

# Testimony

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## *Cities As Laboratories Of Democracy*

Testimony by Fred Siegel, Senior Fellow

It is an honor to testify before the House subcommittee on Energy and Power before the distinguished members of Congress. And it's an honor to be on a panel with so many knowledgeable experts on energy policy.

I am not an expert on energy but an historian well acquainted with the concept of Laboratories of Democracy. My 1996 book [\*The Future Once Happened Here: New York, D.C., L.A., and the Fate of America's Big Cities\*](#) compared the economic and social policies of three great cities. More recently, this past January I published [\*The Revolt Against the Masses\*](#), which rewrites the history of American liberalism.

The transformation of American liberalism over the past half-century is limned in the disputes roiling an out of the way area of upstate New York. In 1965, as part of his "war on poverty," President Lyndon Johnson created The Appalachian Regional Commission. Included among the areas to be served by the commission were the Southern Tier counties of New York State including Broome, Tioga, and Chemung. Its central aim was to "Increase job opportunities and per capita income in Appalachia to reach parity with the nation." Like so many Great Society anti-poverty programs, it largely failed. "The very images" of collapsing barns and broken down farmhouses that once inspired the Great Society, are commonplace today in New York's Southern tier of counties.

Campaigning for Governor in 2006, Eliot Spitzer, a provincial Manhattanite traveling across upstate New York, declaimed that the upstate economy... "is devastated. It looks like Appalachia. This is not the New York we dream of." Clearly shocked by what he had seen, the liberal Spitzer insisted, "We have to deal with the population loss, with the continual decline."

Neither Spitzer, nor his successors David Patterson and (now) Andrew Cuomo have dealt with the decline.

In the Southern tier of New York counties, best suited for fracking, employment in the Binghamton metro area of Broome county, notes the Empire Center's E.J. McMahon, has declined for six consecutive years and is now 12 percent below its 2001 level.

To the West, employment in the Elmira metro area in Chemung County is also 12 percent below its 2001 level. Elmira, however, had a brief growth spurt thanks to the growth of fracking in nearby neighboring Pennsylvania.

Upstate, once a counterweight to the New York metro area, is increasingly being brought down by it. “Basically what you’ve got there is a tax code and regulatory regimen written for New York City,” says Joseph Henchman, vice president for state projects at the Tax Foundation in Washington. “Legislators say, ‘Look, New York is a world center of commerce. Businesses have to be here. It doesn’t matter how high we tax them.’ I hear that a lot. But when you apply that same logic to Upstate, the impact is devastating.”

Albany’s ability to tax and spend is, notes William Tucker, legendary. Strict election laws insulate incumbents of both parties, making the state legislature the longest tenured in the nation. Petitions to put an insurgent candidate on the ballot require tens of thousands of signatures and are routinely defeated in the courts. Ballot initiatives that have led to tax reform in other states are also forbidden. The result is a who-can-spend-the-most political mentality unmatched anywhere, except perhaps in Washington.

In the period from 2006 to 2008, the arrival of natural gas drilling seemed to provide a way out of poverty for the Twin Tiers of Southern New York and northern Pennsylvania

In Pennsylvania, explained former Governor Ed Rendell, a Democrat, “Thousands of solid jobs with good salaries were created, communities came back to life and investment in the state soared. The steel, lumber, concrete and construction industries, as well as manufacturing purchases and retail spending, all benefited from the ensuing natural gas boom.”

But while Pennsylvania—a state that had a long history of energy extraction—adopted fracking, where it became an import source of employment and reindustrialization, in New York legitimate environmental concerns held up the expansion of energy extraction. In 2008, the state began studying the issue; even though 32 states now have fracking, New York is still “studying the issue”.

In 2010, a compromise solution to the problem of fracking was floated. Fracking would be banned in the areas near the reservoirs for New York and Syracuse. The 100 towns that had passed local bans on fracking would have their wishes respected; fracking would be kept out of the gentry liberal territory of Ithaca and Cooperstown. The compromise would have confined fracking areas to sections of the Southern Tier Counties of Broome, Chemung, Chenango, Steuben, and Tioga. They were areas where, because the shale was deep within the earth and there are no aquifers threatened, the water tables could, with near certainty, be protected from fracking chemicals.

This might have been a reasonable compromise. The state’s Health Department found, in an analysis it prepared early last year, that the much-debated drilling technology known as hydro-fracking could be conducted safely in New York, according to a copy obtained by *The New York Times* from an expert who did not believe it should be kept secret. But the anti-frackers who had

demonized the gas industry responded with a resounding no to compromise. They were little concern with alleviating the terrible poverty of the Southern tier.

In New York political support for fracking came largely from southern tier landowners scratching out a living on land, much of which has been left fallow. They sometimes referred to the environmental benefits of natural gas as opposed to coal, but the core of their argument was that fracking was the only chance to rescue a dying region where many of the landowners were being crushed by the heavy burden of New York's high taxes—among the very highest property taxes in the nation—and heavy regulation which made it hard to eke out a living from small dairy herds.

The anti-fracking coalition drew on the well-to-do and celebrities whose primary home was in Gotham, but who also owned a second homes upstate such as Yoko Ono, and Richard Plunz of the Columbia School of Architecture. It was also supported by the Rockefeller funded NRDC, which has tried to keep upstate a preserve for the summer homes of it wealthy supporters. They are joined by the ironically named “progressives,” often from Manhattan, who brought vehemence to the fray.

And while Gotham's liberal gentry speak of fracking as the spawn of the devil, they're barely aware of their dependence on natural gas.

The meatpacking district of New York has become a magnet in the past decade, home to boutiques, hotels, and the popular High Line elevated park. On November 1, it will become a different sort of destination. The city's first major natural gas transmission pipeline in 40 years will terminate there, right next to the Renzo Piano-designed art museum under construction.

Dick Downey of Otego New York, a former history teacher and a supporter of fracking, notes that “the class divide in the argument over drilling in New York is the elephant in the living room. Everyone's aware of it, but no one is talking about it.” It pits generational farmers against the newly arrived, well-to-do pensioners against those just hanging on. But if the class dimension is clear to many of the pro-frackers I spoke with, the same is not true of anti-frackers I interviewed.

“What really makes the blood boil,” said one well educated pro-fracker “is the elitist tinge to their conversation. . . that we knuckle draggers just don't get it, because we don't want farmers to have to sell off parcels of their land to pay their taxes.” Some muse about how Cornell is worried that if fracking came to nearby Tioga county, it would upset the local social order if people who worked for Cornell in a service capacity were to become wealthier than the faculty who view themselves as lords of the manor. Others suggest that the anti-frackers don't want to see Republican areas, like fallow lands of the Southern Tier, enriched for fear of the political impact. But such sentiments miss the fact that, by and large, with the exception of those who produce artisanal cheeses, organic garlic, and high end woodwork, Ithacans pay scant attention to the rural people surrounding them.

The anti-fracking movement has taken on something of the anti-industrial Tory ethos of mid-19th century England. The romantic sentiments underlying the anti-fracking movement have

been expressed by Adelaide Gomer, the Duncan Hines heiress, who directs the Park Foundation of Ithaca that finances much of the anti-fracking movement. “Hydro-fracking,” she wrote in a petition “will turn our area into an industrial site. It will ruin the ambience, the beauty of the region. But, moreover it will poison our aquifers. We can live without gas, but we cannot live without water.” The pro-frackers share the concern of preserving the water supply. They are, in the classical sense, conservationists. The anti-frackers want to maintain upstate as a pristine setting for tourism and gracious living. The two, it would seem, are in principle reconcilable. But whereas the British Tories felt a paternal obligation to look after the well-being of the peasants they governed, today’s liberal gentry operates on a self-interested basis.

When pushed to discuss the poverty of the Southern tier, gentry liberals make it clear that their liberalism is very different from the ideology of the same name that created the Great Society. I was told that “people move into rural New York for the higher welfare benefits,” and that the people living in broken down trailers had “big screen TVs and cell phones. “I was told they’re lazy people waiting to have pixie dust sprinkled on them” or that they felt entitled to a winning lottery ticket, or that the call for fracking comes from failed farmers, or that poverty is a long term and global problem, while fracking can only bring in money for a few years. Similarly, I was told that it was fracking that had brought poverty to Northern Pennsylvania.

Part of the difference between the Southern Tier, with its university towns and high level of government employment, compared to the Keystone state’s northern tier, is that the Pennsylvania Northern Tier’s critics of fracking lacked an ideology. In the case of the New Yorkers, the leading anti-frackers, such as Sandra Steingraber of Ithaca College, are well-developed critics of industrialism. Pennsylvania generally wanted the new manufacturing made possible by cheap energy; the New Yorkers dreaded it.

Normally jobs and revenue are a winning combination, but not in a state where environmental policy is driven by gentry liberals with jobs in Gotham and summer homes in an upstate they’d liked to preserve as a vision from Currier and Ives.