a good thing to do. Whereas, if this had been a century ago, we would say well, okay, but we have houses without running water and no heat. Maybe we need to

'PEOPLE VALUE THEIR HEALTH VERY HIGHLY.'

spend the money there. In terms of cardiovascular disease, we've gotten a lot for the money we've spent. Now we can say that's good, whereas a century ago we would have said, yes, but kids need things, too, and how are we going to ever pay for schools if we do that? So, as we've gotten richer, we can afford more. And as we get richer in the future, we're going to want even more-improved health. I think that's the biggest message that comes across, that things that improve our health, even if they're expensive, are worth a lot…. All [my] calculation does is put dollars and cents on something that people know intuitively.

CommonWealth: And that's what you do as an economist.

Cutler: That's part of what the job is as an economist, to try to do that. If it didn't resonate with what people were saying, you'd trust what people were saying more than the calculation.

CommonWealth: What you're talking about is, in the broad sweep of society, what it's worth to us as a people, a people with a certain amount of income, in terms of GDP, and how we can justify making this kind of investment in medical care. And you suggest that, as a society, we should be pretty satisfied with the value we've gotten and be willing to invest more still.

Cutler: Yes.

CommonWealth: But then when you get down to levels where people are actually allocating those dollars, things get much more contentious. I would have to say I know one person who would take issue with the idea that we should be content to be spending more and more dollars on health care, and that's the state's secretary of health and human services, Ron Preston. Increases in health costs, and especially increases in the Medicaid budget, are threatening to squeeze out spending on other social goods, like public education, roads and bridges, and all sorts of things. Preston regularly tells audiences that if Medicaid spending continues to grow on an unchecked basis, there will have to be a tax increase, not only this year, but next year, and the year after that, and the year after that. So what do you say to somebody like Ron Preston?

Cutler: Good luck. Nice to have met you. [*Laughs*] What do I say? [The problem is,] people have an unwillingness to think about the government getting bigger to pay for services that we want. A century ago, roughly the turn of the 20th century, government spending was about one in every $25 in the economy. Today, it's about one in every $4 in the economy. So the government has expanded by a factor of eight. Why? It's because there were things that only the government could provide us that we wanted to have, so we had to give the government more money. Social Security is an example. There was no Social Security a century ago. Unemployment insurance, there was none. Worker's compensation, there was none. Medicare and Medicaid, there wasn't any. Child care was very, very slight in the public sector. All of these things that over time we said we wanted we ultimately found a way to put them in [the public budget and] attach new revenues to them, because it would have been ludicrous to cut everything else government was paying for. The same will have to happen here, with health care. If we as a people want to have it, and it makes sense to do some of it through government, then we're not going to get rid of everything else the government does. We're going to create more revenue for it. Partly, I think that people get fooled by seeing government as sort of a black hole, that money goes in and nothing comes out. Ironically, the kinds of taxes that people don't talk about cutting are things like the payroll tax for Social Security, and the payroll tax for Medicare, because it's very clear that your money is going into some pot, and that pot is used to pay for those benefits. It's not inconceivable to me that, to avoid crowding out education and so on, we will adopt the same strategy with regard to Medicaid, which is to have a dedicated stream of revenue that can only be used for that. If we want the government to do it, which I think we do, we will have to be willing to put up the money, and what we should think about are the systems of financing that make that the most transparent for people.

CommonWealth: Now, even as you defend the wisdom of medical spending, as tradeoffs go in our society, you don't claim that every health dollar is well spent; far from it. You say that, even after more than a decade of managed care, we're still paying for medical care largely on the basis of the intensity of the service rather than on its value in improving health. As a result, high intensity services, like coronary bypass surgery and cardiac catheterization—some might add Caesarian section to that list—are overused, if not misused, while low intensity services, such as management of blood pressure for patients with chronic hypertension, are still underutilized, even for those who have insurance. How do we get the incentives right?

Cutler: Economists spend a lot of time worrying about incentives—not that we do so productively, but we do spend a lot of time thinking about it. What I'm amazed by is how well one can understand what's happening in the medical system by understanding the dollar flows. Not that dollar flows are everything. No physician that I know is motivated entirely by dollar flows; they're motivated by a desire to help patients. But they're constrained by the fact that the way the money flows has to influence what goes on; that is, you can't do things that are unprofitable for too long, or you won't be able to survive. The way that the money flows have traditionally worked in medical care is that we pay more based on the intensity. The bypass surgeon will earn $400,000 a year, potentially. The internist or family practitioner will earn $100,000 a year, because what they're doing is less intensive. So payment by intensity leads to a lot of very intensive treatment.

To think about a different payment system, suppose that we took what we currently pay, and we don't do anything major [to adjust that] at the moment, but all we do is introduce a bonus system that says if the doctor does the right thing, we'll pay more, even if it's for doing things that are not reimbursed very well now. For example, currently there is no money to pay doctors for actually controlling a patient's blood pressure. There is money for seeing the patients, for recommending things, but a physician can't go and follow up with a patient and get any reimbursement. Suppose we said, "Look, we're going to measure how well your hypertensive patients do and if you're doing well by them, you'll get paid more," so that there will be the money there to do that. We know that a lot of surgery is done in situations where it's not appropriate, and we know by diagnostic criteria when a lot of those are. So we say, "We'll reimburse less, if the surgery is done in situations where the literature doesn't suggest it's very valuable or where it's against the guidelines of common medical practice." Every time a doctor does something that is consistent with what the literature says is good, or is consistent with helping patients [with particular ailments], that would contribute to bonus points, and there would be no points for things that it's not clear were really appropriate to do. And for things that are inappropriately done, you would actually lose points for that. Then you could add up, for each physician, how many bonus points they earn, and one could make additional payments on that basis. So it would be a step towards a system that rewards good stuff better than bad stuff, and effective stuff better than ineffective stuff, instead of intensive stuff more than less-intensive stuff.

CommonWealth: Now, why hasn't managed care been able to do that? That was part of the basis on which it was sold, as an approach not only to restraining costs, but to improving care. That is, it would place an emphasis on primary care, and on medical management rather than crisis management in acute care settings. It promised to hold doctors accountable to those dreaded bean counters—not to mention medical directors—who could say, "It seems like you're doing an awful lot of procedures that we're not sure are medically necessary." Why haven't we made more progress toward getting the incentives right after a decade and a half of managed care?

Cutler: That's a good question. I think, partly, the ethos of a lot of the early managed care was really along those lines. What managed care became, particularly over the 1990s, was something that particularly employers were pushing for, saying, "It's fine if you do this stuff, but show me the cost savings." Whatever incentive there would have been to [restructure incentives to improve care] got subverted. The other thing is, one of the premises that we went into managed care with was that lower cost-sharing was the way to ensure [routine care]. That is, managed care noticed that a lot of people, for example, were not coming in to the doctor for diabetes care, people with high cholesterol were not coming in, and hypertensives were not coming in. So they said, "Look, we want to encourage that, so we're going to have very, very low cost-sharing"—$5 to go to the doctor, $10 to go to the doctor. That did remove the disincentives for people to come into the system, people enrolled in indemnity policies who were discouraged by, say, a $200 deductible or a $500 family deductible. But even that was not enough. The system was so complicated that just having low or even zero monetary price didn't make it that much better, because people would just get so frustrated.

CommonWealth: You tell a great story about the way that letting financial interests do their work in health care may drive costs up but, in fact, provide dramatic improvement in care for serious illness. The example you give is the treatment of depression, and the solution is that class of drugs of which Prozac is the most well known. The way you tell the story, no one knew how to treat depression very effectively. It was underdiagnosed, undertreated. Along come the pharmaceutical companies, which develop this class of drugs that is very effective at treating depression with few side effects, but in order for them to make money, doctors have to prescribe these drugs, and patients have to come forward for treatment. The pharmaceutical companies went to great expense to make sure that doctors knew about their cure and its effectiveness, but also, through direct advertising to consumers, to make potential patients aware that there is a treatment for what they're feeling: Go to your doctor, and—as the commercials always say—ask your doctor about Prozac.

'MEASURING THINGS SEEMS TO BE HELPFUL.'

Cutler: Yes.

CommonWealth: Now, that same example has got all sorts of people fretting about the corrupting, as well as cost-driving, effects of direct-to-consumer advertising, as well as doctors getting their information about new drugs from manufacturers who stand to benefit. But you say that, in the case of depression, this all worked out pretty well.

Cutler: Yes. It was not the best we could possibly do, but your description was entirely accurate. Prozac was approved in 1987. If you go back in the early 1980s, it was clear from many, many research studies that depression was undertreated, underdiagnosed. Patients were not doing well. The estimates were that about 5 percent of patients with depression were effectively treated. The federal government had issued calls to action. There were journal articles about how we need to do better. There were professional conferences. Nothing seemed to work. What billions of dollars in advertising, both to physicians and to consumers, did, was it brought awareness [of the illness as a treatable condition], so that diagnosis of depression has doubled.

We have also removed a lot of the stigma associated with it. Thomas Eagleton had to resign from being a vice presidential candidate because he admitted that he had been hospitalized for psychiatric disease. Today, if a presidential candidate admits that he's receiving help, or has received help for a psychological problem, it would be nothing more than an item on the back page of the newspaper. So we've gotten rid of enormous amounts of stigma. We've made it possible for a lot of people to get better treatment. Those have all been very good. There have also been some drawbacks, in the sense that some people switched off effective medications, and into newer, more expensive medications, and some people on Prozac who don't really need to be on Prozac. But you've got to temper that against the fundamental benefit of getting millions of people treated who would not have been treated. People do well in their lives who did not do well before, and a lot of that is the result of the billions of dollars that were spent.

CommonWealth: Absolutely. Now, the Prozac story makes me wonder, though, whether the sort of bonus system you talk about is a powerful enough mechanism. I mean, the remarkable thing about the Prozac story is that there were really immediate interests involved. There were big dollars at stake. I wonder if an end-of-the-year bonus is really enough to change the clinical practice of doctors. Is it enough to change institutional practices, in the case of hospitals? Is it enough to change insurer practices? I wonder, do you have enough incentives in this strategy?

Cutler: That's a good question. I don't know the answer for sure. I'm afraid of overdoing it at first, because like all great ideas, you want to see if it actually works. You know, there is a wonderful joke about economists: How does an economist on a desert island open a can of peas? Well, he assumes a can opener. So you need to be a little bit careful before you say, just because it seems right to me, we should do it wholesale. [Using measures of effectiveness to change incentives in medical care] is not just ivory tower economics, though. Probably the best established rating system now is a number of states—including Massachusetts, which is starting to do this—that are rating the quality of, say, bypass surgery done by hospitals. New York State has been doing this the longest. For close to 15 years, they've been rating the quality of all the providers, and then they release that rating publicly. That influences, to some extent, where patients go, what decisions hospitals make regarding who's allowed to practice there—mixed evidence, but it seems that it's been fairly beneficial. That's an example of where actually measuring things, without even attaching dollars, seems to have been helpful. In Massachusetts, you can't turn on the radio without hearing the insurance companies tell you about their ratings in various national quality assessments. It's the same sort of thing, which is them saying, "People care about quality, and it influences whether employers are willing to contract with us or not. If I have good quality, I'm going to advertise that quite a lot." So I think there is a sense that it's enough of a thing that people care about [that using outcomes to drive institutional behavior is] likely to work.

CommonWealth: The other recurring challenge, if not the ongoing shame, of the American health care system is the lack of universal coverage. And that's likely only to get worse as insurance premiums, and employee shares of those premiums, continue to rise. Your solution is to require individuals, indeed every individual, to purchase health insurance, with subsidies available for those who can't afford it without help.

Cutler: Yes.

CommonWealth: This individual mandate stands in contrast to employer mandates, which would require employers to provide insurance to all their workers, and also to a single payer plan, which would replace private insurance with government coverage of all. Why do you see an individual mandate as a better way to get to universal coverage?

Cutler: That's a very good question. Is health insurance a thing that gets better by tying it to your job? Not in any material way. If you change your job, do you really want to change your insurance, change your doctor, change the nature of what expenses you bear? If somebody loses a job, should they automatically lose their health insurance? It's kind of like automobile insurance. Suppose that whenever you changed jobs, you had to change auto insurance. Or supermarkets. Obviously, that wouldn't be as big an issue as changing health insurance, but you could see the frustration. Why can't I go to my old supermarket? So this isn't something that gets better by linking it to employment. Some things do get better when you link them to employment, like maybe a pension plan, or something about job safety. But this is not something that gets better by tying it to employment.

So I think that ultimately we've got to divorce health coverage from the employment situation. Then there are only two ways to do it. One is, you tell families that they have to have health insurance, and we're going to make sure they will be able to afford it. It's going to be their choice about where they go to get that insurance. If they want one plan versus another, we're not going to have a strong say about that. The other way is, you tell people they're going to be on whatever the public sector program is, and they're going to pay taxes into the system to support this. I'm not a big fan of that, but not for the reasons [others give]. I mean, there is a debate out there about, is government good or is government bad, or the virtues of private markets, and on. I don't think that's the real issue here. When you look at single payer plans, either the Medicare plan in the US, Medicare in Canada, the Western European countries that have national health insurance systems—none of them do better on the kind of problems that we were talking about: the diabetic patients that are not getting care, the hypertensive patients that are not getting care. All of them pay more for intensity. Canada does that; Medicare does that. Most of the French system does that. Most of the systems that people think about—the German system—wind up that way. Even in those systems, while people have a lot of access to care—more than people in the States—they don't wind up doing a lot better on some of those really crucial outcomes where we know the system fails. So I think we need something different from that. I think if one does it right, as we were talking about, that is, motivate the insurers to care more about [giving providers incentives to provide appropriate treatment], one could do it in the private sector. And the good features of being able to compare across lots of plans will really show us where improvement is possible and how we can do it. So that's why I tend to favor [the individual mandate] solution.

CommonWealth: What I wonder about, in terms of the individual mandate, is—I guess there are a couple of issues. One is simply the novelty of it. As far as I know, there is no social benefit in this country that I can think of that essentially requires that people purchase something. You mention auto insurance, which is probably the closest parallel, but you always still have the option of not owning a car. Mandating that every individual and every family purchase something would be a new, and perhaps onerous, imposition. The other issue is, although I agree with you that we gain nothing, and in fact give up a lot, by tying health care to the employment situation, nonetheless, that is the prevailing way that privately employed people currently get their coverage. So, imposing a mandate on individuals to purchase insurance would disrupt the way most people now get their health care covered. And generally, as we've seen with managed care, as much as people complain about the health care system, the only thing they complain about more is any disruption in the way they are currently receiving health care.

Cutler: I wouldn't actually tell employers they couldn't pay for it, or tell people they couldn't get insurance through their employer. So, for example, Harvard University, which offers extremely generous benefits, might very well decide to continue that and people could continue to purchase it here, or they could get it elsewhere. For a lot of people, that would be the least disruptive way [to maintain health coverage]. Suppose I described the system I have in mind the following way. What I want to do is take the tax cuts that the Bush administration generally directed to high-income individuals and here is what I want to do with it. Everybody who is really having a hard time making ends meet, I'm going to give them enough money so that they can buy health insurance. They're going to get a refundable tax credit,…and the credit will be only for health insurance. The family would say, "I would like to enroll in the Cutler Health Plan," and the government sends the [tax credit] money to the Cutler Health Plan for them. As one moves up the income scale, the tax credit is not for the full amount, but for a portion of it, depending on income, and you direct the money to whatever insurance plan you want. There is still a requirement that the individual pay for the rest, but because the family has enough resources they can do that. At very high incomes there is a small credit, because people deserve some help throughout the income distribution, but it's a much smaller amount. So this would be a tax cut that is used for health insurance. That's not so different from the other kinds of tax credits we have.

CommonWealth: Now, in your proposal to use the president's tax cuts to finance this expansion of health care coverage, you're falling into line with a number of the Democratic presidential hopefuls. Do any of their plans align well with your thinking on health insurance for all, or any that simply sound good to you on their own terms?

Cutler: Let me make two comments about that. There is great virtue in the fact that all of the proposals this time around are very substantive, hardy, meaty proposals. This is in contrast to Vice President Gore's proposal in the 2000 election, which was much, much smaller. Everything on the table now is much bigger than either [major party nominee] had at the time. So I'm enormously encouraged that people are thinking bigger rather than smaller, because this is an issue where one needs to think boldly rather than timidly. None of them are exactly what I've laid out here, so none of them get my A+ rating. [Still,] that's a criterion that one doesn't necessarily want to apply rigorously, in the sense of saying, if it's not everything that one envisions, one is going to fail it, or something like that. Generally, I like combinations of them. And overall I like the spirit of where the debate is going, even if nobody is earning the top grade in my book. ■

A prescription for drug savings: Canada

BY JARRETT T. BARRIOS

Can we talk honestly for a minute? Prescription drug prices are exorbitant. Drug companies defend their high prices—in particular, for the brand-name drugs they advertise incessantly on our televisions—by talking about the need to pay for developing and bringing new life-saving drugs to market. Unfortunately, these medications will not help if elderly and sick patients cannot afford to buy them.

Attempts to reduce the cost of prescription drugs always run into potent (and well-funded) opposition from drug companies. They denounce smart strategies like Maine's plan to use the state's purchasing power through Medicaid to negotiate better prices for the uninsured, the working poor, and others who have no means to pay for their prescriptions. What are their grounds for opposing the Maine plan? They say it violates the sanctity of our country's most revered document, the Constitution, by interfering with free trade between the states. And when states come together to negotiate purchases for state employees and Medicaid recipients in bulk, drug companies pull out their big guns, calling policy-makers socialists, or worse yet, advocates for price controls.

These arguments are shrill, and they aren't proving persuasive in the court of public opinion. But they hold sway in legislatures and governors' offices, where drug companies' access translates into bad policy for working people who foot the bill—first as prescription drug consumers, and a second time as taxpayers who support state subsidy programs.

In the absence of government action to obtain lower drug prices, consumers are taking matters into their own hands—and feet—by heading to countries like Canada, where prescription medications are cheaper and where they can save up to 80 percent of the cost. In doing so, they are exercising the most basic strategy of a free-market economy—shopping around for a better price. Reimporting prescription drugs from Canada—these medications are largely manufactured in the United States, but over the border they are sold for less—is one sure way to obtain medicine at an affordable price.

The drug companies don't like this strategy either, especially now that state and local governments are showing interest in pursuing it as well. Former Springfield Mayor Michael Albano led the way, buying Canadian drugs for city employees and retirees. The governor of New Hampshire has followed suit and states such as Illinois, Minnesota, and Vermont are poised to jump on the bus, too, as are New York City Mayor Michael Bloomberg and Boston Mayor Tom Menino. In opposing these reimportation plans, the drug companies fret oh-so-publicly about patient safety—and then threaten to limit their exports to Canada to restrict supply.

Let's be honest, this is all about money…lots of money. The Kaiser Family Foundation studied the nation's Fortune 500 companies last year and found that drug companies were the most profitable. While all other companies averaged 3 percent profit as a share of revenue, the profit for drug companies was a whopping 17 percent.

Total drug expenditures by the US government and private citizens skyrocketed from $78.9 billion in 1997 to $154.5 billion in 2001. To be fair to Big Pharma, not all of these revenues went into the pockets of the drug companies as profit. According to the Kaiser Family Foundation, 47 percent of this increase in expenditures can be attributed to a simple trend: More prescriptions are being written. In addition, just over 27 percent of the increase resulted from patients changing over to newer, higher-priced drugs for existing ailments. Genuine advances in the medications that are available are making real improvements in the quality of lives of Americans—at least, those Americans who can afford them.

It's one way for consumers to win the free market game.

But we're also spending more because of a barrage of drug advertising for those purple and pink pills that make you feel better. A recent study by Harvard and MIT researchers showed that direct-to-consumer advertising over the past five years has increased the use of expensive, brand-name drugs. This study found that advertising alone accounted for a $2.6 billion increase in brand-name drug sales in the year 2000.

However, the figure from Kaiser that boggles the mind is that 26 percent of the additional $75.6 billion spent in 2001 on prescription drugs is solely attributable to price increases for the same drugs. Indeed, prices for the most popular drugs for senior citizens rose at 3½ times the rate of inflation. This incredible burden is borne in part by government subsidy programs (i.e., taxpayer dollars) and in part by individuals who are paying more of their disposable income on drug expenses (consumer dollars).

It may seem quaint in a laissez-faire era to question why—given that existing drugs have no additional costs for research or production—drug companies would jack up their prices so high. The reason is obvious: They raise prices on sick and elderly people at 3½ times the rate of inflation because the not-so-free market in the United States allows them to do so.

Pharmaceutical companies use their money, through lobbying and influence, to boost their profits. In the 2000 election cycle, prescription drug companies spent $262 million on lobbying, campaign contributions, and issue ads, an amount that shattered previous records. And it paid off in the $400 billion Medicare drug benefit passed by Congress. Unbelievably, this bill actually prohibits the federal government from using its purchasing power to negotiate lower drug prices. As a result, taxpayers will be subsidizing the high prices charged for prescription medications. Moreover, a provision that would have allowed consumers to legally purchase drugs from Canada and Europe was dropped from the bill.

Buying drugs in Canada is laissez-faire at its best—and presently one of the only ways that consumers can beat Big Pharma at its own "free market" game. While not a solution to the macroeconomic dilemma, it is a logical—and in many cases, life-saving—microeconomic response to inflated drug prices. Patients who buy their medicines from Canada are using the free market to their benefit.

Government should help them, not stop them. As more and more consumers turn to Canada for their prescriptions, it is our responsibility as leaders to make sure they are doing so safely. I have filed a bill to set up a statewide Office of Pharmaceutical Information that would give consumers the information they need to purchase imported prescription drugs in a safe manner. The office would provide information to consumers about cheaper generic alternatives to costly brand-name drugs, but also offer advice on procuring drugs from reputable and licensed Canadian pharmacies.

The passage of the drug benefit under Medicare refused to deal with one of today's most pressing public policy dilemmas: the escalating cost of prescription drugs. Indeed, it actually forbids the government from using its market power to negotiate—as any private company does—the best price possible for taxpayers. The federal government may be willing to run up huge deficits in order to keep the drug companies happy, but consumers who cannot afford to pay high prices will continue to look for ways to obtain affordable drugs. Likewise, state and local governments need to find ways to reduce their own drug spending as well as offer their citizens drug coverage they can afford, and reimporting drugs from Canada can help them do so.

The Canadian prescription may be a Band-Aid for the drug-cost problem, but Band-Aids are needed to stop the bleeding. And if enough consumers and governments make use of it, maybe the pharmaceutical industry, and its protectors in Washington, DC, will be open to a real cure. ■

Jarrett T. Barrios is a Democratic state senator from Cambridge.

COUNTERPOINT

Prescriptions filled over the border are no bargain

BY DENNIS LYONS

In recent months, a growing number of public officials here in the Commonwealth and across the country have proposed schemes for city and state governments to import prescription drugs from Canada. While I am pleased that policy-makers are seeking ways to cut prescription drug costs for seniors and the uninsured, the importation of drugs from Canada is bad public policy. It is illegal, unsafe, and shortsighted.

The Food and Drug Administration has clearly stated that the agency cannot safeguard citizens who obtain prescription medications from outside the United States. This is why the FDA has said it is illegal to import prescription drugs from all foreign countries. In fact, the ban was enacted in 1987 because Congress determined that imported drugs "are a health and safety risk to American consumers."

The US Secretary of Health and Human Services has the legal authority to permit importation, a power reaffirmed in the recent Medicare reform agreement, provided that the department certifies that patient safety will not be compromised. Secretaries from both Democratic and Republican administrations have refused to allow importation because they cannot guarantee the safety of re-imported drugs.

The FDA position has not changed and, until it does, any city that knowingly encourages employees to purchase medication outside of the jurisdiction of the FDA is breaking the law, putting its citizens at risk, and exposing municipal government to great liability. Even the author of a study commissioned by Illinois Gov. Rod Blagojevich favoring the importation of drugs admits that the liability is "extremely high." Not feeling it safe to pursue importation plans on their own, Illinois officials have asked the FDA to find ways for them to import safely and legally.

Furthermore, these proposals are bad public health policy. Importation undermines the relationship between a patient and his or her doctor and pharmacist. In order for a Canadian pharmacy to fill a prescription, it must be rewritten by a Canadian doctor who has never examined the patient. In Massachusetts, that would be a violation of the state's Controlled Substance Act.

Community pharmacists are responsible for educating patients about their medication and the condition for which it is prescribed, completely reviewing the patient's medication history, monitoring drug therapy over time, screening for adverse drug effects, and ensuring that patients take their medication correctly. Any policy that threatens to fragment or reduce these critical components of pharmaceutical care will endanger the health of patients.

When patients obtain their medications from Internet sites and storefronts, they give up a vital link in the health care chain and often give up their rights. Many companies that facilitate Canadian drug imports require customers to sign away their legal rights in the case of any medication-related problems. If this process is so safe, why do these companies require a waiver? No American pharmacy washes its hands of liability; pharmacists here are accountable to the courts, the law, and their patients.

The Massachusetts College of Pharmacy and Health Sciences has a 180-year tradition of preparing its students to become registered pharmacists and respected health care professionals. Since pharmacy is one of this country's most heavily regulated industries, a fundamental part of their education and training is unwavering compliance with the laws and regulations governing pharmacy practice. Students are taught to respect a system established in this country over 100 years ago to protect consumers and assure patients that the medications they receive are safe and effective. How do I explain to students that they must adhere to the laws, while these importation schemes, Internet sites, and storefront operations are free to flaunt the law and undermine our drug distribution system?

Proponents have said that these efforts are not intended to hurt pharmacists or their patients but are instead a tactic to pressure the pharmaceutical industry. I agree that the price disparity between the US and many foreign countries is problematic. There is clearly a need to bring about more rational pharmaceutical pricing and to end a system that forces American consumers to subsidize drug development for the world. However, I am strongly opposed to compromising the current system of pharmaceutical care and risking the health of patients to achieve short-term gain.

And what gain? The Massachusetts Group Insurance Commission, a state agency responsible for the health coverage of 135,000 public employees and $187 million in prescription drug expenditures, has studied the feasibility of importation and determined that the savings would not outweigh the risks and potential liability. The city of Springfield says it could save millions, but only with nearly 100 percent participation—very unlikely given that most people prefer to continue using their local pharmacy.

There are alternatives. The Massachusetts College of Pharmacy and Health Sciences currently operates MassMedLine, a free hotline (866-633-1617) that provides help for patients who have trouble paying for prescription drugs. Created several years ago by the Legislature, this program currently services over 13,000 citizens from around the Commonwealth. In the past year, MassMedLine obtained more than $7 million in relief for thousands of individuals by referring them to existing programs, discount cards, pharmaceutical industry programs, and, in many cases, by simply recommending more affordable generic drugs. All of MassMedLine's efforts are legal, use in-state resources, and are proven effective in providing prescription drug cost relief.

The Division of Medical Assistance has determined that the savings from generic drugs exceed 80 percent, on average, roughly the same as that claimed by importation proposals. Many of the most popular generics are not available by Internet or mail order.

With the nation's attention focused on the new Medicare legislation, the impact of rising prescription drug costs on seniors and those who cannot afford medication is a critical issue. While I applaud political leaders for addressing the issue, I am frustrated that importing foreign drugs is the only solution being considered to address these complex problems.

Buying drugs from unlicensed Internet and foreign pharmacy storefronts is a bad idea. Buying drugs outside the legal authority of the FDA is a worse idea. Encouraging a system that circumvents the patient's relationship with their community pharmacist is downright dangerous. ■

Dennis Lyons, RPh, is executive director of the Center for Continuing Professional Development at the Massachusetts College of Pharmacy and Health Sciences.

Bringing up mother

Growing Up Fast
By Joanna Lipper
Picador, New York, 432 pages

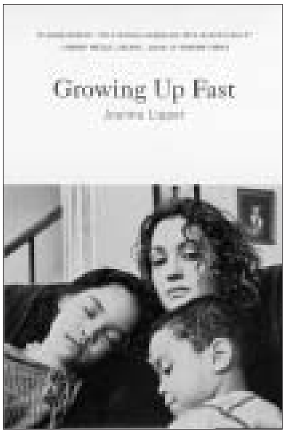
REVIEWED BY BILL EVERHART

The Berkshires, or "America's premier cultural resort," as the region is referred to by the local Chamber of Commerce, is also the home of wrenching poverty—much of it in Pittsfield, the bleak industrial city just a few miles away from the cultural tourism hubs of Lenox and Stockbridge. Social service agencies now dominate a quiet downtown that, during the glory days of General Electric, throbbed with life, as GE workers and their families strolled in and out of busy stores. The agencies help the unemployable, the drug-addicted, the alcohol-ravaged, and, in alarming numbers, the young, single mothers.

The Teen Parent Program is the agency charged with the challenging task of helping these young moms deal with the difficult, often cruel, realities of their new lives that they had never anticipated, and it was to workshops at the Teen Parent Program that filmmaker Joanna Lipper, at the invitation of psychologist Carol Gilligan and her colleague Normi Noel, came to make a documentary. Over a period of four years, Lipper interviewed young mothers, their parents, and the fathers of their children. The result was not only a film, chosen as one of the outstanding short documentaries of 1999 by the Academy of Motion Picture Arts and Sciences, but now a book, *Growing Up Fast*, which turns the desperate young mothers who are usually no more than the stuff of government statistics into flesh and blood and tears.

Growing Up Fast focuses on six young moms—Amy, Shayla, Jessica, Colleen, Liz, and Sheri—as they confront societal obstacles that their youth and naiveté leave them ill-prepared for. The story of Colleen, who grew up in Dalton, a small town bordering Pittsfield, is representative of them all.

An alcoholic father and a depressed mother created a turbulent home environment that, in essence, deprived Colleen of her childhood. Her boyfriend, Ryan, is a heroin addict with a similar background, yet Colleen sees him as a white knight who may rescue her from her unhappy life. She is confident that Ryan's weak points—drug addiction, a propensity for violence and petty theft—are things she can correct.



Unprotected sex leads to Colleen's pregnancy, which does not contribute to Ryan's anticipated reformation. He assaults Colleen, kicking her in the stomach, and is arrested and jailed. Neither does the birth of her child magically transform her life as she had hoped it would. She goes to school, with young Jonathan watched by her parents, who appear to have been jolted into sobriety by the birth of their grandson, then returns home for a few brief moments with her son before heading to her job at Burger King. After work, she heads back home, falls into bed, and begins the cycle again the next day.

Ryan responds to her visits to him in jail with verbal abuse, accusing her of cheating on him—as if she had the time. Nonetheless, Colleen convinces herself that this is not the "real" Ryan and she can still rescue him. When Ryan is freed, the couple moves in together, where the verbal abuse turns into physical abuse. Colleen, who blamed herself for much of her parents' fighting, convinces herself that she is the cause of Ryan's behavior and sinks into the paralyzing depression that has plagued her mother.

The clouds finally begin to part for Colleen when Ryan, whose heroin habit and thievery have kept the cops on his tail, flees to Florida. With Ryan's abuse now limited to long-distance phone calls, Colleen moves back in with her parents, along with her son, and begins taking courses at Berkshire Community College.

Jonathan, however, is showing signs of problems. His right hand is clenched at all times and he drags his legs behind him when he scoots along the floor. For nearly a year, Colleen avoids taking him to the doctor, afraid of what she might learn. When she finally does, a neurologist informs her that her baby has cerebral palsy and polymicrogyria, a rare brain disorder. He will have difficulty controlling movement and posture and most likely will have impaired cognitive and verbal abilities. Since cerebral palsy can be caused by problems during pregnancy, the doctor asks Colleen if she experienced any trauma during her pregnancy. In denial to the end, Colleen says no.

Growing Up Fast goes on in this way with the stories of five other teen mothers, the particulars differing but the basic similarities strikingly and demoralizingly similar. The young moms and dads come from broken or dysfunctional homes, and they behave much as their parents and stepparents did. The girls believe that having a baby will improve their lives and aid in their efforts to reform their boyfriends. When this doesn't prove to be the case, the girls generally soldier on. A couple of them try, selfishly if understandably, to join in the carefree social lives of their childless friends. Meanwhile, the boys make themselves scarce or react abusively, out of panic as well as irresponsibility.

Products of the MTV culture and prone to long hours in front of the television set, the single moms and their boyfriends have a worldview that bears little correlation to reality. A few of the young people profiled express a desire to become actors or models or wealthy in some fashion. Failing this, they go to work at Burger King. (Without belaboring the point, Lipper points out how much hugely profitable fast-food chains benefit from a large, uneducated class of young people with no other options for employment.) The vast middle ground of opportunity that lies between fast-food worker and celebrity doesn't exist for these young parents; if they know it is out there, they don't know how to reach it or lack the time and energy to make the attempt.

The sameness of these stories is a strength of *Growing Up Fast*, as it pounds away at the social problems behind broken homes and broken lives, resulting in the next generation of young parents who are a product of this dysfunction and carry on the sad tradition. In one sense it is a weakness, however, as incidents and actions that were shocking the first time around become numbing through repetition. A shorter, punchier book that concentrated on just four or five girls would have been a better book, if only by degree.

What is society's role in this saga of young moms and dads continuing a legacy of unhappiness and dysfunction? Lipper does an excellent job of exploring how society in general and government in particular have failed to address the issue of single parenthood and its attendant issues of poverty, drug abuse, violence, and hopelessness.

But Lipper does provide some rays of hope in the fine organizations these young women come in contact with, the Teen Parent Program first and foremost among them. Jessica is able to attend Berkshire Community College thanks to a grant arranged by the college's financial aid advisor and Berkshire Works (a collaboration between the state Division of Employment and Training and the Berkshire Training and Employment Program), which pays for her books. Many of these and other beneficial programs, however, have been hamstrung by severe budget cuts, and given the political climate in Boston and Washington, DC, that reality is not likely to change for the better anytime soon.

Young, single moms inevitably find themselves enmeshed in the welfare bureaucracy. Beacon Hill has congratulated itself in recent years because the welfare numbers have declined considerably. This is in part because of stricter work requirements —which send moms to the Burger Kings and Kentucky Fried Chickens, where they often work double shifts to make ends meet. Are "reform" measures to be celebrated when they leave babies to vegetate in poorly run day care centers or put children in the care of unstable grandparents? Lipper makes a convincing case that they should not be.

There are good day care programs in the Berkshires, but not enough of them. Shayla is dismayed when young Jaiden returns from a home day care bruised and withdrawn. Exhibiting the denial typical of these young mothers, Shayla explains away these injuries, rationalizing that her hyperactive son banged himself up playing, until the woman running the day care center dies of a drug overdose. These bruises are likely to turn into psychological scars that Jaiden will carry into young adulthood.

These young parents carry on a sad tradition of broken homes.

Growing Up Fast also portrays the foster home bureaucracy as a complete nightmare. Foster parents, at least the (unnamed) ones we see here, are in it solely for the money, warehousing kids at best, further contributing to their misery at worst. When the young girls or boys inevitably run away, they are tracked down and returned to their parent or parents, where the problems that sent them to foster care in the first place remain unaddressed. Soon enough they are in another dysfunctional foster home where the vicious circle continues. A foster care system this destructive needs radical reform, but again, there is little reason to see that happening.

The public schools seem to do little for the troubled teens in their classrooms, but it is hard to find fault with the harried teachers we see in *Growing Up Fast*. The shedding of teachers is an annual ritual in Pittsfield, as it is in many financially strapped school systems. The inability of teachers who are struggling to teach in overcrowded classrooms is just another of the societal and political failings Lipper illustrates.

The main weakness of *Growing Up Fast* is Lipper's superficial knowledge of Pittsfield politics. Those who see Pittsfield as a helpless victim have her ear. Yes, General Electric's slow departure from the city has led to a loss of jobs, income, and hope, not to mention the creation of related social problems. But while Pittsfield sees itself as unique, its story is shared by any number of New England and Northeastern industrial cities, many of which have found ways to bounce back. Pittsfield's inclination to self-pity has slowed its response to problems that are all too common.

Nonetheless, *Growing Up Fast* should find an audience among readers who know or care nothing about Pittsfield because the plight of the six teen mothers is a universal one. The counterparts of Amy, Shayla, Jessica, Colleen, Liz, and Sheri exist all over Massachusetts and all around the country. Lipper's book is powerful because she resists the temptation to preach and overanalyze, letting the girls speak for themselves.

Lipper tries to leave us on an upbeat note, and it is hard not to be cheered by the outreach program launched by Shakespeare & Co., the Lenox-based theatrical group, and its artistic director Tina Packer. Edith Wharton, that great chronicler of societal hypocrisy, lived and wrote in the Berkshires, and Packer's workshops with young mothers employ Wharton's works to help them understand that many of the problems they face are age-old, and that they don't defy solution.

Still, the larger sense a reader is left with is that of a lost class of young people, deprived of role models, repeating the mistakes of their parents, lacking self-esteem or a reason to hope, and failed by government—and this leads to a sense of alarm about the generation to come, the small children of these lost young women. This stark, insightful, often riveting book reminds us that the fate of what Lipper refers to as the "young sons and daughters of the class of '99" remains up for grabs and must be addressed before they are lost as well. ■

Bill Everhart is the editorial page editor of the Berkshire Eagle *in Pittsfield.*

Social capital gains

Better Together: Restoring the American Community
By Robert D. Putnam and Lewis M. Feldstein, with Don Cohen
Simon & Schuster, New York, 318 pages

REVIEWED BY KEVIN C. PETERSON

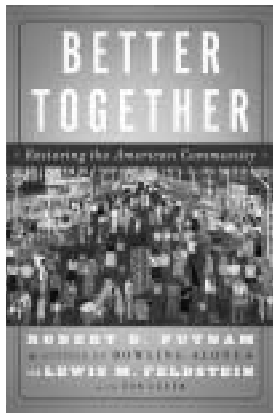
In 2000, Robert Putnam's book *Bowling Alone* documented his claim that America is in free fall as far as civic life is concerned. With cool and scholarly detachment, trenchant analysis, and voluminous data, Putnam chronicled the country's slide into the murky clay of civic solipsism.

Bowling Alone's central assertion was this: America is losing its social capital. It's losing that reservoir of interpersonal interactions among friends, family, and community, that fount of good feelings, trust, and reciprocity that are the DNA of any healthy body politic. Putnam's assertion was buttressed with fact after convincing fact, portraying a generation of Americans that is less inclined than its predecessors to do such things as write letters to the editor, attend PTA meetings, vote, interact with neighbors, or, as the title of the book suggested, join a bowling team.

The absence of these signs of civic, or even social, spirit is a bad omen for the future of the republic and our ongoing democratic practices. Indeed, it may well be the first symptom of civic death.

Cognizant of the book's lugubrious tone, Putnam ended *Bowling Alone* by mustering up some predictions of civic blossoming, and by pledging to provide a forum—through an initiative called "Saguaro Seminar: Civic Engagement in America," at Harvard's Kennedy School of Government—to nurture such a revival.

In *Better Together: Restoring the American Community*, Putnam teams with Lewis Feldstein, president of the New Hampshire Charitable Foundation, to document examples of social capital being built, rather than depleted, in America. In doing so, they seek to explore social capital formation in its variant manifestations, explicate its existential meaning, and proffer models of how the *ends* of authentic community building can be achieved by the *means* of social capital development.



Over the course of a year, the authors painstakingly document social, political, and entrepreneurial movements in 12 different cities. The result is a book that is very much unlike its statistics-laden precursor, *Bowling Alone*. This is an accessible volume filled with the stories and voices of Americans who are improving social reality in their communities. The authors write that they have "descended from the statistical heights of *Bowling Alone* to the ground level," entering the living rooms, the classrooms, the violence-plagued inner cities, the church sanctuaries, and the business boardrooms.

Take, for example, the branch library movement in Chicago. In the age of the Internet and increasing illiteracy (in practice if not in ability), many believed that the neighborhood library would become practically obsolete, with Americans opting to access information more and more from television or from the confines of home or office. But in Chicago, library usage is on the rise as new branches are being constructed. A literacy initiative advanced through the library system has generated citywide reading projects that have brought residents and neighborhoods together in dialogues that are now expanding into conversations about neighborhood renewal, crime reduction, and civic engagement more broadly.

Putnam and Feldstein offer stories of social capital building in places that seem likely and unlikely, including the evangelical Saddleback Church in California, the United Parcel Service (which built cohesion even as it diversified its workforce), the Shipyard Project in Maine, the Harvard Clerical Union, and the virtual-community Web site craigslist.org. The result is a collage of community building, detailing the obstacles that confronted the citizens in their various efforts and how they called upon bonds of trust and reciprocity to manage crises and achieve significant community successes.

Of particular interest for local readers is the Dudley Street Neighborhood Initiative in the Roxbury section of Boston. By the late 1970s this once middle-class and immaculately preserved neighborhood, five miles east of the Massachusetts State House, had become a civic, social, and political backwater. It was undesired by many and avoided by most.

An illegal dumping ground had surfaced as an eyesore and source of toxicity. A faltering neighborhood infrastructure, episodic gang violence, and neighborly distrust also punctuated community life, leaving such longtime residents as Julio and Sandra Rodriguez (she is now director of the Boston Housing Authority) wary of the long-term prospects of the Dudley area. John Barros, then a youth of Cape Verdean descent and now executive director of DSNI, witnessed fires in his community on a nightly basis—evidence, to many residents, of absentee landlords abandoning the community as it transitioned from virtually all-white into a multiracial mix.

The Dudley Street revitalization movement was founded in the ashes of arson fires and illegal waste dumps. In 1984, Nelson Merced, then executive director of La Alianza Hispana, a multiservice center for the city's emerging Latino community, responded to the Boston-based Riley Foundation's request that he organize a "visioning" process for the community. What that process identified was a beleaguered community, the needs of which went well beyond what the foundation's capital improvement grant could address.

It also got the ball rolling on what has become one of the most celebrated examples of self-directed neighborhood renewal in the country. The first years were rocky, with DSNI residents and organizers at one point rejecting the foundation's involvement as patronizing, but the community is now a vital web of human interconnectivity addressing problems ranging from school reform and affordable housing to racial bridge building and political participation.

DSNI has constructed an organizing infrastructure that demands a high level of inclusion in order to meet community goals. Holding regular community meetings, hosting celebrations, and honoring community and stakeholder commitments are behaviors that have helped to build trust and fellowship among neighbors. Such a human network allows DSNI to pursue its goals of social justice.

To be sure, the neighborhood and DSNI leadership still confront the familiar menu of issues impacting almost every urban center, including gentrification, a public school system with a poor reputation, and ethnic tension. But, say Putnam and Feldstein, the Dudley Street community is awash in social capital, giving people the means to engage with each other in solving neighborhood problems.

Better Together also highlights the Experience Corps, a Philadelphia-based organization seeking to improve the academic performance of inner-city middle-school children by matching retired professionals with struggling students. Experience Corps is credited with successfully engaging isolated seniors with public school staff, students, and parents in North Philadelphia.

The retirees tutor youth on subjects ranging from algebra to English composition. In the process of tutoring, seniors feel reconnected to youth, and also to teachers and administrators who work in their local community. Likewise, young people come to know elders in the community and pay respect and deference in ways that would not have been imagined a short time ago. Such social capital development, the authors assert, enriches individual lives, but it also weaves a tapestry of neighborhood connectedness.

Portland, Ore., provides yet another example of the success that results from intentionally building social capital. In 1978, Mayor Neil Goldschmidt sought to reverse the trend of civic disinvestment across the city by creating the Office of Neighborhood Associations. Goldschmidt aimed to bring the city together through small, city-funded neighborhood organizations that could advise the city on issues ranging from commercial zoning to municipal budgetary priorities. In the 25 years since, civic participation in Portland has risen in inverse proportion to how it has fallen nationally. Notwithstanding some failed initiatives attributed to tensions steeped in issues of class and race, the Portland civic participation model has been a success.

The common thread running through *Better Together* is the observation that social capital building was not necessarily the end sought in any of the documented projects, but instead the means by which each of these initiatives met with success. DSNI was not so much about building temples of social capital as it was about cleaning up illegal waste dumps, abating gang violence, and repairing a devastated housing and commercial infrastructure. Similarly, the branch library movement in Chicago, or the evangelical movement at the Saddleback mega-church in California, is less about creating platforms for social interaction than about advancing literacy and saving souls. But, in the view of Putnam and Feldstein, social capital is the glue that held these efforts together, and a byproduct of these efforts that enriches the broader community.

Readers of *Better Together* will come away with the clear message that there are numerous and various ways for social capital formation to take place. But for those who have followed Putnam's intellectual journey more closely, there may be a yearning for more. Indeed, with its emphasis on storytelling over theorizing, *Better Together* is a mile wide, but an inch deep.

Even after several tomes exploring different aspects of social capital, Putnam has never made the philosophical underpinnings of this notion clear. Is his conception of social capital grounded in any discipline of political theory or ideology? Is it part of modernist enlightenment thinking, in the tradition of Descartes, Hobbes, or Hume? Or does it rest on the neo-social contract or state-of-nature theory of John Rawls? These queries are not inconsequential to the reader who wants a clear and certain epistemological reference point.

In the end, *Better Together* is an important contribution to the literature and the practice of civic engagement for a number of reasons. First, it is a book that will aid and inspire professional and lay activists who are struggling to make change in their communities. Any serious activist will find in *Better Together* a number of strategies he can put to use in his own circumstances. So, in this regard, *Better Together* serves as a template for action.

Second, *Better Together* offers a mature look at serious problems and offers solutions while not denying the grave state of social and civic disrepair we are in.

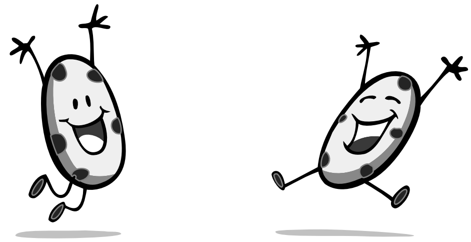
Third, *Better Together* makes connections that may not be readily obvious. The most important of these may be the fact that government, and institutions such as foundations, can play a significant role in generating social capital. In most of the 12 narratives in this book, government plays a featured role in assuring that social capital building is a supported activity. In Chicago, for instance, social capital is built as people share ideas and lives, but they do so in library space provided by the city.

A final caveat from the authors is that social capital formation doesn't happen overnight. It is the product of numerous face-to-face encounters, protracted periods of human engagement and reflection, and episodes of struggle and celebration. In essence, social capital building is a gradualist's enterprise that demands patience and persistence.

In all, Putnam and Feldstein have done well to produce a volume that educates and enlightens activists, leaders, and laypersons alike regarding the importance of social capital formation. In a country where democracy is dependent on the degree to which citizens are bonded together in networks of engagement and mutual affection for public life, this book sheds light on how we can, indeed, be better together. ■

Kevin C. Peterson, a senior fellow at the Center for Collaborative Leadership at the University of Massachusetts–Boston, is founder and executive director of the New Democracy Coalition, a Boston-based organization focusing on civic policy, civic literacy, and electoral justice.

Official wastes of time

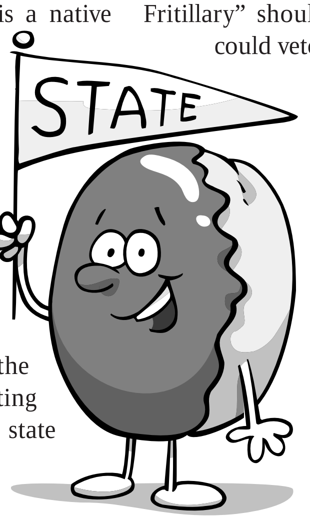


BY JAMES V. HORRIGAN

Do you think we need an official state color? If certain Bay State schoolkids named Amber, Ashley, Brittany, and Brianna have their way, it won't be long before we have *three*!

Rep. Brian Knuuttila of Gardner has filed legislation to make blue, green, and cranberry the "official colors of the Commonwealth." He did it on behalf of the fifth grade at Gardner's Elm Street School. Blue was chosen for the Atlantic Ocean, green for the fields of western Massachusetts. Cranberry is a native fruit and one of the state's largest cash crops, not to mention a stunning hue for a sweater.

Those are perfectly nice colors, even though, in these tough budgetary times, some might argue that the official state color should be red. But the kids in Gardner shouldn't get their hopes up. Bills to create "official state emblems" are filed every year; most of them are put in a "study" and killed in committee.



Still, every year one or two make their way through the Legislature and end up before the governor. One of Jane Swift's final acts as acting governor made "Boston cream" the official state doughnut. Hours before Mitt Romney was sworn in to replace her, Swift signed Chapter 500 of the Acts of 2002, codifying Robert McCloskey's *Make Way for Ducklings* as the official state children's book and Dr. Seuss as the official state children's author and illustrator. This probably made a lot of sense to the first chief executive in the nation to give birth while in office.

But Swift wasn't the first governor to expand the list of "Arms and Emblems of the Commonwealth." We also have an official state polka ("Say Hello to Someone from Massachusetts"), thanks to Paul Cellucci. The legacy of William Weld includes an official bean (the navy bean), berry (the cranberry, of course), dessert (Boston cream pie), cookie (chocolate chip), and folk hero (Johnny Appleseed). Michael Dukakis gave us an official state soil (Paxton), muffin (corn), and cat (tabby).

High schoolers conduct mock legislative sessions to learn about state government, but their elementary school counterparts try to push dumb laws through the real Legislature. Most teachers never consider the bad laws already on the books. Working to repeal one of those would provide an equally valuable lesson in "how a bill becomes a law."

Instead, Gov. Romney may have the opportunity to make "six" the official state number—based on the coincidence that we're both the sixth state to enter the union and the sixth smallest state in the nation, as well as the birthplace of the sixth US president (John Quincy Adams). And he may have to decide whether the "Great Spangled Fritillary" should be the official state butterfly. Or he could veto both measures and give Maynard third-graders and the Garden Club Federation of Massachusetts a real lesson in the legislative process.

But does Romney have the guts to do so? Will he explain to the kids that not every bill, no matter how warm and fuzzy it may be, gets signed into law?

Or would that just give the Democratic Legislature an incentive to override the veto and cite the governor's snubbing of the grade schoolers as an example of Republican cold-heartedness? That, too, could be a political learning experience.

Third-graders want to make 'six' the official state number.

Perhaps we should consider ourselves fortunate that the Legislature has been too busy to decide whether Natick should be designated in statute, as well as slogan, the "Home of Champions" and Brockton the "City of Champions."

Amid efforts to plug this year's $3 billion budget shortfall and address next year's $1 billion gap, the House and Senate have been hard at work passing a transportation bond issue that will cost $1 billion. They've also expanded the Prescription Advantage program for seniors, tightened drunk-driving laws, and further clarified the sex offender registry.

JAMES FAGERQUIST

But they've also convinced Gov. Romney to sign a bunch of bills you never thought you'd need—and may be better off not knowing about. Some are simply feel-good laws. One creates a "United We Stand" license plate and another makes September 11 "Unity Day." It's a safe bet that nobody reread *Profiles in Courage* before those votes were taken.

> There was a bill naming a bocce court in the North End.

Others are absurdly narrow in focus, in part because cities and towns in Massachusetts can't do much of anything without having home-rule petitions approved by the Legislature. This year, for instance, there was a bill naming a bocce court in Boston's North End in honor of Guido Salvucci. And was it really the best use of legislators' time to put through a bill allowing the Moby Dick Boy Scout Council to merge with the Narragansett Council?

How about the laws dedicating—or in some cases rededicating—a bridge in Billerica, a field in Lowell, another bridge in "the City known as the Town of Methuen," and the town square in Webster?

The debate to allow Sunday liquor sales got a lot of publicity, but did you know that bills granting individual liquor licenses in Middleboro, Maynard, Milton, and Topsfield (twice) were signed into law by our teetotaling governor?

What about the bill allowing the town of Sunderland to conduct part of its annual town meeting in Deerfield? Was that legislation integral to the day-to-day operation of the state?

Maybe, maybe not.

Should we count ourselves lucky that, as of this writing, the number six hasn't been designated the official state number; that blue, green, and cranberry haven't been made the official state colors; and that the Great Spangled Fritillary hasn't become the official state butterfly?

Yes.

But don't applaud yet. We're only halfway through the 183rd biennial session of the Great and General Court. There are thousands of bills still making their way through the legislative process. And so many emblems to be designated. ■

James V. Horrigan is a writer living in Boston.

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