# RECLAIM VERMONT'S RESOURCE SOVEREIGNTY

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What would you do if the following happened to you? The first thing you noticed was the emergency cash in your bureau drawer disappearing from time to time; a 5 here, and 10 there, barely noticeable, but sure enough the fund was shrinking. The garage began to smell bad, like someone had left the car running. It choked you to go in there. Then one day came the burglary. It was quite a heist, but the dog hadn't even barked. How could that be? You woke up one day and all the electronics were gone -- all your TVs, radios, cell phones and computers. The safe in the basement with some precious metals, rocks and gems had vanished. Your well had run dry, some trees were missing in the backyard, and your kid's pet ferret was gone.

The robbers had left lots of evidence: fingerprints, pieces of clothing, foot prints. You called the police, but they wouldn't even investigate. The burglars had somehow convinced them it was all their property. The dog had been fed treats by the thieves, and licked their hand. Bad dog! You wouldn't tolerate this situation for one second, would you? But you do. You tolerate something equally bad every day and don't even know it. Here's why:

Banks create 93 percent of the money supply through interest-bearing loans, putting an invisible inflationary tax on everything. Thus goes the cash in your drawer. Is there some law of nature that says prices must always rise? Of course not. Electronics and many other goods get cheaper all the time. The Constitution says Congress has the power to print money, not banks, and nowhere does it say to attach interest to it.

Users of fossil fuels pour CO2 and other emissions into the atmosphere at no charge, degrading the environment, making us sick and changing the climate. This is beginning to change with cap-and-trade auctions, the Regional Greenhouse Gas Initiative and carbon taxes. The FCC has given away 98 percent of our "public airwaves," a bigger theft than all your TVs, radios and cell phones combined.

In terms of its resources, Vermont resembles an economic colony more than a sovereign state. Mineral rights in Vermont are owned by private companies. Nothing is paid to the state except a tiny amount of property tax on surface value, just like stealing the treasure chest from your basement. Groundwater is extracted in Vermont at no charge and exported by out-of-state bottling companies, despite the new public trust law for groundwater. Would you let them do that to your well? In addition, most of Vermont's hydropower resources are owned by TransCanada, and 82 percent of surface-water withdrawals are used free of charge by Vermont Yankee for cooling water.

Meanwhile, citizens and businesses are subject to taxation of earned income, which impacts job creation and economic productivity, while resource owners collect massive amounts of unearned income.

How did this robbery happen and why didn't the dog bark? The dog (government officials) have been fed treats (campaign contributions and lobbyist perks) by private companies to give them property rights to our resources. The police (legal system) have been convinced that the common wealth of society should be private property.

David Bollier calls this phenomenon "silent theft"; the silent privatization and draining of the commons of all value by private corporations. It's time to reverse course. Our recent study says there is about $1.2 billion revenue available in Vermont per year from rent on common assets such as the atmospheric sink, ground and surface water, broadcast spectrum, Internet, minerals, etc. That's enough for a $1,972 dividend check for every Vermonter, like the $2,000 Alaska Permanent Fund dividend. All over the world countries are beginning to exert sovereignty over their resources, such as Ecuador over oil and Bolivia over lithium. Can Vermont reclaim sovereignty over its natural and social resources or will we remain a "banana republic?"

http://www.burlingtonfreepress.com/article/20090701/OPINION/90709031

Gary Flomenhoft was interviewed on our radio show, Renegade Economists, Wed 9th December. www.earthsharing.org.au/renegade-economists/

## Resources for rent? By Jon Reidel

Gary Flomenhoft knew he faced a tall order in trying to convince the Vermont House Committee on Ways and Means that the state should collect economic rent on its natural resources. The concept of charging corporations for the use of water, air and other common assets would be a hard sell and had already died a quiet death two years earlier as a bill that never got out of committee.

Determined to make this time different, Flomenhoft, a research associate in the Department of Community Development and Applied Economics, arrived at the State House armed with a glossy, 52-page research report titled "**Valuing Common Assets for Public Finance in Vermont**," compiled by 11 UVM students from the Master's of Public Administration (MPA) program, and an oversized check for $1,972 representing the amount every Vermonter would receive under the proposal. Most importantly, the study contained what the previous report and accompanying bill (S.44) introduced by Hinda Miller (D-Burlington) lacked: actual dollar values for each common asset.

**Download the report from www.earthsharing.org.au/2009/12/09/this-valuable-earth/**

Overall, students calculated that the state's common assets are worth $1.2 billion annually, accounting for the $1,972 dividend check for each Vermonter. Flomenhoft pointed out that every Alaskan (children included) received $3,200 in 2008 from oil companies who paid for the right to drill for oil. Students were charged with assigning values to each of Vermont's assets, which fall into two categories: natural assets (air, ground water, surface water, minerals, wildlife and fish, forests, etc.) and socially created assets (stock market, internet, land values and other creations of society as a whole). Legislators seemed intrigued by the potential revenue.

"This (original) bill was high on the mountaintop," said Miller, who is expected to submit a new version of the bill next session, at a press conference following Flomenhoft's testimony. "Gary and his students brought it down to earth with real numbers and by taking a conceptual idea and putting actual dollars to it. I think it has a lot of potential."

Flomenhoft points out that the Alaska oil revenue sharing system was set up by a conservative Republican governor and was increased by Gov. Sarah Palin. Flomenhoft, who bases his concepts on the book Capitalism 3.0 by Peter Barnes, notes that revenue isn't generated on earned income, but rather on the resource itself.

"By recovering economic rent currently privatized, we can begin to shift our public revenue system from taxing value added to charging rent for use of common assets," writes Flomenhoft in his executive summary. "This allows us to 'tax bads, not goods,' as many economists from all sides of the political spectrum have urged in recent years."

*An image of the front page of the report is below and the following piece is an extract from it.*

## Who Owns Vermont's Rocks

"It is my belief that Vermont's wide array of stones and minerals fall into Paine's view of common property and that some sort of financial reparation should be made to the citizens of Vermont to compensate them for the excavation of this commonly shared non renewable natural resource," states Raphael.

He found that unlike Alaska, where the constitution states that the public owns the sub-surface resources, in Vermont mining companies pay only surface property taxes, and nothing to extract the minerals below. The mining industry is still governed by the Mining Act of 1872. He finds the value of minerals extracted in Vermont to be $96.8 million annually not including talc and slate, which are claimed to be proprietary. They do this on land valued at $132 million which means at the average property tax rate of 2.79% they are paying $3.7 million in taxes. Adding the property and annual mineral value Raphael finds that mining companies are only paying 1.6% of this total in property taxes.

He also points out that when the minerals are gone, Vermont loses jobs, income, and gets a large clean up bill when all that is left are abandoned mines and environmental waste.

Raphael recommends a royalty system of 10% on the value of minerals extracted, which is lower than oil royalties in Alaska of 12-15%. This would generate $9.7 million for a mineral trust fund. "Vermont needs to reclaim the rights to all its natural resources including minerals...By setting up a permanent fund to offset the extraction of non-renewable mineral resources, Vermont will ensure the prosperity of its amazing heritage and provide a current and future flow of revenue for its citizens."