The U.S. Government’s Bankster Bailout: The Greatest Looting Operation in History

Chris Martenson

Author’s note: I had planned to write a follow-up to Exponential Money in a Finite World (published in Vermont Commons, Fall 2008), where I would continue to make the case that our financial system is incompatible with reality and is due either for collapse or a major overhaul over the next 20 years – max. National events have obviously overtaken the publication schedule, so I will instead focus on the recent bailout and what this means to each of us over the next one-to-two years.

“See, you know the way a bailout works? Here’s the way a bailout works. A failed president and a failed Congress invest $700 billion of your money in failed businesses. Believe me, this can’t fail.” —Jay Leno

The recently engineered bailout of failed Wall Street banks represents the most brazen attempt at grand larceny in our nation’s history. Some have even likened it to financial terrorism, because Wall Street went so far as to repeatedly say, “Either we get this bailout or the entire system goes under.”

This echoes, more or less precisely, what happened in the years after Ronald Reagan deregulated the S&L industry in 1982. Within a few short years excesses and fraud were rampant within the system, and taxpayers were forced to cover the inevitable bust that followed. Many well-connected individuals made out like bandits on sweetheart deals meted out by the Resolution Trust Corporation (RTC).

But this crisis, which was presented as if it caught everyone by surprise, was no surprise at all. It was years in the making, and the response was carefully planned over the past year. The bailout proposal, as originally presented, was shocking. First, there was the sneaky language that the $700-billion figure was the most that could be spent at any one time – meaning that there was no limit on the spending at all. Second, the right of review by any court of law or other administrative body was to be stripped away, a distinctly unconstitutional and anti-American provision if ever there was one.

Third, the treasury secretary was to be handed total, unitary power in selecting which Wall Street firms and banks were to benefit from an open-ended taxpayer checkbook.

No review, no limits, no questions. So what happens when you have unlimited power and an unlimited budget? Fraud and self-dealing, that’s what.

Congress succeeded in modifying Paulson and Bernanke’s brazen stick-up of the U.S. Treasury, but the basic elements remained in the bill that finally won passage – a bill, furthermore, that continued to willfully ignore the lessons that should have been learned from this historic collapse. Folks, if it looks like a looting operation, smells like a looting operation, and acts like a looting operation, it’s a looting operation.

There are some in Washington, D.C., who “get it,” including Bernie Sanders, who recently stated [1]:

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Governments should fear their people.”

“People should not fear their governments. Governments should fear their people.”

—Marcus Tullius Cicero, 55 B.C.

“The budget should be balanced, the treasury should be refilled, public debt should be reduced, the arrogance of officials should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance.”

—V for Vendetta, 2005

If the remarkable economic events of the past six weeks have proved anything about the United States as a nation, it is this:

Like the Roman republic in Cicero’s time, the U.S. republic is dead.

Forget for a moment the rampant electoral fraud of the past decade; the September 11, 2001, “terrorist” attacks and the subsequent “war on terror”; the sudden passage of the USA PATRIOT Act and the Department of Homeland Security; the “taxpaw economy’s” profitable waging of a $3-trillion war in Iraq at the expense of thousands of ordinary Americans (and millions of Iraqis); the systematic shredding of the Constitution and the Bill of Rights; and a compliant Congress’s voting for a $750 million “bankster bailout” one month ago – with the threat of martial law at their backs, if some Congressmen are to be believed.

Ignore for just a few heartbeats the “meltdowns” in the Arctic and on Wall Street (neither one an accident); the prophetic prognostications of the Peak Oilers; and the (not coincidental) creative engineering of a “war that will not end in our lifetimes,” right down to the mysterious appearance on American streets of returning U.S. soldiers from Iraq with a mission to “quell civil disorder” (in direct violation of both the 1807 Insurrection Act and the 1878 Posse Comitatus Acts).

Forget all of these unpleasant realities for a moment, and focus, as Chris Martenson does in his lead article for this issue, on the following three statements.

1. The U.S. government is insolvent.
2. The entire U.S. financial system is insolvent.
3. There is no combination of new debt/borrowing schemes that can possibly correct the first two realities.

It cannot be stated more plainly. The U.S. republic is dead, liquidated, a victim of financial exhaustion rendered by an economic “shock and awe” doctrine comprised of fiat currency schemes, fractional reserve ruses, usurping interest policies, a private banking system that has continually placed profits ahead of people (the so-called “Federal Reserve” is neither), and debt-for-growth dogma that both Cicero and the Founders of the United States (secessionists to a fault) all recognized as being ultimately hostile to the health and well-being of any self-respecting republic.

And let us be clear about this, too: No amount of banal cheerleading (“United We Stand!”), false flattery (“ordinary Americans,” Mr. McCain explained all autumn, “are angry”), or misplaced hope (“Obama will save us!”) will counter the truth of our situation.

As Vermonters, all of us have arrived at a crossroads. The U.S. republic is dead, the U.S. Empire looms before us, and we all have to make a choice about where our loyalties lie.

Will we support the United States as an Empire, or will we work for Vermont independence?

As Vermont citizens, we face difficult choices in the months ahead. And history and personal experience teach us that it is much easier to live a life of complacency or compliance, or to strive for ever-elusive national economic or political reforms that are always just out of reach, than it is to take a more radical turn and consider something new – another way of thinking and being, a new and novel (or is it something old and forgotten?) approach.

That something is secession.

“Ideas are bulletproof,” exclaims the masked protagonist V, in the 2005 film V For Vendetta.

And secession – unmasked – is a bulletproof idea worth revisiting – again.

For close to four years now, we’ve advocated the nonviolent secession of the sovereign state of Vermont from the U.S. Empire, and its reinvention as an independent republic. And while we’re at it, perhaps it is time – as one crotchety old political pundit recently opined – to “liquidate the Empire.”

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Indeed. The Empire has systematically liquidated the U.S. republic. In Vermont, it is our turn to get creative.

Here’s a modest proposal. Four starting points.

The beginnings of a Vermont Independence Platform, if you will.

1. V for Vox Populi: May the 21st-century Platform, if you will. to get creative. dated the U.S. republic. In Vermont, it is our turn
2. V for Vegetables: May the 21st-century
3. V for Vitality: May the 21st-century
4. V for Vermont Freedom Currency: As investors in the know already understand, the petro-dollar has outlived its usefulness. Amy Kirschner suggests in this issue that other mediums of exchange are not only possible, but are already happening. And as Steve Moyer wrote in these pages one year ago, parallel currency plans like a “Vermont Freedom Currency” could prove liberating, if we can muster the political will to adopt them.

The bottom line is this: we will have no political independence in Vermont without economic independence, and Vermonters, among the most innovative, entrepreneurial and hard-working people on the continent, are perhaps the best suited to do what Cicero suggests, vanishing the Empire and visualizing the republic… of Vermont.

This process will demand courage, compassion, and commitment. But let us remember this: secession is every individual citizen’s historic birthright, and 21st-century sustainability is our collective challenge. In the pages of this journal, the two go hand in hand.

The 21st century will look nothing like the 20th. The U.S. republic is dead. V for Vermont!

ROB WILLIAMS
Editor

Letter to the Editor

AMERICA’S S E C E S S I O N I S T S T R E A K I N F I N E F E T T L E

Sarah Palin’s secessionist sympathies sparked minor hysteria this fall. Her crime was hailing with round praise the work of the cranky Alaskan Independence Party, which advocates a statewide plebiscite on the secession of Alaska from the Union. “The fires of hell are frozen glaciers compared to my hatred for the American government,” the party’s late founder, gold miner Joe Vogler, once said. “And I won’t be buried under their damn flag.”

Palin’s husband was a member of the AIP for seven years, and Palin herself has courted the AIP for more than a decade. In an address to the party convention this spring, wearing a ski parka and looking like she was about to decamp into the back country, Palin told the secessionists, “Keep up the good work.”

Dexter Clark, the white-bearded vice chairman of the AIP, recently explained the motivation behind the “good work”: “Through oppression, greed, corruption, incompetence and folly, the U.S. government is forfeiting its moral authority.”

The thing is, it’s not just residents of the Last Frontier who favor breaking away from the Union. According to a Zogby poll conducted in July, more than 20 percent of U.S. adults – one in five, about the same number of American Colonists who continued on page 12
Electile Dysfunction? Vermont’s Vulnerable Election System

Gary Beckwith

Diebold: What do we know?

Back up for a moment. If you’re going to trust a corporation to count your votes behind closed doors, you ought to pick a company with a strong reputation of being open, unbiased, fair, and trustworthy. But Diebold is none of these. Just a few eyebrow-raising facts from Diebold’s shady history:

- Diebold employed five convicted felons as senior managers.
- Diebold’s former senior vice-president and senior programer was convicted of 23 counts of felony theft, among which was planting back doors in his software.
- In 2004 the president of Diebold promised to help get George Bush re-elected.
- A review of the software in 2005 found illegal code that could be used to manipulate vote totals without detection.
- The secretary of state of Ohio has sued Diebold for breach of warranty, lying to state officials, and fraud.

Four years ago, Democratic presidential candidate John Kerry’s exit poll numbers clearly showed him winning, yet Mr. Bush appeared to triumph at the end of the day. Statisticians reported the odds were astronomical that the polls could be off by that much. “Conspiracy theorists” questioned the results of the secret vote counters. Blogs and alternative news agencies warned of the problems of the voting machines.

But now, the tinfoil hatters are not the only ones sounding the alarm. The world’s most respected computer-security experts have come together with a litany of reports and independent studies that call attention to the numerous problems with our national vote-counting system. The most comprehensive is the Brennan Report, which was conducted by a task force of computer-security experts including the heads of security at Microsoft and Lawrence Livermore Labs, as well as expert computer professors from Yale, Berkeley, NYU, Stanford, and other universities. It concluded, “All three voting systems have significant security and reliability vulnerabilities, which pose a real danger to the integrity of national, state, and local elections” (emphasis added). Many other independent studies have raised the same concerns about the voting machines.

And get this: not a single study has concluded the machines are safe.

The secret vote counting by private companies is not the only problem. These studies have also shown that it’s fairly easy for a third party to “hack” into a voting machine and change the election results without being detected. Just affecting one machine can spread to others and affect large elections. Even without intentional fraud, a simple error or bug in the code could enable a mistake that could go undetected. Whether it’s rigging by the companies, hacking by a third party, or just plain errors, our national voting system is vulnerable.

“...we demonstrate that it is [possible] to strengthen known attacks ... so that they become undetectable prior to elections, or to conditionally bias the election results to reach a desired outcome.”

“...we demonstrate a “time bomb” attack in which the bytecode checks the date and time in order to decide whether the election has begun. [It can] retain proper behavior in pre-election testing, while behaving improperly during the actual election.”

“...if the Optical Scan printouts are the sole means of reporting the election results (as is the case in fact in many jurisdictions) then one can write quite complex malicious reporting functionalities that get triggered in specific cases (when e.g., the number of votes of a certain candidate are below a certain percentage) and perform arbitrary vote transfers between the candidates.”

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The following interview considers the feasibility of wood being a primary heating-fuel source for Vermont. New wood stove technology, combined with sustainable forestry, offers a real opportunity for Vermont to become more energy independent. According to the Vermont Department of Forests, Parks and Recreation, Vermont’s landmass is 78% forest with 4.5 million acres of woodland and an average of 26 cords of standing wood per acre, for 117 million cords of total standing wood.

In 2005, just over 800,000 cords of wood were harvested, with about 250,000 being used for wood chips and pulp (for paper mills, firewood for homes, and electricity generation), and the rest going to wood products. Since 1966, the average diameter of the trees in our forests has increased from 8.3 inches to 9.16 inches (diameter breast height), and the average number of trees per acre has increased from 170 to 187 (trees five inches or larger in diameter). Old-timers will tell you that during the 1800s and up until 80 years ago, most of our forest was cleared and used for raising sheep or growing grains like wheat, when Vermont was known as the “breadbasket of New England.”

If an average wood-heated home requires four cords per year, it would take one million cords, or less than 1% of the forest yield, to supply 250,000 homes with annual heat. With oil and gas prices rapidly increasing, the cost of heating with wood is typically 50% lower than heating with fossil fuels in most cases. This means homes can save between $2,000 and $3,000 per year by heating with wood.

Marc DiMario is the founder and operations manager of SunWood Systems in Waitsfield, Vermont. SunWood installs solar hot water and biomass-fueled home-heating systems for residential and commercial use. These installations include pellet and wood/multi-fuel boilers that can be connected to exiting home-heating systems. The interview for Vermont Commons was conducted by Gaelan Brown of Carbonshedders.org.

Thanks for taking the time to do this interview. Many people in Vermont are working to help increase local energy independence and fuel efficiency. Most agree that wood and solar are two resources Vermont could be better utilizing. Why did you choose the name “Sun Wood Systems” for your company, and how long have you been in business?

Marc DiMario: Utilizing sun and wood to provide energy is the core of our company. We have been making the transition from being a traditional heating contractor to our current structure (starting) about two years ago.

What is your background and why did you go into supplying and installing wood boilers and solar hot water systems?

MD: I have been doing plumbing and heating for over ten years and have always been fascinated with the concept and power of wood-fired boilers and solar panels. I’ve had a wood boiler in my house since it was built. After reading numerous articles published about the energy future of our country, this concept seemed like a perfect fit.

How do your boilers work? What exactly is “wood gasification”?

MD: Our boilers are placed in your basement or utility area. They vent into a masonry or stainless steel chimney. The heat produced is transferred to your house through pipes that tie into any existing central heating system. “Gasification” refers to the process in which the combustible gases produced by a wood fire are re-ignited by injecting air into the flame. This process burns off the chemicals that cause smoke and creosote and gives very high efficiency.

How are the wood-furnace systems you work with different from traditional wood stoves, in terms of convenience and efficiency?

MD: Lighting fires is basically the same process; the difference is that the heat sent to the rooms is controlled by your thermostats with a boiler and the whole house heats evenly. Our boilers have higher combustion efficiency than most wood stoves.

How has the Vermont market responded? Approximately how many Vermont homes do you think have switched to these systems in recent years?

MD: Our sales have been good. With the soaring fuel prices, many people are seeing value in our systems. I would estimate that only 5 to 10 percent of Vermont homes have switched to these alternatives in recent years.

How much money does the average home save per year on fuel costs by relying on an efficient wood boiler compared to oil or propane?

MD: A home that uses 1,000 gallons of heating oil for the winter months will save around $3,000 this winter (oil: $4.79/gal, wood: $250/cord). If oil rises next year the savings are greater.

Pius they won’t have to spend money on a health club because they stay in shape from stacking firewood – an added bonus. All kidding aside, it seems to me that a lot of wood-boiler and solar-system companies on the Internet make “too good to be true” claims. What are the most common “false claims” that you see out there, and how do you overcome this with your customers/prospects?

MD: A lot of these companies make bold claims. The most common things they conveniently forget to mention include:

Wood costs money (or time) – it’s not free;

- Heating with wood is a personal commitment – it requires daily attention;

- The sun does not shine every day – sometimes not for many days at a time.

I try to make all our customers aware of all angles to ensure complete satisfaction after the sale.

Would you say that burning wood for heat and hot water is a key part of the equation for Vermont to become significantly more energy independent?

MD: It makes a great deal of sense. Of course, to do it on a large scale we need to do it responsibly. Clean-burning units and sustainable forestry practices are a must.

If everyone used one of these systems, how would that impact the local forestry economy?

MD: Foresters would be able to “clean out” the lower-grade timber, loggers and firewood companies would prosper, and all our home-heating energy dollars would stay here in Vermont.

Are your systems primarily for homes, or do they also work well for commercial use? Do you have any examples of commercial use you can give our readers?

MD: We offer a boiler that is suitable for medium-sized commercial jobs. They are very large and need their own room, but they can do a lot of work. Heating a 6,000-square-foot shop or house is a good example of their use.

What would the economics look like, in terms of annual fuel cost, with a wood boiler to heat a large building such as a school, compared to oil, propane, or natural gas? Let’s use the Waitsfield Elementary School as an example.

MD: Schools and large industrial applications are generally heated with chips because they can be fed automatically and delivered in large trucks. These systems are very expensive to install, so it’s not practical to do in a smaller school. Schools like Waitsfield are designed around oil heat and are probably going to stay that way. If Waitsfield school was tripled in size and set up to accommodate three or four towns, a heating plant could be part of the expansion; the savings of combining the services coupled with the wood plant would be substantial.

What if someone already has an oil or gas furnace? How can one of these wood boilers be integrated into that?

MD: We have different methods for each type of system we tie into. We always leave the oil or gas as a backup so the homeowner always has the option of convenience.

Who is the ideal buyer of these wood boilers from a consumer perspective? A new home construction? Someone who needs to replace an old oil furnace? Will the fuel-cost savings of using wood mean that a wood boiler makes sense economically for just about anyone?

MD: Our systems make sense for most homes in our climate.
Looting, continued from page 1

"While the middle class collapses, the richest people in this country have made our like bandits and have not had it so good since the 1920s... The wealthiest people, who have benefited from Bush’s policies and are in the best position to pay, are being asked for no sacrifice at all. This is absurd. This is the most extreme example that I can recall of socialism for the rich and free enterprise for the poor."

A modicum of justice was achieved in the end (more than Paulson, Bernanke, and Bush intended), but it won’t matter much because there is no possible way for any bailout, no matter how it’s configured, to succeed. Instead, there are three simple truths that have to be recognized if we are to navigate our way through this crisis:

1. The United States government is insolvent.
2. The entire U.S. financial system is insolvent.
3. There is no combination of new debt/borrowing schemes that can possibly correct #1 and #2.

The first rule of life is, “When you are in a hole, stop digging.” The past 25 years have witnessed the greatest accumulation of debt ever recorded by our nation (see chart, page one). That is our hole. Yet our current leaders have ordered a backhoe and promised to use it. This 25-year long borrowing binge has so badly distorted our collective sense of right from wrong that we no longer seem capable of setting simple priorities. The consideration by Washington, D.C., of a $700-billion bailout proposal in the same week that it passed a record-setting $612 billion defense budget is a perfect example of this dynamic. No trade-offs mentioned; “Yes, we’ll have one of everything” is the reigning mentality.

Our first challenge in confronting this crisis

This crisis is fundamentally one of insolvency, not a failure to have enough dollars floating around, which means that it is not a liquidity crisis [2].

The institutions in question are as insolvent as a minimum-wage janitor trying to make payments on a $2 million beachfront house using only his earnings. The aggressive lowering of interest rates by the Fed in its attempt to help provide “liquidity” to the banks is like assuring that the janitor’s checks are more “liquid” by making them clear at the bank a little faster. In this case improving liquidity does not help, and it can’t because the issue is one of solvency, not liquidity.

But if liquidity won’t do the trick, what will? Here we must face the hard truth that merely transferring the failed loans from insolvent banks to an insolvent nation will do nothing but forestall the problem until a slightly later date (when it will be larger and more severe). The fact that both candidates for president are openly supporting the bailout says that reality has not yet penetrated the inner beltway.

So the first challenge will be to recognize that it really is no more and no less complicated than that. One cannot solve a crisis rooted in debt by issuing more debt. If it were possible for people to borrow their way to wealth, poverty would have been eradicated several millennia ago. So far that strategy has evaded every clever nation that has tried it before us.

Our second challenge in confronting this crisis

On September 23, 2008, before the Senate Banking Committee, Bernanke said, “I believe if the credit markets are not functioning, that jobs will be lost, the unemployment rate will rise, more houses will be foreclosed upon, GDP will contract, that the economy will just not be able to recover.”

The understandably strong desire by the current politicians to “get the economy back on track” and to immediately return (if possible) to maximum consumption is absolutely the wrong response at this moment in history. We do not need to return to our borrow-and-borrow-more ways of the past. We desperately do need to demonstrate awareness that the future is loaded with challenges that only grow larger and more urgent with time. None of these challenges, ranging from energy dependence, to population, to a broken entitlement and pension system, will be helped by a return to our former creditor-dependent ways. In fact, they will be exacerbated.

So our second challenge is to recognize that our first instincts to repair a broken system are wrong. Instead we need to have an honest accounting of our current economic condition, matched against the very real warning signs that our consumptive lifestyle is due for a radical overhaul. If we miss this chance to level with ourselves, we will have squandered an enormous opportunity.

Your biggest challenge

Recently, Senator Chris Dodd (D-Conn.) stated, “[W]e’re literally maybe days away from a complete meltdown of our financial system, with all the implications here at home and globally.” [3]

I know that the temptation is to trust that somehow these players on Wall Street and in Washington, D.C., have this all under control, or that they will fashion something workable to tide us over for a while. While they might be able to limp the broken system along for a little longer, it might also fail next Tuesday, and it will certainly fail sooner or later. When our economy finally suffers a complete meltdown, the resulting calamity will be as individually dramatic to each of us as if our homes had been burned to the ground. Your challenge is to accept that this crisis is fundamentally “unfixable” and that wherever the future takes us, it will not be a simple continuation of the past. With this acceptance, the challenge becomes assessing what might happen and what you can do about it.

Okay, so now what?

The immediate risk that I see here centers on a collapse in the international value of the dollar, which will rapidly morph into a massive financial crisis for the federal government. When all is said and done, I fully expect the federal government to be half its current size, with states, to varying degrees of success, picking up the slack as best they can.

The chance that the U.S. dollar will go into a steep decline from here is very high. I place the risk that a major dollar decline will ensue within the next six months at 50 to 80 percent. Here’s why.

In its full wisdom, while times were good, the U.S. government opted largely to finance itself with short-term debt in the form of three-month and six-month “T-Bills.” In essence, because these T-Bills “roll over” every three or six months at whatever the current interest rate is, the U.S. government opted to finance itself with an adjustable rate mortgage (ARM). Hold onto that thought.

Now that the government has embarked on a course of massive deficit spending that has already been projected to go as high as $2.5 trillion, this money will have to either be borrowed from overseas or printed out of thin air by the Federal Reserve. In either case, there is a very high probability that either/both of these actions will cause interest rates to climb, possibly quite steeply and suddenly.

And here is where the “vicious spiral” comes into play, exacerbated by the short-term (ARM-like) borrowing stance described earlier. The more the government needs to borrow, the higher interest rates will go. The higher those interest rates go, the greater the need to borrow. This additional borrowing requirement will lead to higher interest rates, which will, naturally, lead to more borrowing, which will span higher interest rates, which...ah, you get the idea.

When (or if, to be fair) this dynamic gets started, its self-reinforcing nature will cause both the dollar to collapse in value and interest rates to shoot upwards. Either of these effects alone would provide a serious hit to our debt-based way of life, but when they promise to deliver earth-shaking changes to those who are unprepared. Concurrent with this death-spiral for the dollar will come massive (even hyper?) inflation of imported goods, the most important of which, to our daily lives, will be oil. Gasoline at $10 or even $50 per gallon is not unthinkable if this spiral dynamic takes root and spreads like an invasive weed.

This means that you, individually, need to begin thinking about ways to economically insulate yourself from this possibility, as does Vermont collectively.

I wish there was time to spell out in this article all of the possible ways for you to protect yourself, but, there is not. Next time I will explore realistic options and directions for Vermonters [4].

[2] Definitions:
Insolvency. A condition where one’s assets are exceeded by one’s liabilities to an insurmountable extent. Distinct from bankruptcy, which is a legal event precipitated by a final inability of cash flow to continue to carry an insolvent entity any further. Insolvency nearly always precedes bankruptcy.

Liquidity. A measure of how much money exists in a usable form. A person with a $10 million house but no money in the bank is said to be “illiquid,” not “poor” or “broke.” A “liquid” market, like the stock market, offers a reliable and fast way to exchange assets for money. When the Fed is said to be “adding liquidity,” it is taking assets from banks (such as subprime mortgage and auto loans) in exchange for cash.

[4] In the meantime, I strongly recommend that you take my free online “Crash Course” viewed by more than 210,000 people so far, and visit my website for updates and breaking news as this story unfolds. http://www.chrismartenson.com/crashcourse and http://chrismartenson.com

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Sense Beyond The Dollar: A Primer On Local Currencies

Amy Kirschner

“Money alone sets all the world in motion.” —Publius Syrus, 42 B. C.

“Yet habit — strange thing! What cannot habit accomplish?”

So wrote Herman Melville in his epic novel Moby-Dick. More than 130 years later his face would appear on currency near his home in Pittsfield, Massachusetts, and his quote would become relevant not only for describing a captain in search of an elusive whale, but also for a group of citizens searching for an elusive economic vision.

Like many towns in Vermont, Great Barrington, Massachusetts (population 15,000), has a strong sense of community identity and a spirit of self-reliance. Maintaining that vibrancy and independence is a challenge, with local stores competing in a national economy that drives business and life itself out of downtown, and often results in ownership that is disconnected from local and people who are disconnected from each other. The national economy seeks only expansion; nationally based businesses do not concern themselves with a stewardship role in local communities.

To return economics, our communities, and ourselves back to the center of things requires more than a change in thinking; it calls for a change in habits that strike squarely at the heart of the systems that bind us. Great Barrington is using a local currency to try to do that.

Begin with habits, which keep us in our comfort zone and create a story that we live every day. The collective economic story we are living today is a particular kind of corporate capitalism. For many, it has superseded other historical stories founded upon religion, for example, or nationality, or ethnic identity. Capitalism is the measure and meter of our lives. Our individual economic habits conglomorate to create the economic systems we rely on, live within, and sometimes fight to oppose. Like Georges Seurat’s masterpiece — in which millions of dots of paint, each individual and unique, add up to, say, a Sunday afternoon by a lake — our individual stories contribute to the landscape of economic life. And from our small, private places it is difficult, if not impossible, to see the larger picture.

Unlike our individual stories, the story of the capitalism we practice has no end, no moral. It is a story built upon perpetual growth, not unlike cancer cells. The habits that perpetuate both cancer and capitalism will sacrifice the life they are built upon to drive their growth. The larger corporate capitalist economy puts up barriers that obstruct anything other than the economic monoculture we have now. When we wake up and realize that this is a system that simply cannot continue without eventual collapse, we will seek another way of being and living.

Habit is a cable; we weave a thread each day, and at last we cannot break it. ~ Horace Mann

As we consider local currencies, acknowledge that at the epicenter of the decentralist economic movement has been the E.F Schumacher Society in Great Barrington, Massachusetts. Founded by Robert Swann in 1980 and currently led by Susan Witt, this organization has been stewarding the personal library of E.F. Schumacher (author of Small is Beautiful) and advancing work on community land trusts and local currencies. Great Barrington’s local currency, known as the BerkShare, has been in operation for two years. The goal of the currency is “to initiate, encourage and administer educational and practical programs for the furtherance of regional economic self-reliance...” BerkShares’ supporters envision nothing less than “the formation of small businesses, cottage industries, farms and cooperatives that would enable local communities to develop greater self-reliance...” as well as “the development of alternative exchange instruments and of community associations which would foster and support initiative in these areas.”

One of capitalism’s better qualities is consumer choice. By offering a different monetary standard, people realize that they wish to break certain economic habits have a means of doing so.

Our economic system creates money through loans granted with interest, which fosters a cycle of seemingly unending growth. Why? As our current Wall Street mess reminds us, it is because the total sum of money owed is always greater than the amount of money in circulation to repay the issued loans. Our economic goals and habits stem from this currency-issuing system. The good news: there exists more than one way to create a monetary system. One of capitalism’s better qualities, something we have become accustomed to, is consumer choice. By offering a different monetary standard, beyond just a new means of payment, people who realize that they wish to break certain economic habits now have a means of doing so.

Picture this: A BerkShare is a colorful note about the same size as a U.S. Federal Reserve Note with the faces of local heroes such as Herman Melville, W.E.B. DuBois, Norman Rockwell, Community Supported Agriculture movement founder Robyn Van En, and the local Mohican tribe. The BerkShare comes in denominations of 1, 5, 10, 20, and 50. The BerkShare system has continued to grow and prosper since they began circulating in late 2006. As of June 1, 2008, more than 1.6 million BerkShares have been issued from local banks, with 165,000 notes remaining in circulation. A BerkShare finds its way into the local economy when a citizen in Great Barrington goes to one of 11 branches of five local banks in town and exchanges $9 in federal notes for 10 BerkShares. The consumer then spends those BerkShares at one of the more than 300 business that have signed up to accept BerkShares in the area. Another 300 businesses will accept the currency even though they are not listed in the directory.

While many local currencies have come and gone – Ithaca HOURS, Burlington Bread, and thousands more during the Great Depression and in recent memory – BerkShares enjoy the greatest circulation, participation, and publicity of any currency to this point. The BerkShare system has succeeded where many other local currencies have stumbled for a few important reasons. First, the BerkShare enjoys incredible support from the business community; members include restaurants, grocery stores, art galleries, accountants, medical services, farms, construction companies, and even a funeral home. Many local currencies find difficulty reaching a critical mass of businesses that allows them to trade with each other in that currency. BerkShares also has a clear, focused, and web-based training module for businesses. Helping a business plan for the small amount of additional accounting that is necessary to support handling multiple currencies is critical.

While businesses and citizens can’t currently deposit BerkShares into a bank account, local banks serve as the exchange point for citizens and businesses to acquire or redeem the notes. Susan Witt of the Schumacher Society points out that having “Main Street storefront representation” keeps BerkShares easily accessible and in the public eye. She adds that redeemability — being able to convert your BerkShares to Federal Reserve notes with ease — has been a key reason for the success of the program. It lowers an individual’s or business’ risk factor for participation.

Not only are BerkShares backed by federal dollars, but also by the reputation of the board members of BerkShares and of the E. F. Schumacher Society. They have a nearly 30-year track record of finding innovative ways to improve economic development opportunities for Berkshire County businesses and citizens. They promote community land trusts, have started micro credit lending programs for small businesses, and launched a different currency (called Deli Dollars) a number of years ago to help relocate a small restaurant. Witt has served on local boards and written numerous articles and essays promoting progressive economic ideas, as well as identifying the obstacles that stand in the way,
Damn it! Our tomato crop is way down this year from last. In 2007 our garden produced more than 230 pounds of tomatoes that we canned, dried and froze, and enjoyed all the way up through the middle of July of this year. But with less than a measly 125 pounds from this year’s garden, I was starting to panic. How would I fill the gap? Would I have to resort to buying canned tomatoes in the grocery store?

One night over dinner, we were sharing our disappointment with our garden mentors, Nancy Turner and Dave Cain. They also had a much smaller crop of tomatoes this year than they had in previous years. While I sat there wringing my hands over where I was going to get more tomatoes, Dave said, “I guess we will just eat less tomatoes this year than we did last year.”

That comment stopped me dead in my tracks. Here I am a committed Localvore and I just didn’t get it. Despite the fact that I have learned to eat seasonally and that I allow what comes from our garden and our local farmers to dictate what we will have for dinner, I still had a sense of entitlement to a larder full of tomatoes despite the challenging growing conditions that we faced this year.

For as long as I can remember, anything that I have wanted has been available to me. I have never had to imagine a world without… tomatoes. That is the way I was brought up; it is the way most Americans were brought up.

And it is preached to us daily in the media and by our leaders. Dick Cheney reinforced American entitlement to the entire world when he proclaimed that, “the American way of life will not be compromised” in 2001 shortly after September 11th.

What has this attitude gotten us? Much of the world sees us as greedy and self-centered. Our addiction to the new American way of life of more, more, more has put the country into financial turmoil. And, countless studies reveal that we are not a terribly happy lot of people.

Yet, every time we go into the grocery store, our “right” to whatever we want whenever we want it is confirmed with strawberries in February, asparagus in November and a variety of fresh tomatoes year round. When I suggest to people that they just don’t eat leafy green salads in the winter I often get a reply like, “but I want to eat a salad everyday.”

And I wanted my tomatoes, but the natural world that we live in just didn’t give them to me this year. I am embarrassed to admit that this is a fairly new concept to me — not something that I learned in business school or in corporate America, but from my garden and Dave Cain. As we have learned with seasonal and local eating, the less abundant something is, the more you appreciate what you do have. Sometimes less really is more. •
FROM THE MIDDLEBURY INSTITUTE: If At First You Don’t Secede: Or—Why Secession Is Still a Tough Sell in Vermont And Beyond Part 2  Thomas Naylor

Even though 77 percent of the eligible voters in Vermont believe the U.S. government has lost its moral authority and 49 percent think the United States has become unsustainable politically, economically, militarily, and environmentally, only 11.5 percent are in favor of Vermont seceding from the Union and becoming an independent republic. Secession is one of the few subjects about which liberals and conservatives agree: it is an anathema.

In Part 1 of his essay, “Why Secession is a Tough Sell in Vermont and Beyond” (Vermont Commons, Fall 2008), Thomas Naylor, co-founder of The Second Vermont Republic, examined several reasons why the perfectly legal and historically grounded alternative of peaceful withdrawal from the Union is unthinkable for many citizens. These included common myths about Abraham Lincoln, the violent and racist legacy of the Civil War, questions of constitutionality, and the economic and political viability of secession. (Readers can find this installment on the Web at www.vtcommons.org.)

In Part 2, Naylor continues these reflections.

Risk of Violence (Put Down the Guns, Tex…) Another frequently asked question about Vermont secession is, “How would the United States respond to an attempt by Vermont to secede from the Union?” The implied question behind the question is, “Would the world’s only superpower send troops to Vermont?”

Perhaps in contemplating these questions Vermonters can learn a lot from Eastern Europe’s experience with Václav Havel’s idea of the “power of the powerless.” Within a matter of a few weeks in 1989 the iron-fisted communist regimes in Bulgaria, Czechoslovakia, East Germany, Hungary, and Poland were replaced by more democratic governments, with little or no violence involved in the transition. Only Romania was a bloody exception to this rule.

Many American Sovietologists were surprised that the Soviet Union did not intervene militarily in Poland in the 1980s, as it had done in Budapest in 1956 and Prague in 1968. But Poland had a lot of influential friends and supporters, not the least of which were the United States and Western Europe. Certainly, the Soviets could have snuffed out Solidarity, but just as certainly that would not have played well in London, Paris, or Washington.

A secessionist Vermont could also find a lot of good friends—within the United States, in Canada, in Europe, and in the rest of the world. So it is certainly not a foregone conclusion that the United States government would intervene militarily in Vermont. Part of Vermont’s strength lies in the absurdity of its confronting the most powerful nation in the world. Vermont’s attempt to secede would undoubtedly attract sympathy from within the United States and abroad simply by virtue of its role as an underdog.

Conquering Vermont would be a lot like invading Liechtenstein or one of the more rural Swiss cantons. Besides the ridiculous power disparity, there is also Vermont’s complete lack of strategic and military importance. The United States would not have much to lose by letting Vermont go.

In 1775 Ethan Allen took Fort Ticonderoga without firing a single shot. If Vermont can succeed in undermining the moral authority of the United States and convince the rest of the world that the United States government is corrupt to the core, then it too may be able to escape from the Union without ever firing a shot. That is the essence of Vermont’s genteel revolution.

Part of Vermont’s strength lies in the absurdity of its confronting the most powerful nation in the world.

Association with Failure (Size Does Matter!) In a world that believes bigger is always better whether it be big cities, big countries, big businesses, big schools, or big churches, then anything which shrinks constitutes failure. Therefore, secession is bad.

In the words of Leopold Kohr, “There seems only one way behind all forms of social misery: bigger. It appears to be the one and only problem permeating all creation. Whenever something is wrong, something is too big.” America is too big and should be peacefully dissolved.

Excessive Nationalism (Is Secession Patriotic?) Thanks to the heritage of Lincoln, most Americans are firmly committed to nationalism, regardless of their political orientation. Liberals certainly have never tried to hide their affection for the nationalist approach. They believe that only the federal government can solve most of our economic, social, and environmental problems. They want government to be even larger. While paleoconservatives give lip service to the Jeffersonian, decen-tralist model of government, most are also strong political nationalists, and therefore they behave more like centralists.Neoconservatives, who are unabashedly imperialistic, are, not surprisingly, blatantly nationalists.

Although Ronald Reagan pretended to be a decentralist favoring less government, his nationalism always trumped his decentralist tendencies. He may have contributed more to the massive concentration of power in Washington than any previous president with his multi-trillion-dollar peacetime military build-up.

American Omnipotence (Is An Illusion…) By far the most difficult step in the process of deciding to embrace secession is the emotional one of letting go of one’s images of America as “the land of the free and the home of the brave,” “the great-est nation on earth,” and “the world’s only global superpower.” These images have been ingrained in most of us since early childhood. Reinforced by World War II, the Cold War, an uncritical education system, and our pro-American media, they are very difficult and painful to shake.

The decision to advocate secession involves reaching the point where you are unwilling to risk going down with the Titanic and must seek other options while there are still other options on the table.

Political Incorrectness (Just Say No to the PC Police…) Few states are as politically correct as left-leaning Vermont, particularly the Democratic Party, the Progressive Party, and the state’s two best-known colleges, Middlebury College and UVM. Although hundreds of Middlebury and UVM students support the idea of Vermont independence, their professors sit silently on the sidelines. There is a strict code of what constitutes politically correct behavior, and secession is nowhere to be found on the list.

I recently had lunch with a prominent Vermont businessman who claimed to be philosophically disposed toward Vermont independence. He then went on to say, “But I would never say this publicly; after all, what would people think?”

Denial (Isn’t Just a River In Egypt…) The ship of state is going down and neither our governor, our legislature, nor very many Vermonters seem to have even noticed. Whether the result of peak oil, climate change, imperial overstretch, aging infrastructure, an unstable dollar, skyrocketing health care costs, or a highly inequitable distribution of income and wealth, the endgame is near. Our nation has become ungovernable, unsustainable, and unfixable. Even though at least two-thirds of all Vermonters truly despise George W. Bush, most are prepared to do absolutely nothing to improve the plight of our nation other than support some mindless, liberal Democrat for president, which is tantamount to doing nothing at all.

Complacency (No Time Like the Present to Give This Up…) Most Vermonters are too fat and happy to ever consider the possibility of actually confronting the American Empire. So ingrained in the Vermont psyche is the myth of Lincoln that our problems will have to become a lot worse before a majority of Vermonters will seriously consider secession as the ultimate form of rejection of a doomed nation. But that day may be closer than most imagine.

When all is said and done, there is but one word to describe why secession is such a tough sell. That word is ignorance.

We are reminded in the book of Ecclesiastes that, “there is a time for everything, a time to be born and a time to die.” I believe the time for the Empire to die is now! •
Scession: How Vermont and All the Other States Can Save Themselves from the Empire

By Thomas Naylor
Feral House, 119 pages, $12

Many weird sideshows accompanied the absurd nomination of Sarah Palin for the vice-presidency, and one of the more interesting was the news that her husband had for many years been an active member of the Alaska Independence Party, a secessionist movement in The Last Frontier. Even the governor herself had apparently taken time off from hockey-momming and power-abusing to attend their conventions. This is good news and bad news for secessionists: if someone an election and a heartbeat away from the Oval Office can flirt with the notion of breaking up the union, then it’s hard to imagine it as a real political taboo; on the other hand, almost every other idea that Palin has played with is ridiculous, so she may not be precisely the high-profile advocate Thomas Naylor might have wished for.

Naylor is a longtime Duke University professor long since retired and relocated to the Green Mountain State, and a current leader of Vermont’s nascent Second Vermont Republic. An articulate and indefatigable pamphleteer, he has now written a slim but comprehensive call for our state to leave the Union, perhaps initiating a general dissolution in the process. Someday we might be an independent entity, perhaps loosely tied economically to the European Union, and perhaps united for defense in something vaguely like NATO. But, he argues, “is truly our only morally defensible alternative... Small is beautiful.”

It’s a bold plan, and boldly argued. Naylor makes his case in two basic steps:

1. America, in the early 21st century, is rotten at its core, an empire in its endgame, about to follow the British, the Romans, the Soviets, and all the other mega-empires of the past. He finds our political system completely compromised, one party pretending to be two, with all our leaders committed to making our nation “bigger, faster, more complex, more commercial, more high-tech, more energy-dependent, more globally interdependent, more militaristic, and more regulated.” He describes our corporatized agriculture, our staggering debt, our reflexive militarism, our collapsing physical environment, and our gross economic inequality. And he goes further, making a profound case that Americans, even in a time of unprecedented prosperity, are unhappy, living lives of alienated consumerism. We are, he says, a land of the “living dead.”

2. Vermont, by contrast, is kinda cool. Because of its tiny size (forty-ninth in population, though about, sadly, to pass North Dakota in the next census) and its rural character (with the smallest percentage of city and suburban dwellers in the nation), “Vermonters are more caring, less greedy, less aggressive, less competitive, more tolerant, and less infected with affluenza – the obsessive-compulsive consumption of more and more stuff.” Its history is filled with progressive conviction – the first state to outlaw slavery in its constitution and let every man vote, a manifest of the Underground Railroad, and a wellspring of the nuclear freeze and global warming movements in recent years. He pays particular homage to the family farm, to the community life of our small towns (providing an excellent account of the Mad River Valley’s Fourth of July parade), the state’s music scene and hippie heritage, and the relative scarcity of Wal-Marts. (He devotes a surprisingly small section to his account of our distinctive town meetings, but he does quote the right guy: Starkboro’s Frank Bryan, who has long argued that the tradition of first Tuesday in March is at the root of the state’s differences.)

Those two points firmly made, Naylor moves to his logical conclusion: it’s time for the sweet little state to leave the big mean empire. He outlines the emotional process of rebellion first: we need to denounce the United States; then we need to disillusion (“feeling vescularly something like ‘I don’t want to go down with the Titanic’”); next we need to deconstruct the process and understand that secession is a legal, political, and economic possibility; and we need, finally, to defy – to make the break. He devotes considerable ink to arguing that Lincoln was a fraud, and hence that his soaring rhetoric about the indivisible union, the experiment begun by our forefathers, and suchlike should no longer constrain us. He argues that the federal government might simply let us go peacefully because of “Vermont’s complete lack of strategic and military importance,” and that if it did we would probably prosper economically; Luxembourg, Lichtenstein, Bermuda, and Iceland, Naylor points out, all have fewer people than Vermont and a higher per capita income.

His case is well-argued as far as it goes. That said, there are places where it could be much strengthened.

Naylor’s case is well-argued as far as it goes. That said, there are places where it could be much strengthened.

toxic in Vermont progressive circles, seems partly the result of a great affection for League luminary Thomas DiLorenzo, who has penned a pair of attacks on The Great Emancipator, books that Naylor has described as essential for the secessionist bookshelf. But in fact Lincoln had every reason to oppose secession in 1860, as the citizens of Vermont (who volunteered for the Union forces in record numbers) recognized. At that date, the fight against secession was also the fight against chattel slavery; and by its bloody conclusion that evil, at least, was gone. As well, Lincoln was president at a time when the country had an obvious national
continued from previous page

project; you can argue that claiming a sprawling continent from its native peoples was wrong, but at the time it was almost certainly inevitable. So a subtler and more powerful argument would go like this: Lincoln was right in his day, but his day is not ours. Not only is slavery beaten, but the west is long-since won, the rails and then the highways built, the coasts linked. Now, in 2008, at this point in the course of human events, it may make far more sense to think about dissolving some of those ties; in fact, in a vastly more-populated country, “government of, by, and for the people” may depend on breaking into smaller units.

He also errs, I think, in overstating the evil of our nation. The Bush years have been hideous, but they are not impossibly far removed from better times—the civil rights movement, or FDR’s humanitarian reforms. The overstatement reaches its peak when Naylor insists that there’s not a ‘shred of evidence’ that Arab terrorists or Osama bin Laden were involved in the attacks of September 11, 2001. I’m not sure that even Naylor believes his argument that the official story was an “incredible tale” – a few pages later he makes the more credible, and more penetrating, case that the day was an illustration of the fragility of oversized technology, that “neither our economic, political, technological nor military might could protect us from a handful of terrorists” with pen knives and box cutters. In any event, the concept of independence will win few adherents if it requires this kind of conspiratorial thinking – if for no other reason than that a government capable of murdering its own citizens in the World Trade Towers surely will not quibble with wiping out anyone who proclaims an independent Vermont. In some sense, Naylor’s deepest hopes depend on an America less purely evil than the one he describes.

In fact, you could go farther than that. If Vermont should truly be bent on independence, and if that could be the spark that ignites a brushfire of similar peaceful rebellion across the continent, we need to ask a few tough questions. I’m reasonably convinced that Vermont would make a responsible and useful nation, but I’m not as persuaded about everywhere else. What about those parts of the union where prejudice is far more ingrained, or corporate power more celebrated? Naylor maintains that it’s none of our business – to each their own. But if we’re concerned with more than our own happiness here in Vermont – which seems an ethical imperative – then we have no choice but to ask that question. Take Alaska: there the party has as its symbol a polar bear, but as its platform the rapid development of all the oil and gas in its now closed-off federal wilderness, an action that would wreck pristine places – and spur the global warming that threatens the snow that falls each winter on our Green Mountains.

All of which is to say that Naylor has begun, but not finished, an important debate on the proper scale for the future. We need much more such thinking – and in the meantime, many more local tomatoes.
supported revolt against England in 1775 — agreed that “any state or region has the right to peaceably secede from the United States and become an independent republic.” Some 18 percent “would support a secessionist effort in my state.”

The motivation of these quiet revolutionaries? As many as 44 percent of those polled agreed that “the United States’ system is broken and cannot be fixed by traditional two-party politics and elections.”

Put this in stark terms: In a scientific, random-ample poll of all Americans, almost half considered the current political system to be in terminal disorder. One-fifth would countenance a dissolution of the bond. This is not a hiccup of opinion. In an October 2006 poll conducted by the Opinion Research Corp. and broadcast on CNN, 71 percent of Americans agreed that “our system of government is broken and cannot be fixed.”

No surprise that the disquiet finds a voice in popular movements. In 2007, a small group of delegates to the second North American Secessionist Convention – the first was in Burlington, Vermont, in 2006 – met in Chattanooga, Tennessee, to discuss how to foment the collapse and destruction of the United States of America. They came representing 11 rebel groups in 36 states, under banners such as the Republic of Cascadia (wedding Oregon and Washington), Independent California (forging the world’s fifth-largest economy), the United Republic of Texas (returning the Lone Star State to its aloneness), the League of the South (uniting the secesh states of Old Dixie) and the Second Vermont Republic (separating the Green Mountain State from the U.S.).

The dominant idea among the delegates was that the U.S. experiment had failed; it had become impractical, tragically ridiculous, its leaders and institutions bought off, whored out, unaccountable and unanswerable to the needs of citizens. The United States would have to be reborn smaller – our loyalties realigned to the needs of localities – if the American dream was to survive. The convention presented, in effect, a marriage of progressives, paleo-conservatives, libertarians, Christian separatists, Southern nationalists, all united “to put an end to the American empire and reestablish freedom and democracy on the state and regional level,” as organizer Kirkpatrick Sale put it.

The delegates settled on a list of principles they called the Chattanooga Declaration.

“The deepest questions of human liberty and government facing our time go beyond right and left, and in fact have made the old left-right split meaningless and dead,” the declaration read. “The privileges, monopolies and powers that private corporations have won from government threaten ... health, prosperity and liberty, and have already killed American self-government by the people.” The answer, it went on, was that the American states “ought to be free and self-governing.”

The Declaration of Independence 250 years earlier asked for a similar dedication to self-governance: “[W]hen ever any form of government becomes destructive ...” wrote Thomas Jefferson, “it is the right of the people to alter or to abolish it, and to institute new government....”

It could be argued that secession is the primal American act, as old as the concept of the states themselves. What else did our founders accomplish in 1776 but secession from the tyranny of England? In other words, what the secessionists would argue is that although they are anti-United States, they are most certainly pro-American.

Secession worries the staid opinion gatekeepers of the major media. Sarah Palin’s “flirtation” with the AIP should make us “uneasy,” as Rosa Brooks warned in the Los Angeles Times. Palin’s secessionist ties raise “serious questions,” averred the New York Times.

A more honest assessment is that the separatism of the Alaskan Independence Party is not so weird or wacky – or out of keeping with what appears to be a sentiment rooted in that loveliest of American predilections, our crotchety contrarianism.

Christopher Ketcham

Editor’s note: Christopher Ketcham contributes to GQ, Vanity Fair, Harper’s and many online publications. He is writing a book on American secessionism. This letter first appeared in the Los Angeles Times on September 10, 2008, and is reprinted here with the author’s permission. •
The Greenneck: Musings on the Meltdown

He writes this in the midst of the so-called debate over the so-called plan to bailout the Wall Street financial institutions mired in a demise of their own making. By now, the bailout will have long passed, and the heavy, sinking truth of its failure might well be rearing its tragic head. Recession. Depression. Whatever it is, it’s going to hurt, and he’ll feel it, too.

He can’t say he’s never been bailed out; he was raised middle class, after all. At first, in his early days, on the lower end of that once-broad spectrum. And then, slowly, as his parents’ fortunes improved, into the happy, solid center: Two cars, meat on the table, downhill skis. Not a bad lot, and from time-to-time there have been helping hands. On his sixteenth birthday his mother sold him her eight-year-old VW Rabbit for a token $200. Within two months, he’d destroyed it. Mostly, everyone seemed to have expected this. When he and the Missus bought land, his parents contributed toward the driveway and septic. Okay, so they weren’t bailouts, per se, but he can’t claim to have never drunk from the well of privilege.

But all along, he was taught to live within his means, however modest they may be, and to apply sweat equity whenever fiscal equity lacked. The rewards have been great: At 36, the mortgage on his self-built home is within one year of being paid. He carries no loan on his 19-year-old pickup, nor on the Subaru, which still runs fine despite the intermittent recalcitrance of a 200,000-mile car. He has no credit card debt, no student loans (an unexpected perk of his dropping out of high school at 16). Soon, he will be utterly debt free.

Does it sound like bragging, preaching? So be it. Against the current backdrop of excess, he feels he deserves it. They spent two summers living out of a tent while saving for their land. They spent two years in their home before knowing the pleasure of hot running water. Their first son was born into a house without sheetrock or finish flooring. Even now, they forgo much in order to afford the freedoms they’ve allowed themselves: the little farm, the flexibility of self-employment, the time with the boys.

So of course it irks him no end that he’ll be forced to contribute to this bailout. Of course it irks him that greed and softness and this uniquely American sense of entitlement will pick his shallow pockets. It is wrong on so many and varied levels, and its chances of succeeding seem very dim, indeed.

At times like these, with clouds drawing across the horizon, he’ll do what he’s so often done before: Retreat to the solace of Axl Rose’s poetic genius. “I don’t worry ’bout nothing, no, ’cause worrying’s a waste of my time,” shrieks Rose in the opening lines of “Mr. Brownstone.” And he’ll rise from his desk, still no more certain of the future than before. But reminded, by a most unlikely source, that the future is not now.

It irks him that greed and softness and this uniquely American sense of entitlement will pick his shallow pockets.

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**“Mistakes were made”?**

Our secretary of state has even made misleading statements to the public concerning the system. When WDEV radio’s Mark Johnson once asked her about the Brennan Report, she responded that the report demonstrated why our system is safe, because we are already following all the recommendations in it³.

Sadly, this could not be further from the truth. At the time Vermont had never conducted a random audit – the very first recommendation of the Brennan Report. Several other clearly marked, bulleted recommendations continue to be ignored (see list at the end of this article). We can only wonder if she actually read the report, if she made a mistake, or if she deliberately misled the audience into thinking our system complies with the recommendations.

Many independent studies have raised concerns about the voting machines.

And get this: not a single study has concluded the machines are safe.

On another unfortunate occasion, Markowitz’s associate Kathy DeWolfe, the state’s director of elections, was asked about the Hursti Hack (the test that demonstrated how vulnerable our system is to third-party hacking. DeWolfe responded by saying she called up Ion Sancho, the supervisor of elections for Florida’s Leon County, who set up the demonstration. She said that Mr. Sancho told her that as long as the memory cards are kept secure, our system is safe. However, when questioned about the phone call, Mr. Sancho said he never would have said such a thing because it isn’t true, and in fact keeping the memory cards secure only prevents one of many types of vulnerabilities with the system. Why would Ms. DeWolfe misrepresent Mr. Sancho’s remarks and misleading us to think the system is safe when it is not?

Each time a new report comes out, which is fairly regularly now, the Secretary of State’s Office responds with unsubstantiated criticism of the report and unwarranted defense of Diebold’s system. Who understands the machines better – the heads of computer security at Microsoft and Lawrence Livermore Labs, or our secretary of state, Deb Markowitz? Whose advice should we listen to?

A wake-up call

In 2006, due to pressure from concerned citizens, Secretary of State Markowitz used her power to conduct an audit for the first time. But the details of the audit raised concerns and did not conform to several of the recommendations. This year again, the secretary has indicated there will be an audit, but again there are concerns. The 2-percent sample size is too small (Connecticut hand counts 10 percent). When asked what our confidence level will be this November (recall that New Jersey law aims at providing a 99-percent confidence level), the secretary’s office responded that they do not know what the confidence level is.

Another concern is that only two races will be audited. This means that out of all statewide races – president, congressional representative, governor, lieutenant governor, treasurer, secretary of state, auditor, attorney general – only two will be checked for accuracy and the rest will be left in the blind trust of Diebold, open to fraud, hacking, and errors.

During the past few months, Markowitz showed a genuine interest in election rights by instituting a program to deliver absentee ballots to disabled citizens. But her concern for the accurate counting of the ballots once they are cast is unfortunately lacking.

How can we protect Vermont’s elections?

There are several simple steps Vermont could take to increase the security, reliability, and integrity of our election system. We could start by following the recommendations of the experts, outlined in the Brennan Report and another titled Principles and Best Practices for Post-Election Audits⁴. These are the recommendations Vermont does not currently follow:

- Conduct automatic routine audits comparing voter-verified paper records to the electronic record following every election. Vermont only audits some elections, based on the secretary’s discretion. This year only two out of eight statewide races will be audited. Zero county and local elections will be audited.

Use a transparent and random selection process for all auditing procedures. There’s a reason why they pick the lottery numbers on TV – so there is no question that they were chosen randomly. Similarly, the precincts to be hand-counted in an audit must be chosen randomly and in public view. In 2006 the Secretary first planned to choose the audited precincts behind closed doors – certainly not transparent. Due to pressure from concerned citizens, she allowed a member of the public to choose half of the precincts by picking a number out of a hat. The other half she chose, but not randomly. The secretary’s office has indicated that it will be the same this year – only half the precincts will be chosen, using a transparent and random process.

Ensure decentralized programming and voting system administration. Where a single entity, such as a vendor or state or national consultant, performs key tasks for multiple jurisdictions, attacks against statewide elections become easier; all of the programming, configuration, and upgrading of our system is centralized.

Have clear protocols for addressing discrepancies, evidence of fraud, or error. Protocols should clearly state that if an audit finds a discrepancy, and it exceeds a certain amount, a specific action will be taken – like auditing a larger sample, or going to a full recount. Vermont has no standard procedures for addressing discrepancies in an audit, and we could be caught like a proverbial deer in the headlights if it happens.

Allow public scrutiny and input. The secretary has attempted to discredit those who speak out in favor of following these recommendations. Conduct “risk-limiting” audits. The size of the audit should not be a flat number of precincts to

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³ See appendix

The most effective audits are “risk-limiting,” meaning that statistical factors determine the size of the audit. For example, a smaller margin of victory calls for a larger sample size to be checked. Also, the number of voters in the various precincts should be taken into account. Vermont does not look at these factors, and does not conduct risk-limiting audits.

Binding on official results. Audits should be completed prior to finalizing official election results. In 2006, the election results were certified on November 15 and the audit took place the next day. Imagine if they had found a significant discrepancy, after the results were certified! For obvious reasons, Vermont must conduct the audit before the official results are certified.

Our state’s most fundamental democratic process is too important to leave it to the secretary of state to decide, for each election, whether or not to have an audit and how to conduct it. We implore Vermont citizens to urge Secretary of State Markowitz to implement all of the recommendations outlined in the Brennan Report to make our system secure and reliable.

Ultimately, Vermont needs to enact a robust law mandating these practices. Until then, we are left to wonder, and to hope that on election day our votes are counted accurately.

To learn more, get involved, receive a free newsletter, and to sign a petition calling for random audits in Vermont, visit the Vermonters for Voting Integrity website.
chief among them the power of habit to shape thought and behavior. "Our patterns of monetary use are so deeply established," she explains, "that even clear recognition of the necessity for system change doesn't ensure breaking of old habits."

Few understand how difficult it is to launch a new local currency project better than Witt, and she is up-front about the challenges. One challenge is that the fires of a new idea must be constantly stoked through publicity, education, and orientation. A directory is being designed to fit around the notes themselves, which can double as a money holder. They have learned that the on-line directory was less useful to users than paper directories. A recent discovery was that marketing the economic design of the currency proved less successful with prospective participants than emphasizing the values of the currency. Special occasions such as parties and auctions tend to drive circulation because they serve both as a reminder and as a community event. They've also found that they need an employee to facilitate everyday transactions, and funding for that position can only come when there is financial sustainability.

Future plans for BerkShares include checking accounts, debit cards and electronic exchange, an extension of the circulation from city-wide to county-wide (at the request of the banks that have adopted the program), and a fund-raising campaign to hire an employee.

The Latin root for "habit" derives from the concept of "holding" or "possessing." A habit is something we carry with us. It is not a coincidence that the word "habitat" comes from the same root.

We put our trust in banks with cherry furniture and marble counters. The measure of the strength of a local currency is not its physical assets, but the dignity and connectedness of those who lead and participate.

How do we move from the place of awakening to the need for a new way of operating to actually living it? If it is the story of the values our capitalism espouses – survival of the fittest, competition over cooperation, growth at the expense of all else – then we must look to change our individual actions in the place where the greatest and most powerful change can occur. The medium that holds these values throughout all the economy's manifestations is... money, and how we both create and use it.

In other words, where money is concerned, the sum of our individual habits ties us to a common future.

Ultimately, the life, success and impact of a currency doesn't depend on the founders, but on the people and businesses who use it every day. Witt has gained a perspective on how people use BerkShares and how easily (or not) it folds into their lives. She has noticed that usage tends to follow income level. The higher-income level users have the luxury of holding the local currency in their wallets with no immediate spending plans, and do so. They are less likely to need to budget and track expenses as might happen with credit/debit card usage or by writing checks. Those with less income, who primarily use the cash economy anyway, also have a relatively easy time making the transition to BerkShares. They are accustomed to using cash to pay for daily needs, and using a different piece of paper, if it can buy the same things, doesn't seem to be a hurdle.

But the real challenge lies in the middle class, where most reside economically. It is too easy to use a credit card, to earn airline miles, to shop online, and to put our bills on automatic payments. Witt notes that even the greatest supporters of BerkShares are often not in the habit of carrying it in their pockets to do the daily shopping. She says that habits are what must really be overcome to see the full reality of what is possible for a local currency.

Local Currency in the Green Mountains

In Vermont, a new breed of local currency is taking hold. There are now three “time bank”...continued on page 20
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Vermont Vox Populi, continued from page 5
What type of household should not consider this?
MD: People with very small homes, or handicapped people should not consider wood-fired boilers. Pellet boilers would be a better option.

How are your wood-boilers different from the outdoor boilers that are often referred to as “smokers”?
MD: Our boilers have been developed in Europe over the last 30 years; they use the best technology to get the most heat from a smaller amount of wood. The outdoor models (OWB) are a primitive design that consumes a lot of wood and produces a lot of smoke. The OWB companies are starting to build better products but it will be a couple of years before it’s perfected.

Can you give me, in layman terms, a technical explanation of why many of those outdoor boilers smoke so much? I heard that recent regulations mean that new installations of most of those outdoor boilers are no longer allowed in Vermont.
MD: They leave a large pile of smoldering logs in a box surrounded by cool water for long periods and then burn off all the collected creosote and carbon deposits when there is a call for heat. The EPA set a few rules for them, but their rules are not very strict due to lobbyists and contributions. The rules only removed the worst units from market. They have a responsibility to look out for large, prosperous entities like the outdoor boiler companies.

Can you say with confidence that your wood-boiler systems are “clean-burning” compared to oil, propane, or natural gas? If everyone used these, would we have winter smog issues?
MD: The products we sell are very clean burning. Once gasification is achieved there is minimal smoke coming from the chimney. All wood burning creates smoke over the course of a burn. If every house in Vermont heated with wood there would likely be days when smog levels were high regardless of the type of units used. (Editorial Note: Most normal woodstoves burn at 60- percent to 70-percent efficiency, while a well-maintained oil or gas furnace can get 80-percent to 90-percent efficiency. The Tarm Boilers and pellet boilers that SunWood Systems carries get between 80-percent and 87-percent efficiency.)

What are Vermont’s challenges to rely more on wood as a renewable fuel? What do we need to do to overcome these challenges?
MD: Challenges include clean air, sustainable forestry practices, and fuel-delivery methods. To overcome these we need to view the whole picture and determine what aspects need attention first, then move towards solutions that can be permanent.

Forest management/access issues seem to be the biggest challenge. If everyone used wood to heat their homes and hot water, how would we maintain our forests in a sustainable way? Do you know how many acres of forestland it would take to fuel 200,000 homes? Does Vermont have enough forestland for this?
MD: I don’t have the details, but we have sold units to foresters who speak positively about forest regeneration and “cleaning up” the woods. There are a lot of trees in Vermont. (Editor’s Note: The Vermont forestry department says that if an average wood-heated home required four cords per year, it would take 1 million cords – or less than 1 percent of the standing wood supply, to provide 250,000 homes with annual heat.)

Can you tell me how pellet boilers work, and what the advantages and disadvantages are?
MD: Pellet boilers will eventually replace oil and gas boilers. They operate the same as a fossil fuel unit but need to be fed with pellets, either with an automated auger or manually.

I hear that there is a shortage of pellet stoves and most suppliers have a waiting list. What factors should someone consider before buying a pellet-system?
MD: There is a shortage of stoves, but it’s probably a good thing. The pellet production needs to catch up. My advice would be to wait a year or two; there are many new products on the way and there are pellet producers coming on line every day. In fact, we will have some new new pellet boilers in the spring from an Austrian company called Froeling.

What do you know about the pellet-supply chain in Vermont? I hear that pellets can be made from a lot of biomass products other than wood, such as certain types of grass?
MD: These new types of biomass will change the market. They currently have a lot of problems with reliable combustion, but through technology the producers will figure it out.

This seems like a chicken-egg thing. Do you know of any significant increase in Vermont pellet production that is happening? This seems like an interesting business opportunity.
MD: We are currently preparing to sell pellets in bulk. However, the pellets come from New England Wood Pellet company in New Hampshire and they travel 130 miles to get here. There are many groups trying to bring a mill on line in Vermont, but it will take time and research.

Let’s talk cost for a minute. What does a wood- or pellet-boiler system cost compared to an oil or gas boiler?
MD: A simple setup to run when the weather is cold would cost around $13,000, but some installations can cost up to $25,000. These costs are significantly more than installing an inexpensive gas or oil unit. We only sell the highest-quality products, therefore our jobs cost a bit more than others. Inexpensive cord wood boilers are available but we do not carry them because of liability.

When you factor in the reduction in annual fuel costs of wood compared to oil or gas, how many years does it take for a wood boiler to pay for itself compared to buying a new oil or gas furnace?
MD: Cost of fuel is the driver in this equation. At current fuel costs, realistic payback will be five to 10 years. Other companies might tell you less but they are probably using “marketing math.”

Can you tell me how solar hot water can be part of this equation? Can solar hot water really work in Vermont?
MD: Yes, our latitude is actually excellent for solar, but we do not recommend it for heating homes. It can work well for heating domestic hot water.

How does solar hot water work in tandem with a wood boiler?
MD: Once the heating season is over in spring, solar can generally heat domestic water until you turn your heat back on in the fall. There are many installation methods.

What would a solar hot water system cost for a family of four and what percentage of their hot water needs would the system provide?
MD: A system would cost around $6,000 and is... continued on page 20
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Can you describe the ideal home heat/hot-water system using the best available technology to have the best economic benefit?

MD: A wood boiler installed with a large heat-storage tank, and a solar “indirect” water heater.

What should someone do to get more information on these systems? Would any of your customers allow an open house for the community to see how this works? I think a lot of people struggle to understand this, especially with so much hype in the marketplace.

MD: We have many events planned; however, current sales have consumed all our time. I am willing to show people firsthand how we put these principles into practice. All of our contact info can be found on our “very basic” website. www.sunwoodsystems.com •

Sometimes we hear a new story, a revolutionary idea, that awakens us and causes us to reframe our notion of what our story is. How does a changed thought become a changed life? How many changed lives does it take to change a culture? Most local currencies exist in the world of novel schemes – short-lived but catchy, they are born quickly and die just as fast. But what it takes for an idea to go from ephemeral to sustainable is the ability it has to weave its way, organically and irrevocably, from what we determine is important in our lives. Then we must enforce that thought by changing our habits to take in a new way of being.

History hinges on small actions leading to incredible changes. Howard Zinn writes, in You Can’t Be Neutral on a Moving Train, “We forget how often . . . we have been astonished by the sudden crumbling of institutions, by extraordinary changes in people’s thoughts, by unexpected eruptions of rebellion against tyrannies, by the quick collapse of systems of power that seemed inevitable. . . . Small acts, when multiplied by millions of people, can transform the world.”

How can we support local currency efforts? Start today. If there is a local currency where you live, start integrating it into your economic habits immediately. Join or start a time bank where you can trade with your neighbors. There is a tipping point. When we equate earning and spending a locally produced, issued, and managed currency to throwing a bale of English tea in Boston harbor, we are in a position to ask ourselves, as Melville did, what could we possibly accomplish?•
A Stirring Manifesto for Educational Freedom and Diversity

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Ron Miller is the author of What Are Schools For? and other groundbreaking books on educational alternatives. He is editor of Education Revolution magazine and is on the editorial board of Vermont Commons.

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December 12-14 First in Line, a weekend conversation with Jim Merkel: Radical Simplicity and the True Meaning of Sustainability. What would it look like to live a “radically simple” life? A lively weekend diving deeply into profound conversation with Jim Merkel and the staff of The Gathering Inn.

January 9-11: You’re Hired on the Computer and I Want to Have Hope! Couples often become polarized as they look, look away from the news of the day. Coming back into intimate communication lends strength to face the challenges upon us. Facilitated by Sally Erickson and Tim Bennett.


Complete weekend descriptions, costs, and philosophy can be seen at www.gatheringinhancock.com. Also look at www.wwatwotocomovie.com for more background on Tim Bennett and Sally Erickson and their documentary What a Way to Go: Life at the End of Empire.

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For one student, last hit of FCAU news in the worst St. Petersburg Times, July 15, 2003

Dennis Whithorne

When Steven got his report, his new book out in a week. They were so excited when he took the book the next day. He was so happy to take him to the store. "We're going to buy a new book. It's going to be so fun." They drove by the store, stopping at the supermarket.

"Be sure to buy a new book," the woman told him.

"Yes, I will," the boy replied.

"Be sure to bring a new book," the woman reminded him.

"Yes, I will," the boy replied.

"And be sure to bring a new book," the woman instructed him.

"Yes, I will," the boy replied.

"And be sure to bring a new book," the woman reminded him.

"Yes, I will," the boy replied.

A Child Held Behind

New York Times, Jan. 1, 2005

Michael Bloomberg

For "knowing what accountability means," tough-minded superintendents and school officials, from New York to California, have been choosing and molding the next leaders in education. They have been懂得 what accountability means, and they have been molding the next leaders in education. They have been

Stop Pandering on Education


By Jonathan Alter

The crazy thing about the education debate in the United States is that everyone with an ounce of vision knows what must be done. A big accountability problem nationwide is teacher tenure, which is almost criminally flawed whether a teacher is good or bad. If we’re not going to commit educational misappropriation for the next 40 years, the many educators are still caught up in what they call “a culture of success.” The entire problem is that

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This November the Middlebury Institute will convene the Third North American Secessionist Convention, in Manchester, New Hampshire—and when you think about it, that’s quite an amazing thing to say.

For the third time in modern history, delegates from some two dozen secessionist groups will meet to discuss strategy, trade information, and promote the disintegration of the nation. With maybe 30 or 40 observers who want to see what’s going on in the secessionist movement and figure out how they might join in.

For the third time in modern history, delegates from some two dozen secessionist groups will meet to discuss strategy, trade information, and promote the disintegration of the nation.

This will be a particularly important meeting because it comes at a time when a presidential election has shown the bankruptcy of the political system and a financial crisis has shown the corruption and greed of the economic system. Those are two very powerful forces that make the idea of secession have real appeal as a means to escape from the looming disasters. They are what I have called the “pushes,” one of the two categories of incentives that get people to start thinking seriously about secession. The other are the “pulls.”

The pulls are the opportunities that are opened up for a society when it is relatively small, coherent, independent, and democratic. It can organize itself as it wants to, providing popular institutions that are efficient, transparent, and responsive, developing parts of its economy as it sees fit without regard to outside regulations, and providing services—health, education, solvent retirement plans, insurance, emergency aid, and the like—that benefit the entire population. It can respond swiftly and directly to crises such as Peak Oil, climate change, severe weather, food shortages, water depletion, and the other exigencies looming. It can be self-governing, self-reliant, self-sufficient, and self-determining.

All in all, a very desirable society, especially when pictured in contrast to the ugly, incompetent, corrupt, militaristic, and behemothian government that America has contrived to become in the last half-century.

Which brings us to the second category, the pushes. And of course the immediate and most important of those is the economic meltdown this nation is now going through, and has been going through for the past two years (or, looked at another way, for the past eight, since the dot.com bust).

A cursory analysis can show that this has happened not just because of the rampant greed the financial institutions have fed off of for more than a decade but because of specific government policies, supported by both parties, that have allowed—and encouraged—their leaders to do so.

Both parties supported deregulation of large investment banks in the 1990s. Both supported the process of gigantism by which banks and Wall Street firms swallowed up smaller firms and became financial leviathans, throwing their weight—and intricate financial schemes—around the world. Both supported the idea of extending home-ownership to any voters that wanted it, even if they were totally unable to pay (‘WIMPS, many of them were, as the cynical mortgage lenders saw them: “Without Income, Means to Pay, or Security”), by means of loans so unfounded as to declare in their name that they were “sub-prime,” or “probably uncollectible.”

And then both parties decided that taxpayers would have to save the corrupt and cynical government agencies (Mac and Mae) and the numerous Wall Street financiers with a trillion-dollar (or more—who knows?) bailout.

Who wants to be a part of that? Who really thinks that will do any good? Who fails to understand that this is in effect impoverishing the entire population, except of course the fat cats that caused all the mess in the first place? The idea of seceding from all that becomes particularly attractive.

Add to that another push, the experience of a presidential election between two sets of candidates neither of which was competent to hold high office, as the long, disgusting, vacuous, money-drenched campaign season made abundantly clear. Add also the sight of candidates sucking up to corporate donors to whom they become instantly beholden for multi-millions of dollars, right out in the open, a clear demonstration of the corruption that exists at the heart of the American political system.

And let’s forget the Iraq war. That’s what originally turned many millions of people against this particular administration, exposing the deception, lies, secrecy, illegality, and brazen totalitarianism that characterize the presidency. Then put that in a larger picture, the corporate-run militarism that is the mainspring and centerpiece of the American economy and foreign policy, and has been since 1941. This nation has engaged in an essentially perpetual war since that date, not because we have been attacked but because the military-industrial complex that completely dominates this system has wanted it: Korea, Vietnam, Dominican Republic, Lebanon, Panama, Gulf War, Iraq (No-Fly Zone), Somalia, Kosovo, Afghanistan, not to mention 750 military bases around the world and a sale of arms that amounted to $32 billion this year, 52 percent of the world’s arms sales.

Not only does it all cost us citizens billions of dollars, but it costs many lives of dead and wounded, skewers our foreign policy, creates anti-Americanism around the world, and gives us a historical record that scholars of the future will see as disgraceful and immoral. Who would not want to leave all that behind?

That’s why there is so much interest in the third Secessionist Convention this year, the

Both parties decided that taxpayers would have to save the corrupt and cynical government agencies and the numerous Wall Street financiers with a trillion-dollar bailout. Who wants to be a part of that?

For the third time in modern history, delegates from some two dozen secessionist groups will meet to discuss strategy, trade information, and promote the disintegration of the nation.