

Frank Bryan:

Secessionism and Vermont - Where I Stand

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Secessionism and Vermont: Where I Stand

By Frank Bryan

Enough.

It is time to get busy with the business of secession.

We want to act. We need to act. It is time to act.

Let us heed the words of Robert Lewis Stevenson:

You cannot run away from a weakness
You must some time fight it out or perish
And if that be so, why not now?
And where you stand?

And where do we stand?

We stand in Vermont.

One of our greatest citizens, John Dewey, once said: "Democracy must begin at home and its home is the small community."

So too, I would argue, must secession begin at home. And America's homeland is Vermont.

Beginning secession at home requires, of course, more courage and commitment and, most of all, more work.

It is easy to loathe George Bush and hate the war in Iraq and bemoan global warming and call for an end to the military-industrial complex.

It is easy to go see a movie like Michael Moore's "Fahrenheit 9/11," which is so full of intellectual cheap shots, gutless innuendo, half truths, and flat out bullshit it will be treated in the cool light of history for what it was: an opportunity for well heeled, self-indulgent intellectuals to engage in group masturbation of the mind – a circle jerk for principled but perspective-challenged liberals.

And the irony is this: dishonest hyperbole lets Mr. Bush off the hook.

So why don't we act?

On behalf of peaceable secession, and the re-creation of Vermont as an independent republic?

The first and primary reason is fear.

As Ernest Hemingway, who knew a thing or two about courage, put it, we lack "the ability to suspend the imagination."

In the face of insecurity, the human mind tends to imagine the worst and, as a result, we remain frozen, inert, paralyzed. Our insecurities surrounding secession, I believe, are locked in theoretical dilemmas that haunt us with horrific imaginings.

I recommend we suspend these imaginings. Not because we can resolve the imaginary dilemmas conjured by our worst fears; but because we can reduce them to a reasonable expectations that then can be managed in the future.

Here, I will deal with the most perverse of our fears and establish the premise needed to exorcize it.

Facing (Illusory) Fear: The Myth of Vermont's Federal Dollar Dependency

Time and time again, the first question I am asked by anyone contemplating secession is: how could Vermont survive without all that federal money coming in?

Answer: The "We Couldn't Survive Without All That Federal Money Coming In" argument is a myth.

Simply stated, the "federal fiscal ratio" no longer favors Vermont. The United States is costing us money.

Some context.

At the core, the "United States" no longer is. The union of states, the federal system we in Vermont agreed to in 1791 after fourteen years as an independent republic, no longer exists.

The "United States" – a federal system in which the citizens of each individual state are sovereign - has been replaced, over time, by a unitary and imperious federal government that is daily becoming more intrusive.

As a consequence, we are rapidly losing touch with our democracy. For deciding issues of political significance on a human scale - where both the causes and the consequences of collective action are within ordinary citizens' grasp - is the oxygen of democracy.

Without an active civic life, democracy strangles and dies.

I do not have a name for what happened during this past fall's election season in the United States. But I do know it was not democracy.

Fiscal Federalism Honestly Appraised

As Americans, we have been conditioned to believe that fiscal federalism involves a positive economy of scale. Our membership in a union of "states" means we get more from the United States government than we give.

What would we do without all those federal tax monies that come in via Washington from other states?

Indeed, the Framers created the "United States" only after each state was given two Senators, irrespective of its size. While hardly "democratic," the fact that Vermont can trump New York in a legislative chamber through which all national legislation must pass indicates that the Framers intended to ensure that the citizens of the Green Mountains would not be swallowed up by the Union.

But, after the War Between the States (1861-865), the "United States" shifted from a federal system to a de facto unitary system. The smaller states continue to receive more in federal aid than they give up in taxes paid.

But not much.

For Vermont, it's hardly anything. And what we do get is clearly not worth the price (either in real dollars or indirect effects – which are all negative).

Here is the fundamental dilemma. The vast majority of Vermonters don't know this.

They don't know this because of what they hear and read about is all the "extra" money our heroic D.C. representatives – Messrs. Sanders, Leahy, Jeffords, and now Welch - are siphoning off from a tax pool provided by the bigger, richer states.

Thus, the mythological argument goes, weaning ourselves from the federal teat would be a fiscal disaster.

How many times have we heard the cry "Yeah, sure, secede? And what are we going to do without all those federal dollars?"

To which we should reply: What federal dollars?

The fundamental measure used by scholars to measure fiscal federalism is found in the Tax Foundation's "Federal Tax Burdens and Spending by State" tables based on Census Bureau data. A summary of Vermont's "take" (in federal dollars) from Washington as a ratio of Washington's "take" (in taxes) from Vermont over the last quarter century looks like this:

- Incredibly, the average yearly Vermont "take" from the federal government beginning with the latest year for which data are available (2004) and going back to 1981 is one cent (\$0.01) on the dollar. For every dollar we pay in Federal taxes we get back a dollar plus a penny. One cent!
- Vermont's "advantage" among the other states is a myth. Where a rank of "1" means we had the best ratio of taxes in to taxes out of the 50 states, and a rank of "50" means we had the worst ratio, Vermont's average yearly rank was 30. Vermont not only failed to achieve a "small state advantage" its average rank was below the average state, irrespective of size.
- The data reveal no partisan advantage. Our best "take" took place under the first four years of George W. Bush (2001-2004) when we averaged \$1.12 on the dollar. Our highest overall ranking was during Reagan's first term. Our average rank between 1981 and 1984 was 19. (Where a rank of 1 is best.) On the other hand, our worst eight years were Reagan's second four years and Bush senior's four years – for both ranking among the states and the actual "take" in monies received. Under the Clinton Presidency, our yearly rankings averaged 30 (the average for the quarter century) and the "take" averaged \$1.02, again almost precisely the Vermont's average take for the 24-year data set.
- Overall, the size advantage (at least for recent years) is not strong. For instance, population size explained only 17% of the variance in state rankings on fiscal advantage in 2004. In this year, Vermont's ranking fell three ranks below its size-projected ratio of taxes paid to federal monies coming back.

But in matters like these, it is best to be conservative in making the case. Let us assume, therefore, that the "one cent on the dollar" average is somehow wrong – that

Vermont would, in the future, do much better than that. In fact, let us assume that in the future, we can count on ten times our quarter century average, \$1.10 of federal money back for each dollar of federal money in.

Mind you, during the twenty-four years used in this analysis, Vermont only reached that amount five times. And remember, as well, that most of these high returns came in recent years when all the states received more money than usual as a result of funding for the war on terror.

Still. Even ten cents on the dollar is a bad deal.

Here's why.

Spending Money to Get Money

It costs money to get money. Vermont public sector grant writers (state, local, and not-for-profit employees) estimate that it costs from 5 cents to 15 cents to do the work to secure one dollar of federal grant money. I tend to think these estimates are high, because many very large grants take little more time to prepare than other smaller grants, thus lowering the "cost to prepare the grant per dollar of money received" ratio.

Still, the higher overall estimates may be quite close to reality, because it also costs money to complete the federally mandated, detailed audits of how the money received was actually spent. Also, not all federal grants applied for are received. This jacks up the average cost for those that are.

And some grants require a dual procedure. The state first applies for federal money in large (usually relatively inexpensive to prepare) grants and then local governments and not-for-profits apply for these grants from the state. Finally it is likely (I am told – and I believe it) that many local citizens and town officers either underestimate or actually donate their time to write grants.

Human energy thus employed is human energy not available for other projects. It has value.

But again, let us be conservative and say that it only takes the lowest of the estimates to ask for and receive federal money – five cents on the dollar.

Now, even the exaggerated amount of "federal bonus " money we might receive from the federal government has been cut in half, from a dime a buck to a nickel.

But the real cost of federal money is worse, much worse. This is because it is often the case that in order to receive money for projects we Vermonters need and want, we must include these requests as part of larger projects we don't need and don't want.

Estimating the cost of this subterfuge is impossible.

But, drawing from forty years studying Vermont governance and from a 25 years teaching UVM public management graduate courses, I can tell you it happens quite a bit. How often?

Enough to wipe out that last five cents on the dollar, that's for sure.

Finally there is this: a cost that, while clearly not quantifiable, may be the most expensive of all. While it is true that progress been made in the direction of allowing us Vermonters to adjust the nature of the projects for which applications are made, it is still the case that the entire "grants dynamic" often follows the life of a national Pied Piper.

The money, after all, is there.

Our Vermont politicians are credited for getting it, and discredited for leaving it be.

How many headlines have we seen that read: "Senator Leahy's Offices announces it has rejected a \$15,000,000 appropriation for 'such and such' a grant to do 'such and such' for Vermont"?

I have been told by knowledgeable Vermont planners that last year's aggregate total of federal grants to Vermont so violated or misdirected thousands of hours of local planning efforts that we accrued a profound net loss for the state – and not only in hours of effort, but also in terms of democratic sensibilities.

Our planning processes in Vermont (and I have often been a critic of them) are among the most grass roots in the United States. Thousands of citizens spend hundreds of hours yearly working in our towns and cities to keep them fresh and creative.

Then comes the beaming federal flutist with a bag full of gold, and an announcement that he will lead them off in a different direction.

Remember. This is not an argument that the huge majority of "federal" money is not well spent and hugely important.

I only wish to emphasize the fact that they are not giving us money from New York or New Hampshire (one of the states most severely hit by the federal fiscal grant ratios) or even California. It's our money. And all they are doing is giving it back to us. The federal government is a fiscal liability – we are paying them to tell us how to spend our own money.

And even if this were not so, which would you rather have?

\$1,000,000 of your own money to spend as you wish, or \$1,050,000 of my money to spend as I tell you to?

To summarize: in accepting the “Vermont need federal dollars” myth, we have weighted our assumptions against ourselves. The amount Vermonters receive from the federal government as a ratio of what we pay in taxes to the federal government will always average ten times the last quarter century's yearly average.

Our claim stands.

The "What will we do without all that federal money?" fear is wrong-headed and a myth.

So, in considering Vermont's peaceable secession from the United States, we must first recognize that the best way to preserve our capacity to live independently is to maintain a government of human scale, where the need to be controlled is balanced by the ability to do some controlling oneself.

Vermont is such a place.

And the United States is a nation (some say an Empire) over which we Vermonters no longer have much, if any, control.

Let us get up on our hind legs, then, and send a message of peaceable secession to the nation from the frost-bound hillsides of the land of the American conscience.

Vermont - the once and future republic – this is where I stand.