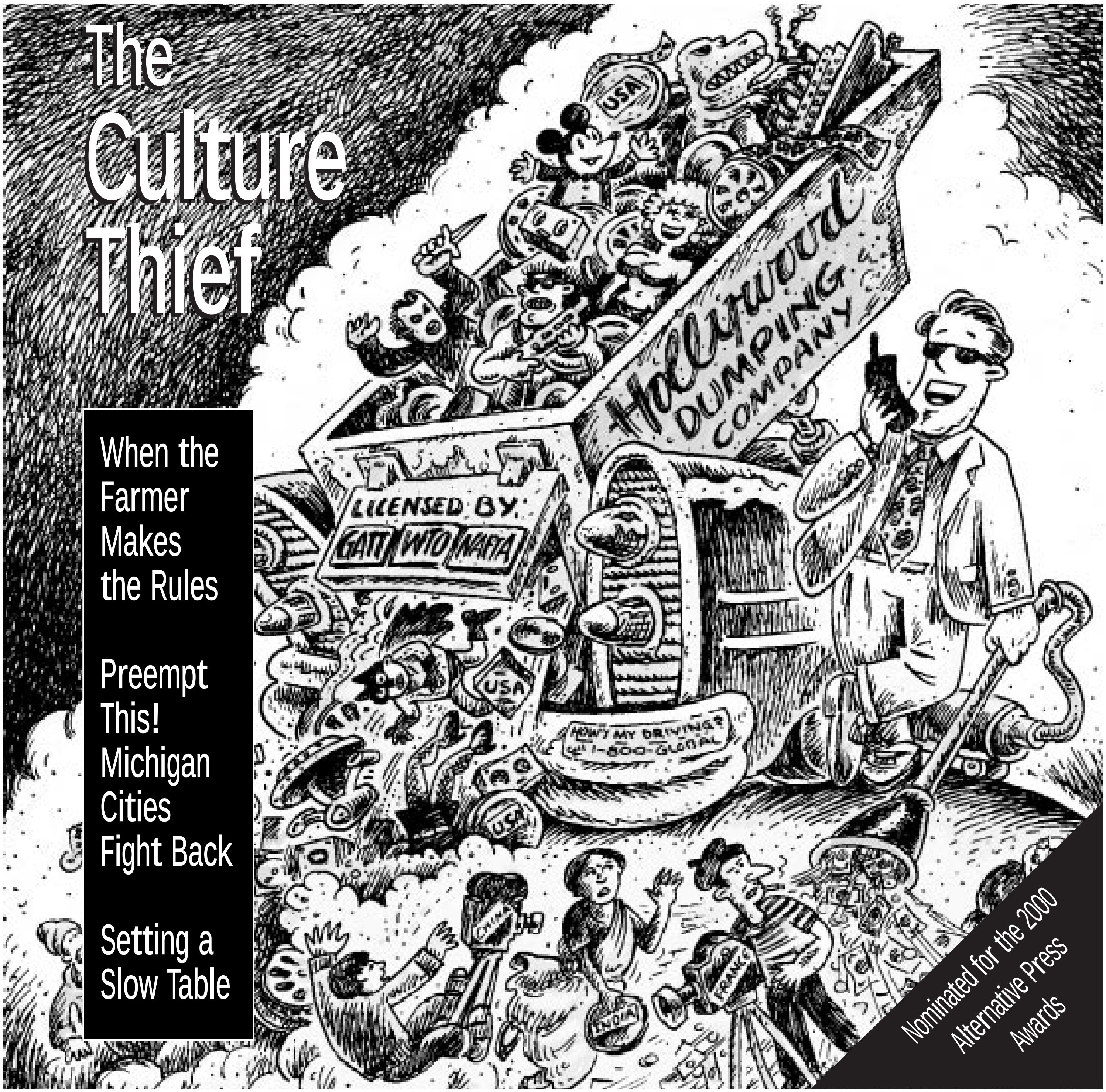
The NEW RULES

EXPLORING COMMUNITY, MOBILITY, SCALE AND TRADE • FALL 2000

The Culture Thief



When the Farmer Makes the Rules

Preempt This! Michigan Cities Fight Back

Setting a Slow Table

Nominated for the 2000 Alternative Press Awards

[contents]

Features

Departments

The NEW RULES
EXPLORING COMMUNITY, MOBILITY, SCALE AND TRADE

Editor in Chief
David Morris

New Rules Staff
Daniel Kraker, Brian Levy, Stacy Mitchell, David Morris, Elizabeth Noll, Simona Fuma Shapiro

Art Direction
Holle Brian

ILSR President
Neil Seldman

The New Rules (ISSN 1521-9917) is published quarterly by the Institute for Local Self-Reliance, 1313 5th Street SE, Minneapolis, MN 55414; telephone: 612-379-3815; fax: 612-379-3920; website: *www.newrules.org*. Washington, DC, office: 2425 18th Street NW, Washington, DC 20009; telephone: 202-232-4108; fax: 202-332-0463; website: *www.ilsr.org*. Send all subscription requests to the Minneapolis office: 1 year $15, $25 foreign (U.S. funds drawn on U.S. bank). For subscriptions of more than a year, multiple subscriptions, bulk copy sales, or for rights and permissions, contact Elizabeth Noll.

The New Rules is printed with vegetable-based inks containing no less than 20 percent vegetable oil on processed chlorine-free recycled paper containing 50 percent post-consumer waste fiber. This publication is printed in the United States by Sexton Printing, a certified environmentally responsible Great Printer.

Cover Illustration
Ken Avidor/Avidor Studios

THE NEW RULES PROJECT
Designing rules as if community matters

ILSR

One Percent for Citizenship

The elections are over. About 50 percent of those reading these words have fulfilled one of citizenship's duties: electing people who make decisions on our behalf.

Now what? Must we simply sit on the sidelines for the next two or four years, catching fleeting and superficial glimpses into the decision making process? To be sure, that's the way it's always been. But technological advances encourage us to expect—indeed, to demand—a different way of doing things in the future.

An engaged citizenry is essential to a vibrant democracy. At the heart of engagement is information. Today many of us have high-speed access to web-based information, either directly from our homes or businesses or via the local branch library. The infrastructure is in place to allow us to monitor every step of the decision-making process and, more importantly, to understand the justification for and consequences of proposed policies.

> An engaged citizenry is essential to a vibrant democracy. At the heart of engagement is information…The infrastructure is in place to allow us to monitor every step of the decisionmaking process and, more importantly, to understand the justification for and consequences of proposed policies.

Yet it is virtually impossible to gain a comprehensive understanding of a single issue without spending days, if not weeks, visiting dozens—if not hundreds—of different sources. We need a single source structured in a way that makes the different sides of an issue accessible. For a model we could turn to the traditional in-depth debate, complete with rebuttal and surrebuttal and links to sites with supporting data where interested citizens can do their own homework. The web offers advocates a remarkable array of tools to explain their position: graphs, videos, even movies.

More than one public official with whom I've raised this idea has responded, "Only policy wonks want in-depth information. The vast majority of Americans have no time to examine the issues. They don't care." I agree that we are very busy people who have largely lost the aptitude and patience needed for citizenship. But I vehemently disagree that the resulting cynicism means we just don't care. We do, or rather, I firmly believe, we would, if issues and policies were made more accessible.

Our genius invented the web and almost weekly develops new ways to use its tools to persuade. This genius is used to sell products and it achieves this purpose remarkably well.

Even public agencies use web sites to promote their own programs and agendas. They treat us as customers. Legislative bodies, at best, allow us simply to track legislation, and even that often requires a herculean effort. They rarely provide information that allows us to understand the legislation's implications.

This must stop. All public agencies should be required, as one of their most important functions, to nurture citizenship.

Nurturing citizenship, in the full sense of the word, will not come cheap. Yet it need not break the bank. A precedent exists for setting aside a portion of our budgets to strengthen the commonweal. In the early 1970s, several cities adopted a "one-percent-for-the-arts" policy. One percent of public capital spending had to be spent for art that enriched public spaces. Today more than 100 communities have adopted such provisions. Some—like Fort Lauderdale, Dallas, San Francisco and San Jose—have upped the ante to 2 percent.

Why not adopt a one-percent-for-citizenship levy, from operating as well as capital budgets? In St. Paul, Minnesota, population 260,000, such a levy would generate about $1 million a year. Nationally, a one-percent-for-citizenship levy on all municipal bond issues would generate over $1 billion. These sums may be sufficient to construct an information system to enable citizens to become familiar with virtually any local, state, national or even international issue. That doesn't mean we would suddenly arrive at a consensus on every issue. It does mean that we would elevate political discourse to another level.

What institution might be responsible for developing and managing that information system? Why not the single most respected and ubiquitous of all public institutions: the public library? The public library itself is an American invention designed to promote an educated citizenry. The reference librarian's task is to identify sources that can answer a bewildering array of questions. Indeed, each year, by phone alone, public librarians answer over 250 million queries.

The election is over, but that need not mean citizenship must hibernate for another two or four years. The information infrastructure is in place to allow us to become citizens in the fullest sense of the term. We only lack the political will to do so. [!]

—*David Morris*

Davis' Veto Favors National Chains

In September, California Governor Gray Davis vetoed a bill that would have clarified state law to ensure that all retailers with a physical presence in the state collect sales tax on internet transactions. Out-of-state companies are exempt from collecting state and local sales taxes, but the U.S. Supreme Court has ruled that those with a store, warehouse or other physical presence in the state must comply with state tax law.

Nevertheless, a number of national retail chains with an undeniable physical presence in California, including Barnes & Noble and Gateway Computers, do not collect tax on their internet sales. These companies contend that their web and retail operations are separate subsidiaries and therefore they are not required to collect sales taxes on internet transactions.

This shell game is nothing more than a ruse to evade the law and gain an unfair advantage over local retailers, contends Andy Ross, owner of Cody's Books in Berkeley. Earlier this year, after it became clear that the state's tax authority would not enforce the law, Ross, along with other members of the Northern California Independent Booksellers Association (NCIBA), turned to the state legislature.

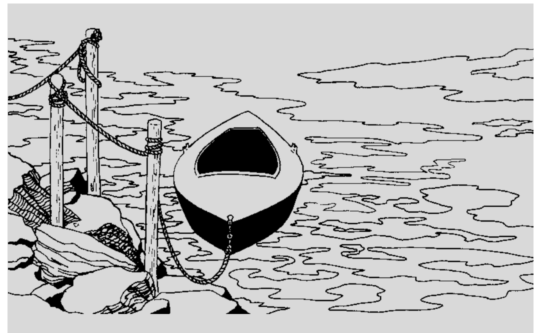
Their efforts led to the introduction of a bill to clarify that state law does indeed apply to internet transactions conducted by companies with a physical presence in the state. The bill passed both houses of legislature, but was vetoed by Governor Davis, who argued that it would impede the internet's growth.

Large national companies doing business online do not need an eight percent price advantage over local stores, countered the bill's co-sponsor, Assemblyperson Carole Migden. "The current loophole leaves small California-based retailers at a competitive disadvantage," she said.

Despite the veto, the campaign to enact the law accomplished a great deal by raising awareness and building support for tax fairness both at the state and national level. Thousands of California residents signed petitions or contacted their state representatives to urge them to support the measure. Several major newspapers endorsed the bill.

Moreover, in a state with a powerful technology industry, many believed the bill had little chance in the legislature. It won both houses by significant margins.

—SM



Greenwich Beach: Local Control or Public Exclusion?

Like many towns along Connecticut's shoreline, the town of Greenwich has limited the use of its Greenwich Point Park beach area to town residents. A few years ago the policy was challenged by a resident of a neighboring town, who charged that the town should treat the beach like the streets and sidewalks, making it available to everyone. Only 30 of Connecticut's 78 miles of sandy beach are public, with the remaining held privately or by town associations. Greenwich officials argue that more crowding, traffic, noise and trash would destroy the environment of the park, and that people who pay taxes to support a park will treat it better than people who don't. The town also argues that is it within their local authority to limit beach use to residents, as it has done under a local law since 1919. A trial court originally sided with the town in 1998, but last summer a Connecticut Appellate Court ruled that the residents-only policy is illegal.

At the center of the debate is the interpretation of the "public trust doctrine." Developed originally under English common law, the doctrine rests on the principle that common resources (parkland, water, etc.) should not come under private ownership. Under the doctrine, land on a beach from the high-water mark out to sea is governed by states, while land above the high-water mark may be privately owned. Traditionally, towns have used this doctrine to force owners of private beaches to open up their land to the public. The most recent appellate decision ruled that nonresidents have the right to pass through and use the Greenwich park to access the high-water mark and the ocean. In the case, Greenwich argued that the public trust doctrine developed in other states does not apply in Connecticut, and the town may therefore exclude nonresidents. Town officials have appealed the case to the state supreme court, where a final decision is underway.

—BL

U.K. Populace Protests ATM Surcharges

ATM surcharges have become commonplace in the U.S., but a recent attempt to introduce them in the U.K. led to a public uproar. In September 1999, the country's largest bank, Barclays, announced that it would impose an extra fee on noncustomers starting in January 2001. Other member banks of the country's ATM network protested initially, but several months later all 34 banks voted to impose unlimited charges on each other's customers.

It was anger and pressure from the public, the government, consumer groups and supermarkets that eventually killed the plan. Several supermarket chains vowed to remove Barclays' cash machines from their premises. Angry customers contributed to a rise in use of the alternative, free-of-charge cash-back services (on visa debit, switch and electron cards) in grocery stores and pubs. The government threatened to take antitrust action against the banks under Britain's new Competition Act, which would allow them to fine firms up to 10 percent of their turnover per year for three years.

In May 2000, banking giants Barclays and Lloyds TSB dropped their plans to charge noncustomers for use of their cash machines. Most smaller banks had already scrapped their surcharge plans as pressure mounted.

The surcharges were essentially a second fee on top of the fee some banks already charged their own customers for using a rival's cash machine. Under the surcharge scheme, customers would be charged, on average, GBP 1.50 by their own bank for using another bank's machine, and would be charged an additional GBP 1 by the other bank for being a noncustomer.

As an outcome of the controversy, banks and building societies (membership-based financial institutions) in the U.K. have been required by the government to issue a new version of their self-regulatory code. The new code would prohibit double-charging at cash machines and require the display of charges on automated teller machine screens before withdrawals.

—SFS

New York Aims to Halt Sale of Sulfur Dioxide Credits

In May, the state of New York enacted a law designed to stop in-state power companies from selling pollution credits to utilities in fourteen upwind states. Emissions of sulfur dioxide (SO_2) from these upwind utilities, mostly in the South and Midwest, are a major cause of acid rain in the northeast.

The law imposes a fee on in-state power producers that sell SO_2 credits to utilities in the fourteen states linked to New York's acid rain. The fee equals the price of the credit, effectively nullifying the gain from the sale.

The ability to buy and sell pollution credits is a cornerstone of the 1990 amendments to the federal Clean Air Act. Under the law, power plants can earn credits for reducing emissions below federal standards. These credits can then be sold to companies that exceed the standards.

Concerns about acid rain's devastating impact on the Adirondacks and other New York ecosystems led the state to set allowable pollution limits for its power plants well below the federal cap. But the law did little good as it left New York utilities with a surplus of credits, which they promptly sold to dirty upwind power plants.

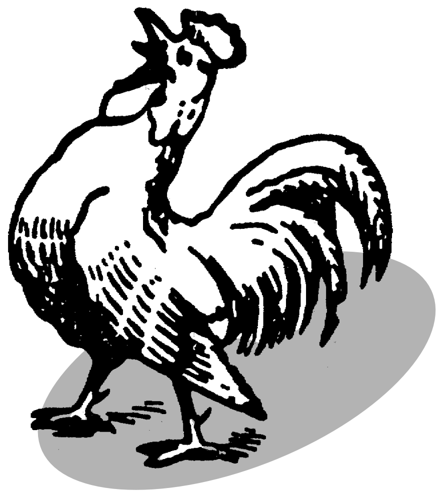
Power companies threatened to challenge the state's new law in court, but a lawsuit has not yet been filed. Bernard Melewski of the Adirondack Council says the law appears at first glance to violate the Constitution by interfering with interstate commerce. It also appears to run aground of provisions in the Clean Air Act that preempt state regulation of the trade in pollution credits.

But upon closer inspection, says Melewski, New York's law is legally valid. It does not violate the Commerce Clause, because it does not prohibit interstate sales of pollution credits and the burden imposed by the law falls entirely on in-state companies. Secondly, the preemption provisions in the Clean Air Act include two exceptions, under which New York's law falls. One deals with laws that address public health and safety issues. The other ensures that states continue to have the authority to levy fines and oversee decisions made by regulated utilities.

The law will have only a marginal impact on acid rain in New York, but state policymakers hope it will spur Congress to further restrict power plant emissions. [!]

—SM

When the Farmer Makes the Rules



Forty years ago, two roads diverged in the chicken industry. Sick of being squeezed by processors, Canadian poultry farmers asked their local governments to construct a system that provided them with bargaining power. In the U.S., efforts to create similar systems failed. And that has made all the difference. *By Brian Levy*

Chicken farmers in Canada and the U.S. are anything but birds of a feather. Both raise the same product, but they do so in two different worlds. The Canadian farmer is ensured a fair, stable price and maintains complete independence from the processors that buy the chickens. The U.S. chicken farmer works for poverty wages under a rigid contract system, indebted to and dependent on the processors. Farmers do not own the chickens, and have no bargaining power to improve their situation.

These striking differences did not come about by chance. Forty years ago, Canadian chicken growers faced a situation familiar to their modern American counterparts. "Processors would play one farmer against another to get lower prices," says Peter Hepburn, who has raised chickens in Ontario since 1953. "It was pretty bad. We were paid just enough to keep us going."[1]

Canadian chicken farmers decided to take matters into their own hands. In the early 1960s they asked their provincial governments to create agricultural marketing boards that would project chicken demand and manage production, allowing farmers to earn a reasonable income. Instead of Canadian farmers fending for themselves, the boards collectively negotiated, on behalf of chicken growers, with the processing industry.

Brian Levy is a researcher with the Institute for Local Self-Reliance (blevy@ilsr.org). He produces the Family Farm Rules Bulletin, ILSR's online agricultural publication.

In the U.S., plans similar to this were proposed for other agricultural products. In the 1920s, in an attempt to stabilize markets, the farm cooperative marketing movement sought to organize commodity cooperatives that could control the supply of goods. But under antitrust law, cooperatives were forbidden to implement systems to control production. The movement failed. During the Kennedy administration—the same period when Canadian farmers were creating a new system—U.S. Department of Agriculture economist Willard Cochrane proposed a supply management plan for grains.[2] Fear of government intervention, lack of grassroots organizing and the promise of new government support programs defeated the proposal. Many also attacked the plan as limiting "farmer freedom." The possibility of supply management systems faded and the last chicken farmers were forced down a path paved by the processing industry, which wrote the rules in its favor.[3] Today in the chicken industry, growers have no freedom left to speak of.

Both systems of poultry production are vulnerable to the same fundamental problem of agriculture: the risky roller coaster ride of prices associated with the unregulated boom and bust cycles of over-demand and over-supply. Years of fluctuating prices are responsible for the bankrupting of farms and rural economies and make efficient long-term planning nearly impossible. For consumers, price swings bring little benefit—farmers receive so little of the retail food dollar that the cost of raw ingredients has little effect on the price of processed foods. And for all taxpayers, price instability brings millions in bailouts to farmers.

There are three basic ways of handling the price roller coaster—and three dramatically different outcomes. The first method is to do nothing. After multiple years of low prices even the most efficient smaller farms will lack the resources to survive, and the market will lead to a concentration of large farms. Politically, this "hands off" approach has led to last-minute, billion-dollar handouts to support failing farms. A second strategy is to allow or encourage the vertical integration of agriculture by larger, private interests who are able to weather the inherent instability of the market. Under this system, smaller farms contract with large processors for a guaranteed price. But what would happen if instead of vertical integration, farmers organized laterally to manage production and control pricing? In Canada, the question has been put to the test.

The Canadian System

Canadian growers organized a system that maintained their control over all aspects of their operations while giving them a choice over which processors to sell to. This system—commonly referred to as supply management—needed three components: control of chicken imports, chicken production, and chicken pricing.

Successful supply management first required restrictions on imports. In the 1960s Canada's provinces individually established an early form of supply controls. However, without provincial authority beyond provincial borders, farm products crossed from province to province, undermining the effectiveness of the marketing agencies. This became painfully apparent when various provinces started banning each other's products in order to protect their own producers. In addition, foreign imports threatened to undermine the system. To overcome these difficulties the federal government passed legislation in 1972 to create national marketing agencies to regulate internal supplies as well as imports and exports. In the following six years, national boards were also established for eggs, turkey, chicks and milk.

A second critical component to the regulation of supplies is a quota system, whereby farmers purchase a permit (quota) to produce a specified quantity of chickens. Quotas are purchased in a one-time fee that averages approximately CN$24-40 per bird, depending on the province. Legally, quotas are retained by the marketing boards, which reserve the right to make small adjustments (typically +/- 2-3 percent a year) or issue new quota as markets expand. Quotas are bought and sold in an open market in each province; they may also be willed or passed on. To avoid speculation, all quotas must be used by the owner within one year. With quota in hand, farmers are free to sell their chicken to processing plants at the negotiated prices.

In recent years the management of chicken supplies has devolved into a bottom-up process driven by provincial marketing boards. The boards serve as a liaison between processors and farmers, making sure processors get the products they need and that farmers get a fair price. Every eight weeks, provincial marketing boards consult with processors to determine what their markets need. Any special products needed by the processors are determined between growers and processors during procurement. Supplies are also established for export markets. All estimates are then forwarded to the national marketing board—the Chicken Farmers of Canada (CFC)—which then approves a countrywide quota subdivided for each provincial marketing board. The CFC board of directors has 14 members, 10 of whom are farmers (the other four are from the food-service and processing industry). With quotas approved by the CFC, the provincial boards then allocate the quota to individual producers and negotiate chicken prices with the processors several weeks before the next production cycle. If provinces overproduce, each provincial commodity board pays damages to the CFC production over the yearly provincial allocation. If provinces underproduce, they risk losing market share the next time quotas are set. To cover administrative costs, the CFC assesses levies on all chickens, which are then collected by the provincial boards. Consequently the administration of the supply management system is self-financed, and chicken producers receive no government subsidies.

The entire Canadian system is monitored by the National Farm Products Council (NFPC), an organization that requires that farmers themselves have majority voting rights. The NFPC oversees the CFC and serves as a bridge between the federal and provincial governments, marketing boards, producers, processors, retailers and consumers. The NFPC is primarily responsible for Federal-Provincial Agreements (FPAs) that define in detail how the supply management system will operate.

The immediate result of the highly managed Canadian supply management system is to maintain farmers' autonomy over production. In comparison to the U.S., the effects on farm structure and farmers' incomes are equally significant. →

The American System

In 1950, 95 percent of U.S. broiler production remained independent. Just 10 years later, 90 percent of the industry was under contracts. Today, virtually all U.S. chicken is grown by farmers under contract.[4] Any remaining chickens are raised on farms owned and operated by the processors, or by smaller independents providing chicken to local markets.

Under production contracts, an individual company called an "integrator" performs all or most production aspects. Farmers are dependent on integrators for the basic inputs they need to produce chicken. Integrators place chickens on farms and provide technical expertise, feed, medication and other supplies. They maintain ownership of the chickens while the farmer provides land, labor, buildings and care until the chickens reach processing size. Farmers must agree to detailed operation instructions to maintain a consistent product.[5]

Under this type of contract production system, farmers supposedly benefit by having a guaranteed market, price or access to a wider range of technologies. However, it is unclear how much farmer risks are minimized. Typically, only one processor contracts with and recruits chicken farmers within a particular vicinity. With only one processor to which to sell, growers are left in a vulnerable position. Processors may withdraw contracts at will, leaving producers with heavy liabilities (half a million dollars worth of chicken houses, etc.) and no markets. Several recent examples prove this point.

Case Farms contracted with growers for 30 new chicken farms (with 3-4 houses per farm) in North Carolina. Growers paid for and constructed the houses and had raised chickens for six months when Case pulled the contract.[6] Threatened by lawsuits from growers, Purdue Farms cancelled all of their contracts, reissuing new ones in which growers must waive their right sue.[7] Processing companies have also been widely criticized for providing substandard chickens to raise, using broken scales and making unrealistic promises of financial returns. In addition, instead of carefully managing supply, processing companies never agree to cap their production in the region in which they operate, and may encourage growth to provide additional downward pressure on prices at the end of each contract cycle.[8]

Under this system growers gain no security and they shed little responsibility. Despite the fact that the processors contract with large growers and technically own the chickens, growers remain saddled with the major environmental liability of chicken wastes. In addition, the quickly changing technologies and upgrades that are required by the production contracts often serve to keep farmers in debt indefinitely. Many growers have speculated that maintaining continual debt burdens is an effective way to guarantee future dependence on the processors. Under debt and with no way out, growers are powerless to negotiate better contracts and have too much at risk to raise their voice. In effect, "contract risk" replaces the yield and price risk they originally sought to minimize. U.S. chicken growers are left at the short end of the stick—with no independence or power, and very little real security to show for it.

Higher Farm Prices, Higher Incomes

Over the past decade, the total number of Canadian chicken farms increased 23 percent (to 2,800) as the number of all Canadian farms fell.[9] In the U.S. the total number of farms selling chicken has fallen in the past decade (1987-1997) by 14 percent (to 23,000).[10] This occurred as overall production was increasing dramatically in both countries. In both countries the scale of production has increased significantly, but the Canadian industry is by comparison smaller and decentralized. In Canada, the average farm raises approximately 192,000 birds a year.[11] In the U.S., the average contract farm raises around 268,000 birds yearly.[12] In both countries, however, farm size has been steadily increasing. Chicken farms are found all across Canada, and production roughly correlates with provincial population levels. In contrast, U.S. production continues to concentrate in a handful of Southern states. Georgia, Arkansas, Alabama, Mississippi and North Carolina currently produce more than 60 percent of all U.S. broilers.[13]

Under the U.S. system of vertical integration, integrators provide many of the inputs (such as feed) that farmers would otherwise purchase themselves. The fewer inputs farmers must buy, the less value they add and the lower the price they may receive. In Canada, the farmer's price reflects all the production costs and inputs. It is therefore difficult to make direct comparisons of the prices farmers receive, but figures do indicate that U.S. farmers have dramatically decreased margins in which to make a profit. In the U.S., contract chicken growers typically receive US$ .036 to .043 cents per pound of chicken returned to the processing plant, or about US$ .20 to .25 per chicken. Small bonus incentives are given to growers who achieve lower production costs.[14] In Canada in the past decade, farmers received from CN$ .52 to.57 per pound (US$ .40 to .48 per pound).[15] Both systems have succeeded in providing a stable price to growers, but only one is equitable. When these prices are translated to income, the differences are significant.

U.S. broiler farms with sales over $50,000 had average net cash income (revenues minus expenses) of $32,602 in 1995. In the same year, the average net cash income for Canadian poultry growers with revenues over CN$50,000 was US$53,980.[16] Once depreciation of assets (chicken houses, etc.) is factored in, the real take-home pay for both Canadian and U.S. farmers decreases even further—average net farm income for U.S. broiler farms in 1995 stood at about $16,000; for Canadian growers, the figure was approximately US$27,000.[17] With lower incomes, U.S. chicken growers must look elsewhere to support themselves. All U.S. chicken farming households have significant off-farm wages and salaries—even for those farmers listing poultry as "major occupation," 50 percent or more of their income came from off-farm sources.[18] In Canada, chicken farms are considered a modestly profitable business, capable of supporting the farmers that run them. Understandably, the great majority of Canadian chicken growers support their system, while most American growers lament theirs.

Both systems rightly claim that they are able to exist without any direct government subsidies. U.S. chicken processors claim that although they may not have the farmers' welfare in mind, they are part of an efficient, productive system that outcompetes the Canadian industry. To assess this requires a closer look at the efficiency of the systems.

Efficiency

Critics claim that having a guaranteed market decreases the farmer's incentive to become more efficient. Both common sense and experience suggest that efficiency (output per unit input) is equal or better with stable prices. Ensured of a stable price, farmers are more willing to invest in the latest techniques and technology to improve productivity. Although quotas cap production levels, the incentive to become more efficient remains—even under a managed system, any changes farmers make to reduce costs will improve their bottom line, from decreasing feed requirements to saving energy. Just as U.S. processors have demanded the latest, most efficient techniques from their contracted farmers, Canadian farmers have kept up with the times by themselves.

Another way to measure efficiency is the amount it costs to raise a chicken. In both Canada and the U.S., feed costs are very similar. Over the past forty years, the amount of feed required to raise a pound of chicken fell in unison in both the U.S. and Canada (from approximately 2.3 to 1.9 pounds). Chicks are slightly more expensive in Canada (though 20 percent originate in the U.S.). Historically, building and heating costs have been higher in Canada, but this is now changing as Southern processors are requiring a switch from open-air barns to climate-controlled facilities. While these factors account for slightly higher Canadian production costs, the most significant factor remains higher labor costs.[19] Under supply management, farmers simply ensure that their labor is compensated at a rate much greater than in the U.S.

Competition and Retail Pricing

Supply management is effective in increasing the farmer's overall share of the food dollar. Canadian chicken farmers received approximately 30 percent of the final sale value of their product. In the U.S., contract chicken farmers receive less than 5 percent. Marketing boards with supply management power provide farmers with a measure of independence from an increasingly few number of large processors and retailers that would otherwise squeeze farm profits.

Despite the fact that Canadian farmers receive more of the retail food dollar, the impact of the supply management system on final retail price is not direct. At every level—from farm to processor to retailer to consumer—prices are marked up, so that the farm price of chicken is a fraction of the final grocery store price.

Historically, Canadian retail level chicken prices have been higher than in the U.S. At present a Canadian broiler at the grocery store sells for CN$1.94/lb (US$1.66/lb). A similar broiler in the U.S. costs approximately $1.09/lb.[20] In Canada in 1998, farmers received CN$0.55/lb (US$0.47/lb), processors resold the same chicken for CN$1.18/lb (US$1.01/lb) to grocery stores, who placed whole chicken in their frozen food isle for CN$1.86/lb (US$1.56/lb).[21] At the same time in the U.S., contract growers received approximately US$.04/lb, processors sold finished birds to grocers at US$0.63/lb, who in turn resold whole chicken for US$1.09. Thus, although supply management is one factor in higher chicken prices in grocery stores, it accounts for only a fraction of the effect. Even with a 50 percent increase in the farm price for Canadian chicken, the price in the grocery store should increase by less than a quarter. So while Canadian retail chicken prices have grown at twice the rate of U.S. in the past two decades, higher Canadian prices have been primarily a result of increasing processor and retail margins rather than higher farm gate prices over time.[22] From 1980-1998, Canadian chicken farmers increased their prices by 33 percent (CN$.30/lb), while processors and retailers increased prices by about 56 percent each. Over the same time, U.S. processors increased prices 28 percent and retailers, 48 percent (all figures unadjusted for inflation). In both the U.S. and Canada, the chicken consumer price index (CPI) has closely paralleled overall price increases.[23] So while prices climb in both countries, they are not being raised more quickly than on any other product.[24] →

The Quota Question

Despite the benefits of supply management, the system is controversial. One of the primary criticisms centers on the issue of chicken quotas. When originally issued, quotas were a windfall for farmers, rapidly increasing their equity. The downside to this wealth creation is that as quota costs rise they create a barrier for new farmers who wish to raise chicken. The problem is compounded when new chicken production is allocated exclusively to existing farmers.

The "barriers to entry" created by supply management are a significant concern. It is important to realize that any increase in the net return to farmers' operations tends to become capitalized—from price subsidies to natural causes such as population growth to successful sales promotion. While the effect is less direct than with quotas, higher farm profits always increase the value of farming resources. Despite high costs, in the past decade the Canadian chicken industry expanded as farmers bought and sold quotas.

To overcome the quota barrier, some provinces have initiated innovative programs. British Columbia abolished minimum quota requirements and began a program to encourage new entrants into chicken farming. Now anyone in the province can apply for a permit to raise up to 4,000 birds per cycle. Instead of paying for a quota, they pay CN$0.18 on each bird they raise. After 12 years of poultry farming, they are given a free title to the quota. In other provinces, farmers start with a small quota (4,000 to 5,000 birds) and gradually expand their operations. At the end of the day, the quota is more than just a barrier to entry: higher up-front costs translate into guaranteed income, equity and stability for the life of the farm. For smaller sums of money, U.S. chicken growers invest in chicken houses but gain none of the advantages that benefit their Canadian counterparts.

Another quota concern centers on the limitation of quota ownership. Historically, quota caps were established to limit the maximum size of chicken operations. However, in the past decade there has been a trend toward larger operations. Ontario (the largest chicken-producing province) abolished caps about five years ago. Other provinces, such as British Columbia, have raised the limits to a maximum of 250,000 birds per cycle (though very few growers are this large). Presently it is only the high costs of quotas that keep farmers from increasing in size. Throughout Canada, farmers are pushing to expand their profitable businesses in pursuit of higher returns and in anticipation of competition from the world market as tariffs fall. As farms increase in size, the benefits of a growing industry will be spread to fewer farmers.

RESOURCES

Chicken Farmers of Canada. Ottawa, Ontario, Canada K1N 9N8 Tel: (613) 241-2800 http://www.chicken.ca

U.S. National Contract Poultry Growers Association. P.O. Box 852, Siler City, North Carolina 27334 1-888-787-9813 http://www.web-span.com/pga/

For more information on the rules that created Canada's supply management system and that could protect U.S. contract growers, see the New Rules website at: http://www.newrules.org/agri/index.html

Will Canadian Chickens Fly the Coop?

While the chicken barn builders in Canada remain busy, internal and external pressures on the Canadian system build. Internationally, as party to NAFTA and the WTO trade agreements, Canada is under constant pressure to lower or eliminate the quotas and tariffs that uphold the supply management system and protect chicken farmers from a flood of low-priced imports.

While price controls and production quotas have remained untouched by trade negotiations, Canada was required to convert its import quotas into tariffs under the WTO's Agreement on Agriculture (AoA). The agreement allowed tariffs to be set high enough (278 percent) that they serve a similar purpose as the original quotas, but required that they eventually fall to 238 percent by 2000. The AoA also maintained an existing NAFTA agreement allowing duty-free imports of up to 7.5 percent of Canadian production from the U.S. While no further reductions are planned, each subsequent trade round will likely call for a slow chipping away at the tariffs and an increase of duty-free import limits. Farmers view the process as the slow first step toward the elimination of supply management.

Most vocal in the challenge to Canadian tariffs is the U.S., which does not limit chicken production and constantly seeks new markets for its chicken industry, which is 16 times the size of Canada's. The Canadian tariff levels have been unsuccessfully challenged by the United States under NAFTA, though future disputes are possible.[25]

In Canada, the call to lower tariffs is joined by chicken processors and restaurants seeking cheaper chickens to process and sell.[26] Farmers wishing to expand production without quotas have also challenged the system, though the practice of agriculture supply management is routinely upheld by the Supreme Court of Canada.[27] In addition, provincial tensions have been a constant throughout the history of Canada's supply management system. Provincial governments commonly complain that their production quotas are too low and threaten to leave the system. Larger provinces also feel held back under supply management: the Prince Edward Island province has 10 chicken farmers while other have thousands, yet each province is represented equally on the national boards.

Even with its flaws, the Canadian system looks like heaven to U.S. chicken farmers. In the U.S., farmers are just beginning to fight a long uphill battle. Iowa, Minnesota and a handful of other states have developed basic laws to protect farmers from unfair contracts. The Iowa Attorney General's office has written comprehensive model legislation for a

"Contract Producers' Bill of Rights." Nevertheless, the power to issue and revoke contracts and to set prices remains soundly with the processors. As contract production advances to the hog and cattle industries, Canada's experience with supply management offers a compelling alternative of what is possible when the farmer makes the rules. [!]

Notes

1. *Journal of Commerce*, 3/30/98.

2. See Cochrane, Willard W. 1959. "Some Further Reflections on Supply Control." *Journal of Farm Economics* 61, No.4: 697-717; Levins, Richard A. 2000. *Willard Cochrane and the American Family Farm*. University of Nebraska Press.

3. In the 1980s the Harkin-Gephardt farm bill (1987) proposed a farmer referendum to establish production controls, but also failed.

4. Martinez, Steve W. "Vertical Coordination in the Pork and Broiler Industries: Implications for Pork and Chicken Products," Food and Rural Economics Division, Economic Research Service, USDA Agricultural Economic Report No. 777. p. 5-10.

5. Examples of U.S. poultry contracts may be found at: http://www.web-span.com/pga/contracts/contractsindex.html

6. Fesperman, Dan and Kate Shatzkin. "The Plucking of the American Chicken Farmer," *The Sun*, Feb 28, 1999. http://www.sunspot.net/cgi-bin/editorial/story.cgi?section=archive&storyid=1150050201172

7. *The Agribusiness Examiner*, Issue #80, 8/28/2000. http://www.ea1.com/tiller/

8. Conversation with Larry Holder, Director U.S. National Contract Poultry Growers Association, July 2000.

9. CFC 1999 Chicken Data Handbook, p. 2. While overall growth is up for the decade, growth in the past 5 years has been stagnant. See: http://www.chicken.ca/product.htm

10. 1992 and 1997 Census of Agriculture, Table 20. 1997: http://www.nass.usda.gov/census/census97/volume1/us-51/toc97.htm. 1992: http://www.nass.usda.gov/census/census92/volume1/us-51/toc92.htm

11. Chicken Farmers of Canada, figure for 1999. With 6.5 cycles a year, the average farm capacity is approximately 29,500 birds.

12. Perry, Janet, David Banker and Robert Green. "Broiler Farms Organization, Management, and Performance," Resource Economics Division, Economic Research Service, U.S. Department of Agriculture. Agriculture Information Bulletin No. 748. March 1999. Source: USDA 1995 Agricultural Resource Management Study. With 6.5 cycles a year, the average farm capacity is approximately 41,000 birds.

13. U.S. National Chicken Council.

14. U.S. National Contract Chicken Growers Association. Bonuses are typically 0.01 cent per pound for each 0.01 point advantage (relative to the average) that a grower achieves in production costs.

15. Chicken Farmers of Canada, using provincial board information, in CFC's Chicken Data Handbook 1999, p. 15. Prices converted to $US using OECD purchasing power parity tables.

16. "Economic Overview of Farm Incomes: Poultry and Egg Farms," January 2000. Source: Statistics Canada, Whole Farm Database. Income data is only available for all poultry and egg farms in Canada. Prices converted to $US using OECD purchasing power parity tables. Income statistics for Canada are skewed lower because Canadian data includes farms with revenues under CN$50K (US$42016)—all of which were the least profitable. A new average was calculated based on farms in the revenue classes above CN $50K. Overall, Canadian poultry growers and milk producers (also a supply managed industry) have had the second and third highest net cash incomes by farm type in Canada in recent years.

17. Perry, Janet, David Banker and Robert Green. "ERS/USDA Broiler Farms Organization, Management, and Performance," Resource Economics Division, ERS, U.S. Department of Agriculture. Agriculture Information Bulletin No. 748. March 1999. Data from USDA 1995 Agricultural Resource Management Study. An eight-month *Sun* investigation across 13 states found that a new chicken farmer today can expect an annual net income of only $8,160—about half the poverty level for a family of four—until he has paid off the 15-year loan he took to get into the business. See: http://www.sunspot.net/cgi-bin/editorial/story.cgi?section=archive&storyid=1150050201172. Other calculations figure $4000/year per poultry house. See: http://www.rafiusa.org/poultry/net_income.html. Canadian figures derived from data obtained directly from Statistics Canada and the Whole Farm Database for all poultry and egg farms.

18. Ibid.

19. Conversation with Robert DeVaulk, Robert DeVaulk consulting, Canada, July 2000. Conversation with Mike Nailor of the Ontario Chicken Farmers, July 2000. The Canadian COP is a formula driven price determined by marketing boards. It includes all input costs (feed, chicks), labor, operating expenses and capital. It does not include catching or transportation fees, or the value of production quota. Changes in feed costs account for almost all of the COP fluctuations.

20. CFC Poultry Handbook, p. 17, 23. Source: Agriculture and Agri-Food Canada, USDA. Canadian prices converted to $US using OECD purchasing power parity tables.

21. Agriculture and Agri-Food Canada, in CFC Chicken Data Handbook 1999. Prices converted to $US using OECD purchasing power parity tables. Similar figures for the U.S. supply chain is complicated by the fact that "farmgate" price figures

continued on page 14 ⟶

The Culture Thief

Cultural protection laws allow many countries to encourage local creations—such as films—that might otherwise disappear in the face of Hollywood's hunger for global markets. Even with the laws, most countries' own films only account for a small percentage of the entertainment dollar. Still, the U.S. distributors call the laws a barrier to trade. *By Simona Fuma Shapiro*

The top three movies for the week of August 3, 2000 were *Mission: Impossible 2*, *Gladiator* and *The Patriot.* Not in Ohio or Indiana, but in France. For the week of October 1, *The Cell*, *Coyote Ugly* and *Hollow Man* were the most popular movies—in Spain. That same week, Hong Kong film viewers flocked most often to *Healing Nights, Chicken Run* and *Autumn in New York*.

At a recent film festival, the award-winning Brazilian director Carlos Diegues (*Bye Bye Brazil*) expressed the chagrin of filmmakers in his country where native films account for only 5 percent of the box office. "I love American films, but it's not good for mankind to see only them." He compared Hollywood to the conquistadors who destroyed the Inca and Aztec civilizations when they came to the New World in the sixteenth century.

Diegues' remarks are not hyperbole. Hollywood films do indeed dominate the world. After aircraft production, the entertainment industry is America's largest source of trade surplus. In 1997, 88 of the top 100 films distributed globally were American-made, and seven of the remaining films were coproductions with American producers. In Europe, Hollywood films account for 70 to 95 percent of the box office. In Canada, the situation is most pitiable: native English-language features account for seven-tenths of one percent of the Canadian box office.

In the face of an onslaught of U.S.-produced films and television shows, many countries are struggling to retain even a portion of their local cultural identity.

Cultural protection laws are one way to keep national creations from disappearing. Thus many U.S. trading partners with open borders for everything from shoes to computers maintain strict quotas and tariffs on foreign audiovisual content. All European Union countries require at least 50 percent of television programming to be of European origin. Similar laws exist in Malaysia, Hungary and Poland. In Israel, Canada, France, Malaysia and elsewhere a certain percentage of radio content must be of local origin or in the national language. And countless countries impose quotas or levies on foreign films, including China, Korea, Venezuela, France, Italy, Spain, Brazil, Indonesia, India, Egypt and Taiwan.

Simona Fuma Shapiro is a researcher with The New Rules Project of the Institute for Local Self-Reliance. She writes the New Rules Bulletin, an occasional online publication.

The GATT debate over film

In recent decades, as global trade agreements (GATT and the WTO) continue to widen their scope and authority, such cultural protection measures have been targeted by the U.S. Not coincidentally, the U.S. entertainment industry that stands to incur the greatest benefit if they are lifted. Since the inception of GATT (General Agreement on Tariffs and Trade) negotiations in 1947, the status of film has been a major point of contention. The U.S. wanted films to be covered by the treaty so they could be traded freely like any other manufactured goods. European countries insisted that films be excluded from the treaty, since without their systems of tariffs and quotas their film industries would collapse. A compromise reached at the time created provisions allowing individual countries to retain quotas.

During the Uruguay Round of GATT negotiations in 1993, the Americans once again argued that films and television programs should be included in GATT. The European countries, led by France, argued for a "cultural exception" to the GATT agreement that would apply to films and television programs. The impasse was so serious that it threatened to derail the talks.

At the eleventh hour U.S. President Clinton relented and the parties agreed to disagree—leaving film and television out of the agreement. No "cultural exception" was added to the GATT, nor were foreign countries required to dismantle their quotas. The audiovisual industry remains subject to Article XIX of the agreement, which notes that "Members shall enter into successive rounds of negotiations [within five years of the Agreement] with a view to achieving a progressively higher level of liberalization."

Different conceptions of culture

To the Europeans, the conflict over the status of film and television within GATT was about more than economics. In Europe and elsewhere, film is often viewed as a national asset. During the 1993 impasse, former French President Francois Mitterand argued, "Creations of the spirit are not just commodities; the elements of culture are not pure business. What is at stake is the cultural identity of all our nations…it is the freedom to create and choose our own images. A society which abandons the means of depicting itself would soon be an enslaved society."

American trade officials, on the other hand, view cinema largely as a business. "When we're talking about cinema, I think it's largely a commercial issue and not a cultural issue," says Peter Morici, director of the U.S. International Trade Commission from 1988 to 1993. "Globally there is a preference for what Hollywood puts out. We have a very competitive industry, and that is certainly evidenced by the amount of film we sell worldwide."

Why Hollywood dominates

Many observers would attribute Hollywood's dominance to simple market forces: moviegoers of the world are asserting a clear preference for Hollywood fare. While there is some truth to this claim it is also true that numerous economic forces tilt the playing field in Hollywood's favor.

It is important to note that Hollywood's preeminence goes back to the 1920s. In every major European country as well as in Australia, Canada, New Zealand and South Africa, American films accounted for 85-95 percent of the national box office during the 1920s and early 1930s. The reasons behind this dominance remain largely the same today: The U.S. is a populous country with a large home market, and a larger per-capita movie-going population than in Europe. Meanwhile, European markets are smaller, and its industries fragmented across a number of countries. From the beginning, U.S. movie studios had more to spend on big, elaborate sets, special effects and advertising, giving them an advantage over their European competitors.

In addition, the U.S. movie industry was extremely concentrated and vertically integrated during its first 40 years, a situation that is recurring today. While the European industries suffered fatal disruptions during World War I and World War II, a system was created in the U.S. where 80 percent of the "first-run" cinemas—the city-center movie palaces—were owned by or affiliated with the five largest studios. On top of this, the studios produced 70 percent of all feature films, and their distribution arms accounted for 95 percent of total film rentals. This vertical integration effectively kept foreign films out of the U.S. market through the 1950s, and its impact has endured.

Today, despite a 1948 antitrust decree that required the top five studios to divest their cinema chains, studio ownership of movie theaters is on the rise, due to horizontal mergers of large media conglomerates. Meanwhile, the vertical inte- →

gration of production and distribution remains intact. The top ten film studios in the U.S. (Disney, Paramount, Warner Bros., Sony, Fox, New Line, Dreamworks, Miramax, Universal, MGM/UA) are also the top ten distributors.

American studios increasingly own theaters and distributors in foreign countries. They are the top distributors throughout Europe and in countries like Japan, Singapore and Australia. In Britain, U.S. studios control 83 percent of market share in distribution.

When they do not own foreign theaters, American distributors often employ a tactic that is illegal in the U.S. "Blockbooking" involves requiring foreign exhibitors to buy packages of lesser-quality American films in order to obtain a coveted hit film. Through this practice, U.S. studios are able to flood the European market and reap substantial marginal revenues from movies that might not otherwise find a theater abroad.

Meanwhile, foreign films, whose home markets are relatively small, fare poorly in the U.S. Back in the 1960s, non-English-language films hit a peak of 5.5 percent of annual U.S. box office revenues. In recent years that figure has tumbled to about 0.5 percent.

Subtitled films have acquired the status of a highly specialized taste. There are many reasons for this.

First, distributors of foreign films lack the financial wherewithal to get behind a movie the way a major Hollywood studio can. Consequently, there is less of a national "buzz," and less media coverage, for these films.

Second, many distributors and theater owners refuse to handle subtitled films, believing that Americans have an aversion to them. This belief becomes a self-fulfilling prophecy as Americans lose their taste for foreign films they never hear about in the media and that never make it to theaters.

Third, play dates have become shorter as market conditions in this country have grown harsher. Ten percent of the films generate 50 percent of a studio's annual box-office revenue and the other 90 percent perform poorly or flop completely. Theater chain operators vie to book the most salable films, often in more than one viewing room. Five or six "big" Hollywood films can dominate 50 percent to 75 percent of first-run U.S. exhibition. A film needs to do well in one or two weeks or else give way. This makes it very difficult for a film to build an audience by word of mouth.

Fourth, when European films only cost $2 million to $3 million to make, they were able to make their money back in their own countries through regular theatrical release. The box office that came from the United States and the rest of the world was icing on the cake. But as European films have been forced to compete with American films, the production costs alone have soared to where films like Germinal and The Horsemen on the Roof cost $40 million to $50 million or more. And the producer of a French film knows that the most he or she is going to recoup in France is $7 million to $8 million.

Hollywood films have also benefited from the shrewder business sense of their producers over the years. The major studios had always regarded film as a business, and felt they could maximize its impact by marketing it aggressively. With no pretensions to creating "art," the studios would rewrite scripts or reshoot scenes if audience previews showed an unfavorable response. European governments, on the other hand, took the industry under their wing and imposed subsidies and quotas from the beginning. While this may have produced movies of quality, it blunted the commercial sense of the European producers.

Characteristics of foreign vs. American film

Some claim the worldwide demand for Hollywood films is due to the fact that such films are simply better. Others argue that while they may not be better, they offer more action, more sex and more excitement: more of what large numbers of people are willing to pay for when they go to the movies. Even boosters of the European film industry concede that Hollywood films have more popular appeal.

In an article entitled "The Cultural Exception: Why?" Czech journalist and film critic Anthony J. Liehm argues that European films, which are culture-specific, will never attract as large an audience as Hollywood films, with their universal appeal. This universality derives from the fact that "since their origins" Hollywood films were "aimed at a popular audience, composed of immigrants from all parts of the world." Just as these films were created for diverse groups of immigrants, so they were able to appeal to the "non-American masses throughout the world."

European culture, on the other hand, since the beginning of its history, has been aimed at an elite and been generated from this elite. It was transmitted to larger audiences only gradually, and maintained a local, particularistic character. Despite its elitist origins, this heritage nevertheless constitutes the backbone of European tradition, and has been influential beyond the small size of its audience. However, this heritage has always been subsidized, whether by the rulers, the cities, the church or, eventually, the nation states, and must continue to be protected in order to survive.

Liehm also contrasts American history, which he calls "basically a success story" with European history, which is a "succession of tragedies." These three elements—the particularism, the elite origin and the tragic history—give European films some of their distinguishing characteristics.

Other critics concur. They describe European cinema as based on doubt and questions, while American cinema is based on affirmation. In the *Columbia Journal of World Business* (December 22, 1995), Reed Martin identifies six characteristics typical of successful American films: "brisk pacing (or at least quick cutting), sexual tension, graphic violence, intrigue, a novel approach to a timeworn fable and, whenever possible, a happy ending or 'wow finish.'"

While some non-American films employ these characteristics, American films do so most consistently. These features make American films easier to sell. "The easiest films to sell are action, adventure or physical comedy—things that don't require a lot of language translation," says Teri Ritzer, vice president of international publicity at Buena Vista International, Disney's overseas distribution arm. Among the hardest things to sell are films laden with conversation, or culture-specific references, more likely to characterize European films.

Are Hollywood films "what customers want"?

When foreign filmmakers and culture ministers accuse Hollywood of cultural imperialism, Hollywood replies that it is giving customers what they want. "Making movies is a market-driven product. We don't see it as cultural imperialism," Mike Marando, spokesman for the California Trade and Commerce Agency told Agence France Presse. "We see it as a marketplace issue."

But polls repeatedly suggest that while Europeans as individuals or consumers may desire American cultural products, they also seek to preserve a corner for their national cultures to flourish.

Ana Adams, a Spanish instructor at the University of Minnesota, explains that as a teenager in Seville she and her friends flocked to Hollywood movies. "American movies are fun, and as a teenager I wanted entertainment." But when asked whether Spain should do away with its film quotas, she emphatically rejected the idea. "I love Spanish movies but I did not appreciate them until I was older," she said.

When producers speak of giving the audience what it wants, they often fail to mention the ability of advertising to create desire for a product.

Emanuel Levy, a film critic for Daily Variety and professor of film at the Arizona State University West, argues that good films are being made but foreign companies are not marketing them well abroad. "Shrewd marketing. It's all about marketing," he says. He cites Miramax's success with the films *Like Water For Chocolate* (Mexico), *Shall We Dance?* (Japan) and *The Postman* (Italy) as an example of what can be achieved when foreign films are marketed aggressively.

But few foreign films can rely on the monetary flood that pushes large audiences to view mainstream American films. The average marketing budget of a Hollywood film is $25 million, far exceeding even the production costs of most foreign films.

Why protect culture?

"When we have 10 percent of the U.S. market, we will suppress our taxes and levies," Daniel Toscan de Plantier, president of Unifrance, the association that promotes French films, told the *New York Times.* Indeed, many foreign regimes are not using their quotas and tariffs to do cultural battle against the U.S., or even to censor foreign ideas, but simply to maintain a small market share for their native cultural expression.

Culture cannot be treated as just another commodity. According to Chi Carmody in a recent article on cultural protection laws (*Law and Policy in International Business*, January 1999) cultural products do not fit well within a scheme of comparative advantage, upon which trade is based. First, price is not always the determinative factor in their purchase, and second, inefficient producers are still motivated to produce despite economic loss. For these reasons, culture sometimes needs special protections.

The idea that culture should be protected is even written into international documents such as the Universal Declaration of Human Rights of 1948, which recognizes "cultural rights" and the right of people "freely to participate in the cultural life of the community."

Chi Carmody offers two additional reasons why cultural protection should be an accepted doctrine of international law: →

"One . . . is that there is a need for cultural diversity; in a world increasingly committed to democracy, cultural pluralism . . . may be productive of a marketplace in ideas. Intellectual variety is vital if global democracy is to flourish. Another argument is that, in an era of increasing homogeneity and growing convergence, we need to protect the natural occurrence of culture in the same way that environmentalism has come to emphasize biodiversity."

In a world of commodities, cheaper goods, produced on a large scale, tend to beat out the work of smaller producers. One can dispute whether or not this is a good thing for shoes or toothpicks, but where culture is concerned the implications are more serious. The U.S. may not intend to wipe out smaller cultures, but the logic of the WTO, which treats culture as a commodity, may lead to just that. The U.S. views cultural protections as trade barriers and wants to let the market determine which films get made. But because individual consumers may not foresee the collective outcome of their behaviors, it is up to governments to enact the cultural protection laws their constituents have chosen in the role of citizens. Although it would be good if foreign film industries, through marketing and other tools, could sustain themselves on the world market, this is not a viable solution for any but the largest of these industries. For others, preserving a market niche within their own countries is the best solution. [!]

When the Farmer Makes the Rules

continued from page 9

distributed by the USDA are in effect farmer/processor prices, as this first stage of production has been integrated with the second. The only point where basic supply and demand conditions generate a publicly visible price is at the interface between the processor and retailer (or distributor). At the retail end of the supply chain, approximately half of all chicken goes through restaurants rather than grocery stores.

22. Coffin, Garth H., Robert F. Romain and Meghann Douglas, 1989. "Performance of the Canadian Poultry System Under Supply Management," Department of Agricultural Economics, McGill University and Le departement d'economie rurale, Universite Laval, p. 122-125. From 1980-1989, the study concluded that retail margins for chicken in Canada averaged 50 percent higher than those of the U.S. The retail margins were found to be the greatest single contributor to consumer price differences between Canada and the U.S.

23. "Snapshot of the Canadian Chicken Industry," Agriculture and Agri-Food Canada, 1998. Find the report at: http://www.agr.ca/misb/aisd/poultry/pubs.htm

24. Ibid. There is evidence that higher Canadian poultry prices have not significantly affected consumption: the spread in chicken meat per capita consumption has increased in the past 20 years. In 1976 Americans consumed 3.3kg more than Canadians; in 1997 the figure increased to 7.7kg. However, this is a gap emerging between two dramatically rising consumption levels. Poultry per capita consumption in both Canada has more than doubled from 25.8 lbs. in 1967 to 55.5 lbs. in 1997. In comparison, U.S. consumption increased from 40 to 96 lbs. per capita over the same time period. While Canadian consumption is lower than the U.S. (2nd in per capita consumption), Canada is 6th in per capita consumption of chicken products worldwide (USDA, Statistics Canada, as cited in "Snapshot of the Canadian Poultry Industry").

25. CDA-95-2008-01: North American Free Trade Agreement Arbitration Panel Established Pursuant to Article 2008. In the Matter of Tariffs Applied by Canada to Certain U.S.-Origin Agricultural Products, Final Report of the Panel, December 2, 1996. For full text see: http://www.nafta-sec-alena.org/images/pdf/cb95010e.pdf

26. Under NAFTA, highly processed poultry products (those with up to 87 percent chicken content by weight, such as TV dinners) may be imported in tariff free. Canadian processors who compete with these products complain that they are disadvantaged by having to buy higher-priced raw chicken. To take the pressure off of this Canadian sector, there is a special arrangement that allows Canadian processors to import cheaper U.S. chicken under the NAFTA's 7.5 percent duty-free import quota.

27. Most recently, Canadian supply management system was upheld in a 7 to 2 decision that confirmed the powers of the Canadian Egg Marketing Agency, which had tried to stop producers in the Northwest Territories from selling eggs in other parts of Canada without a license. See the ruling at: http://www.lexum.umontreal.ca/csc-scc/en/pub/1998/vol3/html/1998scr3_0157.html

Preempt This!
Michigan Cities Fight Back

What does it take to get a group of polite Midwesterners riled up enough to propose an amendment to their state constitution? Michigan legislators can tell you it's not too difficult: just pass a series of laws that weaken local authority. *By Daniel Kraker*

One year after activists disrupted the Seattle meeting of the World Trade Organization with claims that global corporations wield too much power over governments, Michiganders lodged their own protest against distant authority.

On the state's ballot in November was Proposition 2, an amendment to the Michigan Constitution that would have required a two-thirds majority to enact any law that diminishes local authority. The initiative was backed by residents and municipal leaders who were outraged at a series of laws, recently passed by the state legislature, that preempted traditional decisionmaking authority at the local level. Although the proposition was defeated at the polls, it succeeded in bringing issues of local control and state preemption to the forefront of Michigan politics.

Which levels of government should exercise what kind of authority? Most often the focus of this ongoing debate is the relationship between the federal government and the states. This year's protests against globalization have shifted the focus to unelected international economic organizations and their increasing willingness and ability to preempt the authority of all levels of government.

In Michigan, however, the dispute shifted again, this time to the relationships between state and local governments. While it certainly won't garner the headlines of the "Battle in Seattle," the work of local governments in Michigan is arguably even more important because it recognizes the need for rules that reclaim our sovereignty and reassert the rights of communities to determine their own futures.

Daniel Kraker is a writer and researcher with the Institute for Local Self-Reliance (dkraker@ilsr.org).

The Politics of Preemption

On the last day before adjourning on December 9, 1999, Michigan legislators passed a bill that effectively precludes all local regulation of agriculture, including controversial industrial-size feedlots. The misleadingly titled Michigan Right To Farm Act even blocks private civil nuisance lawsuits in virtually all cases.

Michigan is merely one of the latest in a long line of states that have taken away the ability of municipalities and counties to regulate agricultural operations within their boundaries. Iowa has had an agricultural preemption bill on the books since 1946. North Carolina passed theirs in the late 1980s, and the results have been disastrous, both to that state's rural economy and to its environment. Family farms have vanished from the countryside, the spin-off economic benefits that they generated have disappeared, and dozens of highly publicized manure spills have poisoned wells, killed thousands of fish and devastated coastal ecosystems.

Other states, including Missouri, Illinois and Ohio, have followed North Carolina's lead and suffered similar results. Not surprisingly, states that have defended their local governments' authority to regulate industrial feedlots—including Nebraska and South Dakota—have largely succeeded in keeping them out and have maintained a vibrant small farm sector.

In the 1999 legislative session Michigan's state legislature also passed a law that preempted the right of cities to sue gun manufacturers. Supported by the National Rifle Association, a version of this bill (Public Act 265, 2000) has already been passed in more than 15 states in response to efforts by many cities to recoup some of the social costs of escalating gun violence.

But the straw that broke the backs of many local officials was a state law (Public Act 212, 1999) that preempted the laws of some 80 Michigan cities that required municipal employees to live within the →

city's borders. The frustration voiced by Hazel Park City Manager Joseph Young is indicative of local officials across the state. "Last November, our citizens voted to add a residency requirement to the city charter, and then the Legislature did away with that," he says. "The Legislature should not be mandating what local communities want."

Once again, Michigan is not alone. Minnesota also passed a state law that preempted city residency requirements, much to the chagrin of the state's two largest cities, Minneapolis and St. Paul, both of which required their employees to live within their borders.

The protection of civil rights often requires the intervention of higher levels of government. But these should establish floors rather than ceilings, a minimum standard of adequacy that allows communities the autonomy to do even better.

The Politics of Devolution

Fearful of further erosion of local control, Michigan towns and cities went on the offensive. With the backing of the Michigan Municipal League, local governments drafted a ballot initiative (and gathered the requisite 300,000+ signatures) to require a two-thirds vote to enact any law that diminishes local authority. If such a requirement would have been in place in 1999, the Right to Farm Act, which was passed along strict party lines, would never have been approved.

Perhaps the most remarkable aspect of the ballot initiative is that it made the ballot. Voters are typically motivated by specific issues—the substance of governance—not by relatively arcane questions about the process of governance. But local officials in Michigan succeeded in making the question of where authority should be located a front-page, and bitterly contested, issue.

Today's political climate stands in stark contrast to the early years of our nation, when the debate over federalism occupied the hearts and minds of our leaders and the public at large. The distinctly American brand of federalism that emerged from the Constitutional Convention was a compromise between those who feared the parochialism and homogeneity of small units of government and those who felt that government works best and is most legitimate when it is most intimately connected with its citizens.

For the last two centuries, however, decentralists have been fighting an uphill battle as political power has increasingly been centralized in Washington. The courts have played a leading role in the shift toward more remote decision making by aggressively preempting the authority of smaller units of government to regulate commerce. Only in the last century has the municipal home rule movement gained a modest degree of autonomy for some local governments.

Michigan's ballot initiative reflected a widespread disenchantment with politics as we have come to know it. As decisionmaking has moved further and further away from those who feel the impact of those decisions—to state capitols, to Congress, and now to unelected international trade tribunals—apathy and disgust with the political system have risen to new heights. The influence of money on policy at the state and federal level has further disillusioned an already cynical American public. Local governments are no panacea, but local control at least creates the conditions for democracy and political participation.

Despite its decreasing importance, local government remains immensely popular. A 1990 Times Mirror poll found that 77 percent of citizens agreed that "the federal government should run only those things that cannot be run at the local level." Other polls show that since 1972 public confidence in the federal government has dropped from 74 percent to about 40 percent. Yet over the same period confidence in local government has been stable at about 60 percent.

Politicians, keenly aware of localism's popularity, have long recognized the importance of community and the devolution of political authority—at least rhetorically. Action, however, has never consistently backed up campaign promises. "The policy seems to follow the constituency," observes Lenny Goldberg in *The American Prospect*. "If ranchers on federal lands want local control but cable companies insist on local preemption, so be it."

If Michigan's ballot proposal had passed, it would have ensured that communities were paid more than lip service. It would have guaranteed the right of local governments to make the decisions that affect the lives of their citizens. Indeed, Proposition 2 could serve as the spark that restores the healthy tension between the federal government and local governments.

Opponents to the ballot initiative united under the banner of "Citizens for Common Sense Government." The group, funded primarily by the Michigan Chamber of Commerce, contended that the proposal would have introduced "minority-rule" to the Michigan Constitution, and would have also resulted in years of costly litigation at taxpayer expense.

But the charge most often voiced was that the proposal was antibusiness. Jim Barrett, Chamber president and CEO, argued that the ballot proposal would "open the floodgates for a wave of new local government regulations on business and there would be little the legislature could do about it." The Chamber's number one target is local living wage laws. The state legislature, with the Chamber's backing, has proposed bills that would place ceilings on living wage laws, but would likely never be able to muster a two-thirds majority if the amendment is passed by voters.

According to Ingrid Sheldon, mayor of Ann Arbor and chair of Let Local Votes Count (the group—organized by the Michigan Municipal League—that was the main backer of the proposal), many local chambers of commerce broke ranks with their state association to support the ballot initiative. "Local business owners who want to expand," she said, "can go down to city hall and work with their community development department to come up with a site plan that will fit with the 'flavor' of that particular community." The state chamber, by contrast, wants fewer local laws and more "one-size-fits-all" state laws to make it easier for businesses to operate in different communities. But "if the state enacts cookie-cutter regulations and red tape," argues Sheldon, "those valuable relationships which bolster the local business community will be lost."

Proposition 2 led in many polls prior to the election, but support floundered as the vote drew near. The Municipal League had raised about $1 million, but used most of that money to collect signatures, leaving little for advertising. The main PAC set up to fight the proposal, Citizens for Common Sense Government, also spent close to $1 million, but they were aided by other PACs—whose spending was buried in the rest of their expenditures on other ballot issues and candidates. Based on the advertising that was run against the amendment, Jennifer Hall, campaign coordinator for Let Local Votes Count, estimates that they were outspent at least 4 to 1. Their radio ads were outplayed at least 3 to 1, and the opposition also bought billboard signs all over Michigan and ran prime time TV commercials.

The Chamber of Commerce and other opponents continued to claim that Proposition 2 would lead to minority rule, where just a handful of legislators could block passage of good legislation. They also argued that the two-thirds requirement would apply to state laws such as those governing the distribution of revenue sharing and the allocation of transportation funds, although supporters emphasized that the requirement applied only to matters of municipal concern.

"The rhetoric," according to Hall, "basically came down to the opposition making erroneous claims and us saying that isn't true. This left people confused and confused people don't vote yes."

Can't Governments All Just Get Along?

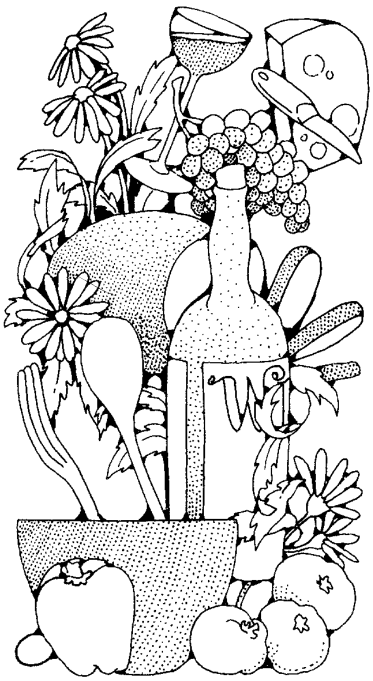
The intent of Michigan municipalities was not to eliminate the participation of the state legislature in decisions that affect them. State houses, after all, are made up of representatives of localities who are elected to serve their constituents. The ballot initiative did not expand the authority of any local unit of government, but rather sought to protect existing authority. It would have placed the burden of proof on higher levels of government to show that they were justified in intervening with laws that local governments have democratically enacted. Europe has already embraced this principle of subsidiarity, which holds that wherever possible, decisionmaking should be localized.

In today's complex political world, the traditional delineations of city, county, state and nation are becoming increasingly obsolete. Regional governance is becoming more vital as metro areas struggle to combat sprawl, maintain equity in school funding and address other issues that transcend municipal borders. Likewise, at the international level, environmental problems rarely stay confined within national borders. Air and water pollution, climate change and the transport of hazardous waste are truly global problems that require democratic, international governance structures to address them.

The protection of civil rights also often requires the intervention of higher levels of government. But these should exercise authority cautiously to allow for maximum individual freedom. They should establish floors rather than ceilings, a minimum standard of adequacy that allows communities the autonomy to do even better. The federal government, for example, requires employers to pay a minimum wage, but allows states and localities to raise the bar to mandate even higher wages.

If the major decisions that shape one's life are made thousands of miles away by transnational corporations and unelected international tribunals—or even a couple hundred miles away in a state legislature—there is little to be gained from participating in the political realm. But if authority is brought back closer to home, if decisions are made by those who feel the impact of those decisions, then politics in this country will be reenergized. The efforts of local officials in Michigan are hopefully only the first step in this process. [!]

Setting a Slow Table



If you've always wanted to be an activist but stayed away because of the bad food and long hours, there's good news. A group called Slow Food has taken up the cause of local cuisine and is defending it against everything from hyper-hygienic policies to the homogenizing influence of mass distribution. Their organizing strategy: sit down and enjoy a delicious, leisurely meal.

By Stacy Mitchell

It began as a tongue-in-cheek response to the arrival of Italy's first American fast-food outlet in 1986. Enraged when McDonald's opened in Rome's historic Piazza di Spagna, journalist Carlo Petrini—after a long, slow lunch with friends in his hometown of Bra—launched Slow Food.

Three leisurely years later, representatives of twenty countries met in Paris to feast and draft a manifesto. "We are enslaved by speed and have all succumbed to the same insidious virus: Fast Life, which disrupts our habits, pervades the privacy of our homes and forces us to eat Fast Foods . . . In the name of productivity, Fast Life has changed our way of being and threatens our environment and our landscapes," they wrote. "Our defense should begin at the table with Slow Food. Let us rediscover the flavors and savors of regional cooking . . ."

Slow Food has since grown to include more than 65,000 members organized through 400 local convivia (chapters) in 40 countries. Slow Food's deepest roots are in Europe, where villages just a few miles apart still employ distinct, centuries-old methods for making cheeses and wines. Currently, however, the movement's strongest growth is in the United States. The number of local convivia has expanded from five to forty in just two years. Interest has gone hand in hand with the rise of microbreweries, artisan bread-makers, organic foods, and farmers markets.

Slow Food's symbol is the snail, a tiny creature that embodies a world of wisdom: reject the frenzy of modern living in favor of a slow, contemplative life rooted in community and firmly connected to the earth and its fruits. The movement's core mission is to resurrect and safeguard small-scale food production and local culture from the forces of industrial standardization and global uniformity. The ability to savor one's own culinary heritage is more than a privilege, according to Slow Food: it is a basic human right.

Why foods become extinct

Browsing through Slow Food's Ark of Taste—a Noah's Ark-inspired inventory of embattled local foods that the movement is working to save—gives one a sense of just how diverse local foods and traditions are, as well as the range of forces arrayed against them.

Some of the Ark's foods, like California's Sun Crest Peach, said to be one of the last truly juicy peaches, border on extinction because they are too fragile to survive the demands of mass distribution and retailing. Agribusiness and chain supermarkets have narrowed our choices to a few varieties and eliminated the local networks that once made local varieties viable.

Stacy Mitchell is a researcher with The New Rules Project of the Institute for Local Self-Reliance. She writes the ATM Surcharge Bulletin and the Home Town Advantage Bulletin, occasional online publications, and is the author of The Home Town Advantage: How to Defend Your Main Street Against Chain Stores . . . and Why It Matters.

Other foods fail to meet the efficiency demands of modern production. In Italy, an endangered breed of cow, which reputedly produces the world's finest Parmesan cheese, has become rare, because it yields less than one-quarter of the milk produced by other breeds.

Still other culinary traditions have been lost because the small, local producers have been unable to survive competition from large regional or national operations. Creole cream cheese, a New Orleans original, has largely disappeared as local dairies give way to regional processors that mass-produce standardized cheeses.

> We are enslaved by speed and have all succumbed to the same insidious virus: Fast Life, which disrupts our habits, pervades the privacy of our homes and forces us to eat Fast Foods . . . In the name of productivity, Fast Life has changed our way of being and threatens our environment and our landscapes.

Finally, many local food producers are struggling under food safety regulations that are designed for large industrial processors. Vermont cloth-wrapped farmhouse cheddar, for instance, is aged on wooden shelves in special rooms or caves, a process recently found to violate U.S. Department of Agriculture rules. The agency says cheese must age surrounded by smooth, impervious metal or plastic. The state's artisan cheesemakers say retrofitting their operations is not only prohibitively expensive, but will alter the subtle flavors that make the cheese unique.

Saving endangered foods

The Slow Food movement has developed a multi-pronged approach to overcoming these forces. It begins with education. Local convivia organize slow food dinners to reintroduce local foods and cooking techniques and to spread the philosophy of a good life rooted in the slow pleasures of place and community. The local activities culminate once a year in an international gastronomic extravaganza known as Salone del Gusto. This year's event is expected to draw more than 200,000 people to Turin, Italy, to sample thousands of artisan foods from around the world.

Slow Food also intervenes directly to save endangered foods by providing funding for pilot companies, supplying equipment, conducting marketing studies and trying to reestablish local systems of distribution and retailing. Local convivia organize and maintain farmers' markets and support food stores and coops that carry local foods. They encourage restaurants to serve homegrown foods and revive traditional recipes. Slow Food is also a political movement, organized to fight what are perhaps the most serious threats facing local foods: laws that favor large-scale production and make it nearly impossible for many artisan producers to continue their craft.

Hyper-hygienic standards in Europe

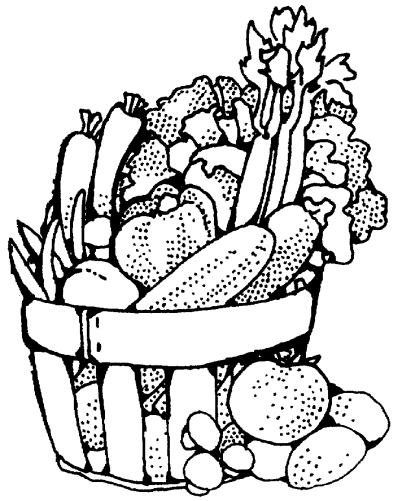
In Europe, the main point of contention centers on what Slow Food refers to as hyper-hygienic regulations originating with the European Union. Over the last few years, the E.U. has been creating uniform food safety standards, which each member country is required to implement through national laws.

While many of these rules are reasonable, others have made traditional techniques illegal. In Orvieto, Italy, the last surviving producer of cenerino, a local cheese, must break the law to continue his craft. Cenerino is made from sheep's milk taken during March, April or May, when the fat content is highest. It is covered with oak ash, wrapped in walnut leaves and aged for two years. The process fails meet E.U. standards. Other foods threatened with the chopping block include fossa cheese aged in underground pits, Tuscan pig lard made in marble vats, pasta made with raw eggs and dried in the open air, and even wood-fired pizza, which the E.U. fears may contain small amounts of carcinogenic ash.

Polls indicate growing opposition to the E.U. In September, the Danes voted against adopting the Euro, the E.U.'s currency. Nothing, however, has inspired popular revolt more than attempts to interfere with food. The E.U.'s food safety rules have been the subject of front-page headlines, especially in Italy and France, where food is both a national pastime and the very essence of what makes one Italian or French. The rules have caused dramatic increases in the sales of certain endangered foods and inspired many an illicit dinner party.

In response to the public outcry, the Italian agriculture ministry published a list of more than 2,000 traditional foods in August. The ministry has encouraged producers of these foods to apply for an exemption from the E.U. rules. Slow Food was instrumental in convincing the E.U. to allow such exemptions, under which products may be sold in their home ⟶

countries but not shipped elsewhere in Europe. Some Italian policymakers, noting that the process for obtaining a waiver can be complex and arduous, have called for broader protections that exempt all small producers and recognize traditional foods as culture treasures, much like the Sistine Chapel. The French government is pursuing a similar strategy.



The new E.U. food standards have been especially hard to stomach in Italy, where four out five firms have fewer than 15 employees. To conform to the standards, retail food shops have had to spend thousands of dollars remodeling and buying new refrigerators and other equipment. Tens of thousands of these shops have closed their doors. Restaurants are struggling as well to afford new ovens and high-tech refrigerators with computerized temperature monitoring. Paperwork has greatly increased because each person in the supply chain is required to document the source of every ingredient and to track cooking and storage temperatures.

Unfair costs

A less direct but more insidious threat to local foods are E.U. rules that impose greater costs on small producers, processors and retailers. Meeting the new standards generally requires upgrades in equipment and facilities that are well within the reach of large companies, but far too expensive for small ones.

In Britain, rules implemented this year in response to E.U. standards have forced more than 20 percent of the nation's small slaughterhouses to close. The rules require official veterinary surgeons to be on hand throughout the slaughter. While other countries have publicly financed these costs or imposed a set fee per animal, Britain has required that each slaughterhouse pay its actual costs. Large slaughterhouses spread these costs over more animals, paying about £1.50 per head, according to the Small Abattoirs Federation—compared to £44.50 at small slaughterhouses.

Small and mid-sized abattoirs currently process about half of Britain's meat. They form an essential link in the supply chain and are necessary to the survival of small livestock farmers, as well as independent butchers, farmers' markets and small retailers. Large slaughterhouses are no substitute. They are often located far from the remote areas where small farmers raise livestock and generally refuse to handle small orders and specialty animals like goats and venison.

Nothing has inspired popular revolt more than attempts to interfere with food. The E.U.'s food safety rules have been the subject of front-page headlines, especially in Italy and France, where food is both a national pastime and the very essence of what makes one Italian or French. The rules have caused dramatic increases in the sales of certain endangered foods and inspired many an illicit dinner party.

In France, street vendors and farmers markets are under threat. New rules imposed in May require refrigeration of most foods, including fish, raw vegetables, pastries and cheese. Markets must install toilets, running water and electricity. At the moment, many vendors, unable to afford the cost, are defying the rules and waiting to see if inspectors will close them down.

Hyper-hygienic standards in the U.S.

In the United States, hyper-hygienic standards are also a significant issue. Chief among Slow Food's concerns are attempts to regulate or ban raw milk cheeses. Already, the sale of raw milk cheese aged for less than two months is prohibited by the U.S. Food and Drug Administration (FDA). The agency is currently considering a ban on all raw milk cheese, including such favorites as Vermont cheddar, Swiss Gruyere and French Roquefort.

Most artisan cheesemakers cannot afford pasteurization equipment. Even if they could, pasteurization would likely mean their demise because it would eliminate much of what differentiates artisan cheeses from mass-produced cheeses. According to gourmets, raw milk cheeses are more flavorful and often superior to those made with pasteurized milk. As a result, they command a higher price, which enables small producers to survive.

Annie Bonney of the Cheese of Choice Coalition says consumers understand that raw milk cheese is slightly more likely to contain harmful bacteria than pasteurized cheese. They should be left to make the call themselves, as they do when ordering a hamburger rare or well-done. Moreover, the FDA's concerns, she says, are based on an inconclusive study of E. coli in aged cheese. Strangely, the study examined cheese made from pasteurized milk, not raw milk.

The FDA has also considered requiring pasteurization of apple cider and fruit juice. The proposal first surfaced in 1996, when an outbreak of cider-induced food poisoning killed one person and sickened 66 others. All large cider producers pasteurize; few small ones do. The equipment costs about $15,000 to $25,000, a price tag too high for nearly all of New England's three hundred cider producers, according to Richard Uncles of the New Hampshire Department of Agriculture.

Many states have asked the FDA to leave cider regulation in their hands. New Hampshire, for example, adopted a number of new rules following the 1996 outbreak, both to correct potential sources of contamination and to ward off further intervention by the FDA. Uncles contends that simpler, less expensive regulations, such as barring animals from grazing in orchards and establishing more stringent washing and transportation procedures, can ensure a reasonably safe product. The 1996 outbreak was caused when a farmer shipped apples in a truck previously used to haul manure.

New Hampshire also mandates that cider be labeled either pasteurized or unpasteurized. Under FDA rules, unpasteurized cider that crosses state lines must carry a warning label. The warning has caused sales to drop sharply in some areas. Elsewhere the controversy has re-ignited interest in unpasteurized cider, which, like raw milk, is more flavorful than pasteurized cider.

These conflicts raise two important questions about food safety regulation. First, what level of government should be responsible for food safety? Distant international bodies, like the European Union, are ill-equipped to draft standards that respect local traditions and take into account the needs of small producers. The E.U.'s very mission is to harmonize standards in order to facilitate trade and enable large companies to more easily ship products throughout Europe.

The second has to do with the priorities of food safety regulation. Members of Slow Food point out that recent food scares in Europe and consumer concerns in general all originate with industrial food production: mad cow disease, chickens contaminated with dioxin, bovine growth hormone, antibiotics in meat and dairy and genetically modified foods. Eating moldy cheese aged in an underground pit does indeed pose certain dangers, but in the larger scheme of things, should this be our biggest concern? In a letter to McDonald's last year, the FDA confirmed that four tested pathogens will not grow on a slice of Kraft processed cheese left unrefrigerated for 24 hours. This seems to beg the question. If the bugs won't eat it, should we?

RESOURCES

For more information on Slow Food and the Ark of Taste, or to find your local Convivia, visit www.slowfood.com

Slow Cities

As Slow Food challenges international and national regulations, it also launched an initiative this year to implement new policies at the local level that address more than just food. Together with Italy's municipal alliance, Slow Food created Slow Cities, a network of certified cities that have agreed to adopt policies that protect the community's culture and way of life.

Many of the Slow Cities policies focus on protecting the local environment. Slow Food has long described itself as an eco-gastronomic movement, recognizing that artisan foods derive their singular flavors from the soil, water and climate of the place where they were created. Slow Cities prohibit local production of genetically modified foods and support organic agriculture. They encourage recycling, protect green space, plant trees, build bicycle and pedestrian paths and limit car traffic. Audio and visual pollution is also addressed: no neon lighting, no car alarms and no posters.

Slow Cities agree to support local food by sponsoring farmers' markets, promoting homegrown culinary traditions through festivals and other events and encouraging restaurants and shops to carry local products. They urge businesses and schools to adjust their hours to allow for a long midday meal with friends and family.

The network of Slow Cities has grown from the roots of the original Slow Food movement. It now includes about 30 Italian towns, but hopes to spread to cities around the world. Each Slow City displays the movement's logo: a snail crawling past two buildings, one ancient, the other modern. [!]

Sign me up for one year (4 issues) of *The New Rules*.

❑ Here's my check or money order for $15.* ❑ Bill me please.

Name ....

Organization ....

Address ....

City .... State .... Zip ....

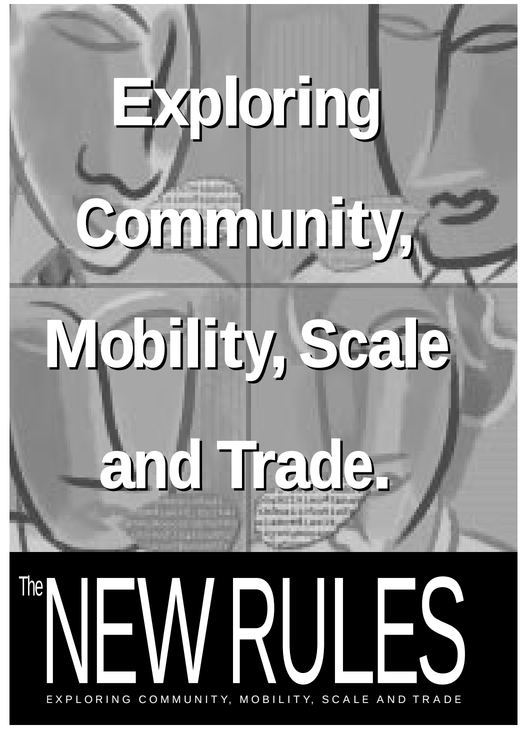
Country ....

Telephone.. Fax ....

E-mail Address ....

**Checks should be made out to the Institute for Local Self-Reliance.*
Subscribers not in the U.S. please add $10.
Washington, D.C. residents please add 5.75% sales tax.

Please cut out along dotted line and mail to ILSR at the address below.



THE NEW RULES PROJECT

Designing rules as if community matters

The New Rules is a publication of The New Rules Project, which focuses on the rules needed to nurture strong communities. The project is a comprehensive effort to articulate a new vision of politics and economics for the twenty-first century. The New Rules Project is sponsored by the Institute for Local Self-Reliance, a 24-year-old nonprofit research and educational organization that provides technical assistance and information on environmentally sound economic development strategies. The New Rules Project is supported in part by grants from the Open Society Institute and the Albert A. List Foundation, Inc.

ILSR

Institute for Local Self-Reliance
1313 Fifth Street SE
Minneapolis, MN 55414

Return Service Requested

Non-Profit Org.
U.S. Postage
PAID
Mpls., MN.
Permit No. 27596