



# This land is red land, paid for by blue land . . .

LET ME SAY UP-FRONT THAT I'M A UNITER, NOT A DIVIDER. But speaking as a blue-state resident, maybe I've been a fool.

It's bad enough that the red states elected President Bush and sent the blues into a psychic tailspin. BUSH WINS: UPPER WEST SIDE PUT ON SUICIDE WATCH reads a T-shirt in Manhattan. Shrinkers in Beverly Hills say they've been stamped by despairing patients. "People . . . pretty much believe American society is permanently destroyed," a Washington, D.C., psychiatrist told the *Los Angeles Times*. Jon Stewart captured the blue zeitgeist when he mused that Bush's ascent atop a tide of evangelicals was "their revenge for us controlling what's on TV."

Overwrought? Perhaps. But it's time blue America realized it controls more than just the nation's output of immoral culture, abortions on demand, and gay weddings. It also controls the purse strings. And that suggests a strategy.

As students of the federal budget know, the citizens of some states pay more in taxes than they get back from Uncle Sam in grants and benefits. The late Senator Daniel Patrick Moynihan commissioned frequent studies that showed how New York was getting the shaft. Arnold Schwarzenegger was stunned to learn upon taking office that for every dollar Californians send to Washington, they get back only 77 cents—an imbalance that topped \$50 billion in 2003.

But a new analysis in *The Great Divide: Retro vs. Metro America*, a coffee-table book/political rant by liberal billionaire John Sperling, shows that a fiscal map looks awfully like an electoral map. (Lest you think this is all just liberal bias, the right-leaning Tax Foundation supplies similar data.) Between 1991 and 2001, "winner" states got nearly \$1 trillion more in federal benefits than they paid in taxes. Alabama won the biggest, raking in \$100 billion. Losers California, New York, and Illinois each paid \$250 billion or so more than they got back. The huge gaps are driven by higher average incomes in the "donor" states, plus subsidies for farms, oil, mining—"extrac-

tive" industries that skew red. There are exceptions (Texas is a loser, Pennsylvania a winner), but the map on this page shows the big picture. The heist is more impressive considering that the winners have only a third of the U.S. population.

For blue staters, it's one thing to watch red states pick the Pres-

ident and set national policy on everything from Iraq to judges. But to pay them lavishly for the pleasure suggests that blues aren't just losers, they're *stupid* losers. You can feel blue anger rising. You reds don't like taxes? Okay, stop taking mine! You can have your states' rights too—and we'll start by cutting your allowance!

No wonder the hot topic in Blue-land is federalism, which now seems a source of, ahem, salvation. It starts with getting red states off the blue gravy train. But "the new federalism," as Jonathan Taplin of the University of Southern California writes, could go further.

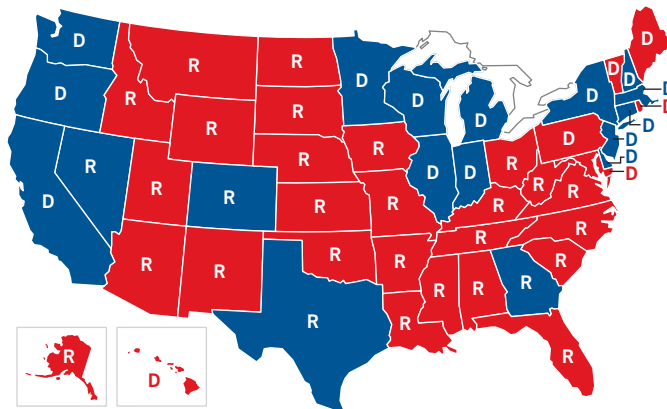
"Ultimately," Taplin says, "the citizens of the blue states have a right to live with clean air, efficient automobiles, good schools, honest corporations, and universal health care. Their desire to build a sustainable civilization is not a new quest." Think of it as virtual secession without the Gettysburgs.

But I don't really want to go there. The U.S. isn't as divided as the hype suggests, and Moynihan himself never said state payments should be even-steven. "There is a national idea" behind this pattern, Moynihan wrote, "which is no more and no less than that we are all in this together."

Still, this election would have steamed even Moynihan. Red states shouldn't even want blue money, what with it coming from gun-confiscating pinks on their way to hell. Cutting off that tainted cash would be doing reds a favor. That's my opening position, anyway. The jig's up. Nice federal highway system you have there, Alabama. I'd hate to see anything happen to it. . . . **F**

## Electoral map?

**Nope, it's a map of Uncle Sam playing favorites. Red states are fiscal winners—each has, on average, received more federal money than it paid in taxes over the past five years. Blue states are the losers. "R" and "D" indicate which way states voted in the presidential election.**



FORTUNE GRAPHIC; SOURCE: TAX FOUNDATION

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