

Jonathan Schechter – “Corpus Callosum” Column
Jackson Hole News&Guide – July 29, 2009

Over the past few weeks, the paper of record has carried two stories which caught my eye. One was about health care; the other about the local real estate market.

Over the past several months, the most significant story about the future of St. John’s Medical Center had nothing to do with leadership or governance. Instead, tucked away in the July 8 paper was a piece about how a Town of Jackson employee found it cheaper – far cheaper; over \$50,000 cheaper – to have complex hip surgery done in Belgium than in Salt Lake City.

Think about that. Despite all the costs and hassles and what-have-you involved, it was a better value to have surgery one-third of the way around the world than 250 miles away. Critically, her employer agreed.

She’s not alone in practicing “medical tourism.” Several months ago, a friend of mine found it cheaper to have surgery in London instead locally. Another went elsewhere for perceived quality-of-care reasons. And I’m sure many other Jacksonites have made similar decisions, whether ending up within or outside the United States. For them, it’s a simple choice: For non-emergent procedures, why not go to another state or country if the outcomes are better for the same price, or similar for a lower price?

I say this not to knock St. John’s, for it does what it does very well. Nor am I taking a shot at individuals who choose to go elsewhere, for they are doing what informed consumers are supposed to do – make rational decisions based on complete information.

Instead, I raise the issue because it suggests that America’s health care industry has finally started down a road so many other once-great American industries have found themselves on, the road that leads to becoming a commodity. And that’s a problem because, in many aspects of the commodity game, America no longer competes very well.

The American health care system is arguably the best in the world; the same used to be true of our automobile, steel, and numerous other industries. Today, many of these world-leading American firms and industries are on the ropes, with jobs outsourced, plants moved abroad, and world leadership leaving our shores. And while there are clearly many differences between health care and, say, automobile manufacturing, a generation ago it was hard to conceive that Japan’s auto industry could ever eclipse America’s. Yet eclipse us they did.

The Japanese made their initial beachhead with small cars. Detroit’s first tried to beat them at their own game, yet somehow products such as the Pinto and Gremlin didn’t do the trick. Ceding the battlefield, they fell back on that last refuge of scoundrels: spin and denial. This strategy was exemplified when Roger Smith, the chairman of General Motors in the 1980s, proclaimed that a used Chevy was a better buy than a new Japanese small car. Different strategy; equally bad result.

Skip ahead 25 years, and we still don’t seem to have the answers to an increasingly-competitive global economy. And it’s not just that GM went bankrupt and our financial houses have imploded. Instead, for a glimpse of the future, consider that some facilities outsource reading x-rays

overseas (not St. John's though – indeed, their radiology department is truly world class), and that medical tourism is on the rise. These are health care's equivalent of Japan's small cars, the first signs of an industry about to undergo radical transformation. That's why it's so critical not only to reform health care delivery, but to transform it. However, given a the combination of Pyrrhic politicians, deeply entrenched industries, and incredible inertia, it's sadly probable that history will repeat itself, and the health care powers that be will choose spin and denial over necessary-but-difficult transformation.

The other story was in last week's N&G – an interview with Bob Graham and Bland Hoke about the local real estate and development economy. Because Bob and Bland have been the valley's two most prominent Realtors during the last 20 years, and because Bland is also one of the most important developers in Jackson Hole's history, I assumed they would be very much in favor of the proposed changes to the Comp Plan. Why? Because conventional wisdom has it that the real estate and development communities like the proposed new plan.

I was wrong. At best, Bob was lukewarm about the changes, and Bland was quite negative: "Except for a few problems, I really liked the '94 plan. I'm almost to the point of saying let's forget all the rest of this stuff and throw out one big section that I hated. I'm not sure that we're gaining anything with this, the new plan. I've worked on it. I've studied it, and I just see enormous opportunities for a lot of mischief by a lot of people. I think we were puttering along pretty good with the '94 plan."

My takeaway from these comments is that the process of updating or revising or whatever we're doing to the Comp Plan may be an even longer and more arduous slog than anyone currently imagines. Why? Because the comments suggest that opposition to the Plan may be broader than currently believed.

Right now, the plan's opponents are clearly winning the p.r. war – they've done a brilliant job shaping public opinion around their view of the current draft's shortcomings. Despite that success, though, many still dismiss the opponents as a small-but-vocal group of "no-growthers" – well-to-do folks with no economic stake in the valley's future, people whose circumstances free them to oppose growth. From this perspective, such folks are not representative of the majority of Teton County residents; as such, their views can be marginalized.

If, however, Bob and Bland's comments foreshadow widespread opposition to the plan from the real estate and development communities, then the political calculus changes. Fatally so? Probably not. But the greater the perceived breadth of the opposition, the harder the soon-to-begin Comp Plan revision process will become. This is especially true if the opposition becomes an alliance between no-growthers who feel the plan too lax, and pro-growthers who feel it too constraining. It's easy to stop something; it's far harder to make something happen.

One final thought. At a meta-level, the core challenges being worked out in the Comp Plan are as much about commodification as those facing health care.

The great triumph of the Industrial Revolution has been to turn the production of once-individualized goods and services – guns and cars, meals and entertainment, resorts and finance and health care and all the rest – into standardized products, and with that into commodities.

Assuming a basic level of quality, once something's become a commodity, its success or failure becomes a function of price. That's where the American health care system is vulnerable; that's where St. John's is especially vulnerable, because it's squeezed between a high-cost system and a high-cost location. Unfortunately, there's not much St. John's can do about either, meaning it will continue to face extraordinary financial pressures until the U.S. health care delivery system is fundamentally transformed, and perhaps longer.

With the Comp Plan, however, the situation is different.

Outside pressures are pushing Jackson Hole in the direction of commodification, of becoming like every other resort community – of becoming like every other high-end suburb for that matter – in how we grow and sprawl and build our homes and shopping centers and office buildings and the like.

But unlike St. John's, with land use issues Jackson Hole actually controls many of the key variables that will determine whether we become a mere commodity, or instead remain meaningfully different than other places.

If we're lucky, we'll remain as distinctive as possible. Why? Because the more we become like other places, the tougher we'll make it for ourselves. Why? Because if we become a commodity, we'll be forced to compete on price, a competition our geographic isolation guarantees we'll lose.

If, however, we can remain distinctive – if we can clearly identify the things that make us unique, make preserving those qualities the primary focus of the Comp Plan and LDRs and all our other community development efforts, and do everything we can to support those distinctiveness-oriented efforts – then we have a chance to retain not just our community's distinctiveness but, with it, our economic health.

Unfortunately, as is happening with the health care debate, the Comp Plan process is devolving into its own Pyrrhic PPP of partisanship, paranoia and personal attacks. If we continue down that path, the forces of commodification will win, because their focus and long-term perspective will always defeat a community which is scattered, fractured, and focused on short-term tactics.

If, however, we develop a long-term perspective and focus on what really matters to us, we can win – we can maintain our distinctiveness. Doing so won't be easy, either here or in Washington. I choose to be optimistic on both counts, and I very much hope I'm right.