

Why Vermont Did Not Join the Union Until 1791

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There has been much talk of 'crony capitalism' by certain elements of the right. Real, traditional, free market capitalism doesn't need the government pulling the capitalists up by their bootstraps so that they need have no fear of failure. But pleasant dreams do not a reality make. There has never been a time in American history when the government hasn't provided massive assistance for the elite to make an easy and secure profit.

Most of the first settlers from Europe wanted land to work and develop for their livelihood. Their government helped clear out the original inhabitants and directly provided for its distribution to the small holder. But the Dutch in NY did it differently. They sold or granted large tracts of land to land speculators who then profited by selling it to small holders at the highest price possible. This policy continued after England took over NY insuring that NY would remain the most conservative of the colonies. The land that became Vermont originally was part of MA. Then it was switched to NH control, and that colony began to distribute it to small holders. New Yorkers couldn't steal all the Iroquois land - Native Americans had to live somewhere, thus they lusted for Indian-free Vermont. In 1749 they got the monarch to assign colonial NY as the owner of Vermont, and then the colonial government sold large tracts of land to speculators. But Ethan Allen and friends would have none of it. They drove out NY settlers and defeated all military incursions by the Yorkers to subdue them. There are two accounts as to why VT was kept out of the union. Either because NY wanted its speculators reimbursed for VT land they were never able to sell, and when VT came up with \$25,000 they were let in, or because VT's state constitution was so radical Congress would not approve statehood until it was modified.

So in VT we have the normal functioning of business stopped only because of a popular insurrection. In California the speculators were able to get away with what they couldn't do in Vermont. Mexico also had the tradition of handing out large tracts of land for occupation or speculation. The US recognized those grants after the defeat of Mexico, in fact it allowed Mexico to continue handing out grants until a treaty was finalized. Most of those soon fell into the hands of American speculators who then through a bribed court system had them expanded because of the vagueness with which they were written. Many of the grants were in fact complete frauds sanctioned by the bribed court system. Thus much of the finest land in this country was simply stolen.

Then we have the national rail system. It was financed by the issuance of government backed bonds, which in turn were paid by the sale of the large tracts of land given to the railroad companies (10 miles on both sides of the tracks). But the largest government sanctioned theft of American wealth came following the Civil War. Abolitionists like Thaddeus Stevens wanted to break up the plantations and distribute the land and resources to the newly freed slaves based on the fact that it was the slaves who created the wealth that came from those lands. But the government would have none of it. The slaveholding exploiters were able to

retain their ill gotten gains despite the sacrifice of 600,000 union soldiers in a war to end the slave system.

This weeks' reports again benefited by the atomized reporting system. Long-range figures were carefully ignored. Even simple little facts like the much ballyhooed March retail numbers were almost exactly the same as Octobers' (\$183 billion). The point that has frequently been made here is that the economy is actually bouncing along the bottom rather than doing anything that can honestly be termed a recovery. To be sure the natural increase in population (7 million since the start of the last depression), and the economic expansion caused by the small portion of the largess that is actually put into some sort of productive use (like building expensive homes and condos) rather than thrown back into the pool of financial finagling has contributed to a slight revival, but a revival that shows no sign of going beyond 'slight'. Real financial sales growth from Q4 2010 year to year was 2%, 1.8%, 2.5%, 1.9%. Note that the 4 years averages to a flat 2% growth. New home sales annual average has just passed where it was in the early 80's and is now in the early 90's. It's recover amounts to about 1/3 of a good year. Existing home sales were above 6 million in 2003, 2004, 2006, and above 7 million in 2005. For all of 2013 it was 5 million, but many of those were purchased by speculators for resale. Hopefully when the Fed de-leveraging is finally complete we will learn whether the patient is real and alive or merely a ghost in the Fed machine.

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