

Ethan Allen Institute

Newsletter - August 2013 (Print Edition)

Top Story: EAI's Summer Youth Injection

The Ethan Allen Institute has had the pleasure and the privilege of having Shayne Spence work with us this summer and intern through a training program offered by the Institute for Humane Studies.

At 20 years old, Shayne has demonstrated tremendous energy and enthusiasm for the Liberty movement. He combines intelligence with an ability to learn quickly and apply what he's learned to new situations. He has excellent communication skills and has proven himself to be a persuasive spokesperson for his generation. Shayne also has that special gift of leadership reflected in his ability to organize resources and make things happen.

In his two months with us this summer, Shayne has played a significant role in a major new Ethan Allen Institute project, creating an almanac of individual legislator roll-call-vote profiles, complete with photos, district details, contact information and the voting records for all 180 Vermont state house and senate members. (Look for publication early this fall).

Shayne has supplied a fresh voice and a millennial generation perspective to Common Sense Radio, co-hosting several shows with me on Mondays, and has worked diligently and creatively to expand the Institute's presence on college campuses.

Also adding a youth injection to EAI is Evan Twarog, a high school student who has been working part-time with Meredith Angwin and Howard Shaffer at the Ethan Allen Institute Energy Education Project. Over the summer, Evan has been updating a project modeling the electric grid along with engineer Richard Schmidt.

We are delighted to see the enthusiasm and energy of these two young gentlemen, and want to thank them for their service. We all need to do everything we can moving forward to keep them (and more like them) engaged and, unlike far too many young people in our state, keep them **HERE** in Vermont!

Commentaries: Nuclear Power for the Anti-Nuclear Set

By John McClaughry

For decades, the various New England anti-nuclear groups have waged incessant warfare against the Vermont Yankee nuclear plant and Entergy, which bought the plant from a coalition of Vermont utilities in 2002. That outcome of that struggle now lies in

the Federal court system, where Entergy has already won one signal victory.

It's important to keep in mind that, leaving the particulars of the Vermont Yankee battle aside, the anti-nukies are fundamentally opposed to nuclear energy in any form whatever. Only old timers now remember that the Sierra Club was once pro-nuclear, which it viewed as the saving technology that would make the damming of California mountain streams unnecessary.

Interestingly, the Sierra Club, at least, does not totally slam the door on nuclear even today. In its 2006 energy policy statement it said "while it is possible that a different approach to nuclear power might substantially address these issues, the likelihood is remote given the decades of research and investment already made."

What different approach to nuclear power might conceivably avoid the environmental issues that caused the Sierra Club's opposition? To answer that question it's necessary to review the origins and development of nuclear power, dating back to the 1950s.

That story is ably told in a book published in 2011 by Richard Martin, entitled *Super Fuel*. Martin details the long battle between the demanding and acerbic Admiral Hyman Rickover, who wanted nuclear engines based on known technology right now to propel his fleet of submarines, and the gentle visionary Alvin Weinberg, longtime director of Oak Ridge National Laboratory, who envisioned a nationwide fleet of thorium-powered electric plants, using molten fluoride salts as moderator and coolant.

Rickover, a savage bureaucratic infighter, got what he wanted, and in 1972 Weinberg was fired. The nuclear industry put its muscle behind the hugely expensive liquid metal fast breeder reactor. It in turn was shelved in 1984 after Congress spent \$8 billion on the Clinch River Breeder without turning a shovelful of dirt.

As Martin puts it, "Light water reactors and their younger cousin, the liquid metal breeder, won out because of technological intransigence rooted in the military origins of the U.S. nuclear program."

From 1965 to 1969, however, Weinberg's molten salt reactor experiment had operated successfully, in the later months with thorium-derived U-233 fuel. By 1973, with Weinberg gone, molten salt was rejected, and thorium was dead. Rickover's uranium-based industrial empire was preserved. Any cheaper, safer and environment-friendly alternative was shelved.

Now, forty years later, the liquid fluoride thorium reactor (LFTR) is again emerging as one of the six "Generation Four" nuclear power technologies now viewed as most promising alternatives to traditional light water reactors.

Without going too far into technical details, the LFTR would almost certainly produce electricity cheaper than coal, because of lower capital and fuel costs; use a fuel that is in almost inexhaustible supply, both in the U.S. and elsewhere; operate continuously, in baseload or peaking mode, for up to 30 years; be factory-built and deployed in compact 100-megawatt modules close to the end use of the power; contribute nothing to air or water pollution and need no water for operation; safely consume long-lived transuranic waste products from current nuclear fission reactors; produce high-temperature process heat that can make hydrogen fuel for vehicles; and be walkaway safe.

This is not pie in the sky. The physics is sound, and every part of the LFTR has been successfully tested. What has not been accomplished is the efficient integration of

all of the technology features into a marketable product.

The reason it has not is the determined opposition of companies that offer competing nuclear technologies: either light water reactors like the current improved version of Vermont Yankee, the AP-1000, or liquid metal fast reactors like the Russian BR-600, or exotic helium cooled pebble bed reactors under development in China.

Most of the present anti-nuclear groups are so mindlessly opposed to anything nuclear that they'll probably denounce the LFTR if and when it appears. Still, more rational anti-nuclear groups like the Sierra Club, which is terrified at the menace of global warming, could possibly find in the LFTR the "different approach" that would win their support (and put coal out of business.)

- John McClaughry, formerly a nuclear reactor physicist, is vice president of the Ethan Allen Institute.

Commentary: Vermont's Goal for Renewable Energy is Wishful - and Damaging - Thinking

By Meredith Angwin

In 2011, the Vermont Department of Public Service issued a Comprehensive Energy Plan that asserts that 90 percent of all energy used in the state — including electricity, transportation and building heating — will be provided from renewable sources by 2050.

Who could argue with the idea that almost all of the state's energy should come from renewable energy by mid-century?

Probably nobody would argue, until they realize that what is called a "plan" isn't actually a plan; it's a collection of roughly sketched ideas, some good, some not so good. At a hearing of the Vermont Energy Generation Siting Policy Commission, one woman made a very clear statement. She said that the state energy plan is a collection of slogans, not a planning document. She was basically correct.

Nevertheless, the energy plan is guiding many statewide energy decisions: expediting small hydro installations, attempting to close Vermont Yankee, supporting ridgeline wind development. The realization that the 90 percent goal is influencing statewide energy policy is particularly troubling when you examine some of its implications.

For starters, it is hard to use renewable energy for transportation and heating unless we use electricity for these sectors. We can make electricity with renewable energy, and then use it to run electric cars and heat pumps. Both these choices will increase the demand for electricity.

Right now, Vermont uses 6,000 Gigawatt hours (GWh) of electricity per year. (A GWh is a million kilowatt hours.) My estimate is that Vermont would need 18,000 GWh annually to achieve the 90 percent goal by switching to electric cars, heat pumps and so forth. That's an outrageously big number, but it coincides with two other rough calculations I've seen from renewable advocates. In a recent op-ed, Charles McKenna, a local Sierra Club member, estimated the state would need 15,000 GWh in order to

achieve the 90% renewable goal. In a recent Green Energy Times, David Blittersdorf, a renewable developer, said that the 90 percent goal will require three times the electricity we use now. (Three times 6,000 is 18,000.)

To put this number in perspective, consider that Vermont currently buys approximately 2,000 GWh from Hydro-Quebec. This is about a third of our current electricity demand, but it would be only a small fraction of the electricity needed for a 90 percent renewable goal.

Adopting an unrealistic, over-arching energy plan that calls for almost all energy to come from renewable sources essentially confers a blessing on all proposed renewable projects. Every project advances the “plan.”

I did another rough set of calculations to estimate how many wind turbines, biomass plants, solar panels and so forth would be needed to generate 18,000 GWh of electricity. The results are appalling. For example, making 18,000 GWh using wind turbines would take about 2,000 turbines, covering 400 to 700 miles of ridgeline. Vermont is only 160 miles long. Making the same amount of electricity from biomass would require 12 million acres of woodlands, sustainably harvested. That’s twice the size of Vermont.

Of course, the state would be using a mixture of renewables, not just one type. These are crude estimates, and my husband and I are working at improving them for a report on the land use implications of renewables.

Adopting an unrealistic, over-arching energy plan that calls for almost all energy to come from renewable sources essentially confers a blessing on all proposed renewable projects. Every project advances the “plan.” Objecting to any project supposedly reveals the person as an opponent of good environmental policy or a so-called NIMBY — someone who will try to stop any development in their proximity.

People who are against overly extensive renewable development are not NIMBYs. They are not blithely ignoring environmental considerations or greedily focusing on financial factors. It is quite possible to be in favor of moderate renewable development and environmental stewardship. Indeed, in my opinion, moderate renewable development and environmental stewardship are two ideas that go well together. For example, a goal of 20 percent of electricity supply from new in-state renewables would be ambitious but within reach.

We also need to encourage conservation, and to its credit, the Comprehensive Energy Plan is very clear on that. On the other hand, future conservation is built into my estimates of electricity demand. Even with conservation, there will be significant energy demand, and we have to plan for it.

However, our energy plan needs to be more than a collection of slogans.

- Meredith Angwin has worked in many sectors of the utility industry for more than 20 years. She is the director of the Energy Education Project of the Ethan Allen Institute. She and her husband, George Angwin, are developing a report for the Ethan Allen Institute that will analyze the land use implications of the Vermont Energy Plan.

Commentary: Get Congress Out of Student Loans!

By Shayne Spence

Congress has failed the millennial generation yet again. On July 1st, the interest rates on federal Stafford student loans doubled, from 3.4% to 6.8%. Students around the country are now taking a second look at their college futures, not knowing whether they can afford the increase in monthly payments, or whether their investment will even pay off in the long run. Faced with ever-growing debt and tax burdens, young people are questioning the traditional college approach, and turning to alternative education in droves. Congress entertained various proposals that would have addressed this, but none were able to generate a consensus in both the House and Senate.

Some will blame it on Republicans in Congress, as is so popular these days. Two Democrats offered different proposals. Senator Dick Durbin (D-IL) proposed a plan to extend the lower interest rate for one year. And Senator Elizabeth Warren (D-MA) offered a bill that would have lowered the interest rates to .75%, the same rates that large banks get from the Treasury. Neither of these was able to make it through the Democrat-held Senate.

The Republican-controlled House passed a plan similar to President Obama's proposal, which would have tied interest rates to the 10-year Treasury bond. However, the President changed his position on it and the Senate never even looked at it.

The least plausible plan put forth is Senator Elizabeth Warren's plan to offer loans at .75% interest. Her reasoning behind this number is that "students should pay the same interest rate as big banks". While her sentiment is noble, her plan lacks any grounding in economic reality. Banks get rates of .75% for "overnight loans", loans with the shortest possible repayment period. The reason the rate is so low is that the loan will be repaid before inflation overcomes the interest rate. This is not the case with student loans, which are repaid over a much longer term. By lending out money at less than the rate of inflation, banks would be lending at a loss. Senator Warren's plan would require them to do more of this, despite the fact that it runs directly counter to their economic interests. This policy would only continue to increase education costs and student debt as a result.

Offering more of the status quo is Senator Durbin's plan, to extend the low interest rates of 3.4% for another year. This would allow students with only a year or two left to finish with the same interest rates they started with. Again, this sounds great, until you look at what Senator Durbin proposed; to offset the costs of the extension by ending the tax deduction for retirement savings. This would tax retirement money as people save it, rather than in the future, when they start drawing on that money. It also precludes any growth those savings could have seen, which would result in more tax revenue down the line than it will raise now. This type of short-sighted thinking is robbing the next generation and then buying us off with our own money.

The only economically sound plan proposed is the House Republican's plan to tie interest rates to the 10-year Treasury bond rate. This would take much of the volatility out of the student loan market, and would also lower the cost of money for students by nearly a full percentage point, to 2.5%. In addition, students would be locked into that rate for the entire time they are in school, so if the economy suffers and the Treasury bond rate increases as a result, students are not on the hook for the increase. But most importantly, this would tie interest rates to one set by the markets, rather than one set by Congress. Students need stability when they are making one of the most expensive

decisions of their lives. Congress has done enough to create uncertainty and instability in the economy; maybe they should just leave this industry be.

Millennials need to get organized and get active if we want any hope of creating a future worth living in. After spending \$17 trillion dollars on our tab, the baby boomers want to end all the programs they benefited from just as we are starting to benefit. Meanwhile the expensive Medicare and Social Security programs will continue to drain our paychecks every week. We are being robbed of an education now and being robbed of our livelihood later. It is time for President Obama and Congress to stop toying with our futures.

Commentary: Health Care Reform with a Price Tag that Won't Make You Sick

By Rob Roper

On July 12, Vermonters received some news about our state's efforts to help improve our healthcare system startling enough to cause some heart attacks. BerryDunn, an independent consulting firm, provided an assessment of Vermont Health Connect, the "exchange" being set up in accordance with the Affordable Care Act (Obamacare), but which Vermont is using as a launching pad for a state single payer system in 2017.

Vermont has already spent \$168 million in state and federal money in setting up this "exchange," described by proponents as something akin to Travelocity-like website for health insurance. We will spend more than \$427 million on just the I.T. systems alone over the next five years -- that's nearly half a billion dollars.

Keep in mind that this is only what's required to build the exchange. The cost of maintaining the website once it's finished is estimated at \$18 million per year, and none of this accounts for the cost of providing actual human beings with actual healthcare. Moving to a full, single payer system will require somewhere between \$1.6 and \$3 billion (that's with a "b") in new taxes to fund what will be a \$5 billion plus government run program.

Vermont Health Connect is already behind schedule as well as over budget. With an October deadline looming, "The scope of work being done under this contract has not been fully defined," BerryDunn reports. And, despite many promises of lower costs through this reform process, these efforts will "... not result in a tangible positive benefit in the first five (or 10) years after development." Meanwhile, more than 100,000 confused Vermonters are about to be forced by law into buying insurance through an exchange that as of now doesn't exist.

So, remind me again why we're putting ourselves through all this agony and expense?

The problems Vermont needs to solve are, 1) some 6% of the state's population doesn't have health insurance, and we would like to see these folks have access to decent healthcare. 2) For those who do have health insurance, the cost of that insurance has been ballooning at what everyone agrees is as an unsustainable pace, due in great part to the "cost shifting" of publicly provided care onto the premiums of the privately insured. And,

3) Vermont is losing doctors, either because they are leaving Vermont or retiring from practice rather than deal with our current direction of “reform.”

There’s got to be a better solution, and there is.

Dr. Alieta Eck, who is currently running for the U.S. Senate in New Jersey, has proposed and piloted in her own community an elegantly simple plan that has the potential to solve all of Vermont’s healthcare/health insurance problems in one swoop. The idea, in a nutshell, is an arrangement between doctors and the state wherein the doctors will provide a certain number of hours of free care for the poor in exchange for the state assuming the malpractice liability of the doctors’ private practice.

As Dr. Eck explains, “The Federal Tort Claims Act of 1996 provides free medical malpractice coverage for professionals who volunteer at any free clinic.” Her idea is to simply expand this concept at the state level to a doctor’s full practice.

At the Zarephath Health Center, which Eck helped to found in 2003, volunteer physicians and nurses provide care to the poor, the homeless, the mentally ill, the jobless, undocumented immigrants, and Medicaid patients free of charge. According to Eck, “Physicians diagnose and care for patients with acute and chronic illnesses. Thanks to those who are willing to donate their time, currently 300-400 patients get free care each month.”

Now consider the implications for Vermont. In 2012, Vermont had the 6th lowest per capita malpractice payout rate in the country (\$4.37 per person). Our total payout rate came to less than \$10 million. So, under Dr. Eck’s plan, by assuming a potential liability that is historically less than \$10 million, Vermont could barter free healthcare (not health insurance; actual walk-in-walk out, no-strings-attached free healthcare) for all of the uninsured people in the state, and according to Dr. Eck, potentially eliminate the need for Medicaid.

Less than \$10 million is about half of the annual \$18 million maintenance fee on the Vermont exchange alone. No \$427 million “exchange” necessary. No \$5 billion single payer, government takeover of the healthcare system necessary.

Dr. Eck’s plan would provide actual healthcare for the poor, it would eliminate the Medicaid/emergency room cost shift onto insurance premiums, because there would be no costs to shift. It would reduce or eliminate government healthcare billing fraud because no money would change hands. And it would give doctors around the country a unique and compelling reason to move to (rather than quickly away from) Vermont – an escape from the nightmare of malpractice insurance.

Commentary: The Northeast Kingdom Growth Surge

By John McClaughry

On June 15 some 120 people from Vermont’s Northeast Kingdom came together for a session at Lake Region High School on “building action to advance the health and prosperity of NEK communities while maintaining their character and protecting the working landscape that surrounds them.” The event was cosponsored by the Vermont Council on Rural Development and the Northeastern Vermont Development Association.

Long a lagging corner of Vermont economically, the three-county Kingdom (so labeled by Gov. George Aiken) seems improbably poised for an economic boom. Unlike the Klondike (gold, 1898) or North Dakota (oil, 2010), the coming boom is made possible by something far better than natural resources: free money.

The source of the Kingdom's free money avalanche is, happily, not the U.S. taxpayer. It is the EB-5 immigration visa program. To put it bluntly, the U.S. government sells to well-heeled foreigners the right to legally emigrate with their families into America, in return for an equity investment of \$500,000 (and up) in a government-approved development project.

The emigrants are not required to play any active part in managing their investment. In fact, many of the emigrants will never actually set foot in the projects in which they are part owners. What is important is that their checks clear, after which they can live anywhere in the U.S. that suits their fancy.

So far there are 234 EB-5 developments under way. The Northeast Kingdom Economic Development Initiative has invariably been ranked among the top three or four such investment opportunities. That is largely due to the imagination, managerial and political skills of Bill Stenger, the CEO of Jay Peak Resort.

Stenger, who was the keynote speaker for the Lake Region conference, has been successful in refashioning and marketing Jay Peak as a four season destination. He has already built a well-patronized water park and has another \$170 million in ski area improvements under way.

That's just the beginning. With as much as \$500 million becoming available through the EB-5 program, the Stenger-led initiative has multiplied. It now includes an expansion of Burke Mountain ski area (\$108 million, 1500-room hotel), a South Korean pharmaceutical facility plus a German window manufacturing plant (\$104 million), a marina and conference center on Lake Memphremagog (\$100 million), and a downtown business building, all in Newport; and improvements and a training facility at the regional airport in Coventry (\$20 million).

Throughout the emergence of this project Stenger has worked closely with NVDA, the state, and the affected towns, to make sure that they can accommodate the resulting growth. He has enjoyed the backing of Sen. Patrick Leahy, who as Judiciary Committee chairman has become the Godfather of the EB-5 program, and other political leaders.

Can this initiative be replicated elsewhere in Vermont? Possibly so, but there are some key facts that need to be recognized.

The first is that "free money" – provided by patient equity investors – makes debt-free projects possible. Stenger readily admits that no matter how dazzling a plan he might put together, it could never be conventionally financed through borrowing.

The second is that the EB-5 investors, unlike ordinary venture capitalists, are not primarily looking for return on investment. What they are looking for is hassle-free legal residence in the U.S., a more attractive option than remaining in their home countries. They are willing and able to gamble \$500,000 on an investment, because even if it goes belly up they will have achieved their main objective.

Third, even though the investors' primary objective is legal residence, not financial returns, they will select the best managed and most politically favored initiatives among the 234 available.

Fourth, any project of this sort requires a multi-talented organizer and promoter, who can put all the pieces together – business, finance, marketing, regulation, and personal and political credibility. Bill Stengers are hard to find.

Fifth, government regulation is unavoidable, but it must be reasonable, clear, fair, swift, cooperative, and pro-growth.

Finally, the support and enthusiasm of the local population is essential to build the momentum and excitement that makes great endeavors imaginable, and doable.

– *John McClaughry is vice president of the Ethan Allen Institute*

Events

Freedom & Unity Festival - Friday-Sunday, August 16-18 at the The Woods at Wihakowi in Northfield, VT. Special guest speakers on Saturday the 17th include Joel Salatin of Polyface Farm, Adam Kokesh, of Adam Vs The Man and , Michael Boldin, founder of the Tenth Amendment Center. For more information, contact Vermonters for Liberty. EAI will have a booth at this event.

Gun Owners of Vermont is hosting a potluck/ BBQ/ shoot on Saturday, August 17, 10am to 3 pm at the Hale Mountain Fish & Game Club in Shaftsbury, VT. For more information, call 802 463 9026 or email info@gunownersofvermont.com.

The Constitution and its History by KrisAnne Hall. Friday, September 13, at the Sheraton Conference Center in South Burlington, 7:00 pm. KrisAnne Hall is an attorney and former prosecutor, a mother, pastor's wife, a disabled Army veteran, a Russian linguist, and a patriot. She is now traveling the country teaching about the Constitution and the history that gave us the founding documents. Admission is free and open to the public.

Constitution Day Celebration - Saturday, September 14th at Taylor Park, Main Street in St. Albans. American Patriots of all ages are invited and welcome to help celebrate our U.S. Constitution. For more information, contact Linda Kirker at American Conservative Women in Action (ACWA): lkirker@myfairpoint.net or 802-527-7220.

News & Views

Detroit vs. VT. One of the primary drivers for Detroit's bankruptcy filing is its unfunded liabilities to city pensioners, largely consisting of public unions – a roughly \$3.5 billion liability. But Vermont has a similar unfunded liability to state employees, of \$3 billion. Taken on a per-capita basis, Detroit and Vermont's unfunded liability burden is almost exactly the same:

	Detroit	Vermont
Liabilities	\$ 3,500,000,000	\$ 3,000,000,000
Population	701,475	626,011
Liabilities per Person	\$ 4,989	\$ 4,792

- Courtesy of Chris Campion.

Nothing Great About This Society. In 1966, Detroit was selected as a “Model City” in LBJ’s Great Society. In July, 2013, \$18 billion in debt, Detroit filed for bankruptcy. According to the Heritage Foundation article, *Detroit and the Bankruptcy of Liberalism*, “The unemployment rate in Detroit is 16 percent, more than twice the national average. The city’s government-run schools have failed, with just 7 percent of eighth graders proficient in reading. It takes police about an hour to respond to calls.... The city’s population has dropped by a quarter in just the last decade, as hundreds of thousands have voted with their feet and left.”

More Detroit Stats from Dow Jones:

- Detroit’s population fell more than 26% from 2000 to 2012 and totals about 700,000—down from almost two million in 1950, according to the census.
- An estimated 40,000 structures or land parcels sit vacant or empty.
- The city spent \$100 million more than it took in every year since 2008, on average—borrowing the rest.
- Some 36% of Detroiters lived below the poverty level between 2007 and 2011, the census found.
- In 2012, Detroit had the highest violent crime rate for a city with more than 200,000 residents, the FBI says.

IBM Layoffs. IBM announced layoffs for 419 employees out of its Essex, Vermont, plant.

Entergy Layoffs. Entergy/Vermont Yankee announced that it expects to lay off roughly 10 percent of its 600 plus employees.

VT Unemployment Rate Up Slightly. According to the Bureau of Labor and Statistics, Vermont’s unemployment rate rose to 4.4% in June. Vermont has the 4th lowest unemployment rate in the nation. (This number does not reflect the IBM or pending Yankee layoffs.)

	JUN 2013	MAY 2013	JUN 2012
Labor Force	351,471	351,389	355,756
Employment	336,089	336,935	337,670
Unemployment	15,382	14,454	18,086
Rate	4.4%	4.1%	5.1%

Source: U.S. Bureau of Labor Statistics

How Vermont Ranks. State and Local Spending per capita (2010): 12th. Elementary and Secondary education per pupil (2008-09): 4th. Corrections per persons in prison and under community supervision: (2011): 6th. Interest on General State Debt per capita (2011): 12th. -- *Minnesota Spending 101, Center for the American Experiment, 2013.*

Vermont Health Exchange: Behind schedule and over budget. According to reporting by VT Digger, "...the Feds have given Vermont \$168.1 million to get the state's exchange up and running," including a new infusion of \$42.7 million. Why? Mark Larson, commissioner of health access says, "We went back and asked for additional funds because the total cost had exceeded our original estimates." Elsewhere, Robin Lunge, director of health care reform for the Shumlin administration, is outlining contingency plans in case the IT portion of the exchange is not ready for the October 1 deadline. Can anyone say "train wreck?"

Behind schedule, over budget, AND illegal? U.S. House Oversight Committee Finds Vermont Health Connect In Violation of Obamacare. On June 28th, the US Congressional House Committee on Oversight and Government Reform sent a 3 page letter to Mark Larson, Vermont Commissioner of the Department of Vermont Health Access. <http://oversight.house.gov/wp-content/uploads/2013/07/2013-06-28-DEI-Lankford-Jordan-to-Larson-VT-PPACA-Exchange-due-7-12.pdf>
In the letter it was stated, "In May of 2011, Vermont passed a law aimed to set up a single-payer program in 2017. One year later the Vermont legislature proposed a second bill that would establish a Health Insurance Exchange as a transitional program. One of the provisions in that bill was a requirement that all small businesses with 50 or fewer members purchase coverage through the Exchange ("small business mandate")...[S]uch a plan is inconsistent with principles of consumer choice and competition, which are vital to a well functioning health insurance market."

Behind schedule, over budget, illegal AND worthless. BerryDunn an independent consulting firm charged with evaluating Vermont's implementation of Vermont Health Connect reports. despite many promises of lower costs through this reform process, these efforts will "... not result in a tangible positive benefit in the first five (or 10) years after development."

Why Your Power Bills are High: "Under Vermont's SPEED program, it will be paying the following prices to generating projects of less than 2.2 megawatts:

- 2010, for six months: 13.87 cents per kilowatt hour.
- 2011: 16.44 cents/kwh.

- 2012: 17.16 cents/kwh.
- 2013, for five months: 18.53 cents/kwh.

Note the rising trend. By 2017, due to this SPEED program, a cumulative amount that exceeds \$131 million will be rolled into electric rates of already-struggling households and businesses.” (Willem Post, 7/15/13)

Energy Subsidies: Wind power receives 42% of all government subsidies, yet produces only 2% of our electricity. Solar receives 8% of subsidies, but produces only .04% of electricity. (Energy Advocate, 7/13)

Good News! Vermont rated second best state in the Union for entrepreneurs by CNN/Money based on “Vermont's rich venture capital network combined with availability of low-cost small business loans....”

<http://money.cnn.com/gallery/smallbusiness/2013/06/18/best-places-entrepreneurs/2.html>

Vermont 2nd Best for Seniors’ Health: “The United Health Foundation on May 28 published the first comprehensive state-by-state analysis of senior health across the nation. Minnesota won the top spot on the list of healthiest states for seniors to live, followed by Vermont, New Hampshire, Massachusetts and Iowa”. Enjoy it while you can, seniors. But Green Mountain Care is coming, with its unavoidable rationing, waiting lines, maddening bureaucracies, demoralized doctors and nurses, shabby facilities, obsolete technology, declining quality of care, and of course much higher taxation.

Temperature Rising Under Sen. Boxer’s Collar. Sen. Barbara Boxer (D-CA) joined Vermont’s Senator Bernie Sanders in proposing legislation for a tax on carbon emissions. The senator held hearings in the Senate Environment and Public Works Committee, which she chairs, last month, and became visibly upset when her own scientist witness, Roger Pielke of the University of Colorado, testified, “It is misleading and just plain incorrect to claim that disasters associated with hurricanes, tornadoes, floods or droughts have increased on climate timescales either in the United States or globally.... It is further incorrect to associate the increasing costs of disasters with the emission of greenhouse gases.”

Scientists Detect Increase in Presidential Hot Air. More from the Senate Environmental and Public Works Committee: “‘Sen. Boxer’s Own Experts Contradict Obama on Climate Change’ – During yesterday’s Environment and Public Works hearings, Sen. David Vitter asked a panel of experts, including experts selected by Boxer, “Can any witnesses say they agree with Obama’s statement that warming has accelerated during the past 10 years?” For several seconds, nobody said a word.... After several seconds of deafening silence, global warming activist Heidi Cullen, who formerly served as a meteorologist for the Weather Channel, attempted to change the subject. Cullen said our focus should be on longer time periods rather than the 10-year period mentioned by Obama. When pressed, however, she contradicted Obama’s central assertion and said warming has slowed, not accelerated. Several minutes later, Sen. Jeff Sessions returned to the topic and sought additional clarity. Sessions recited Obama’s quote claiming accelerating global warming during the past 10 years and asked, “Do any of you support

that quote?” Again, a prolonged and deafening silence ensued. Neither Cullen nor any of the other experts on the panel spoke a word, not even in an attempt to change the subject.” Climatedepot.com

CO2 Increases Causing a Greening of the Earth, Satellites Show. Rising atmospheric carbon dioxide levels are bolstering plant life throughout the world, environmental scientists report in a newly published peer-reviewed study. The findings, published in *Geophysical Research Letters*, are gleaned from satellite measurements of global plant life and contradict assertions by activists that global warming is causing devastating droughts and expanding deserts. – *Climate Change Weekly*

51st State? Residents of 10 Colorado Counties are working to secede from the rest of the state and become North Colorado, the 51st star on the flag. The rural counties feel that they are not being represented by the urban-focused state government, despite providing much of the tax revenue through mining and energy development. The forming of a new state would require approval from Colorado voters, the Colorado General Assembly, and the U.S. Congress, which makes secession unlikely. Those who profit from robbing Peter to pay Paul aren't likely to let Peter get up and run away, taking his money with him.

It can be done, folks! On July 24th, North Carolina Governor Pat McCrory (R) signed into law a complete overhaul of the North Carolina tax code. Americans for Tax Reform provides a breakdown of the new law:

Individual Income Tax

- Flatten and lower rate to 5.75 percent by 2015;
- Increase standard deduction to \$7,500 (for singles);
- Allow full deductibility of charitable contributions;
- Fully exempt Social Security income from state income tax;
- Allow for certain itemized deductions (total of mortgage interest and property taxes paid would be capped at \$20k); and
- Retain current child credit of \$100 for those earning \$40k and increase credit to \$125 for those earning under \$40k.

Corporate Income Tax

- Reduce rate to 5 percent by 2015;
- If certain revenue targets are met, rate would decrease to 4 percent in 2016 and 3 percent in 2017.

Other Changes

- Retain full sales tax refund for nonprofits;
- Cap gasoline tax; and
- Fully repeal estate tax
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The plan would improve North Carolina's State Business Tax Climate Index from 44th in the country up to 17th best. Vermont currently ranks 47th on the list.

Aiken on Vermont Liberty: "The first ideal that prompted the settlement of Vermont was the love of liberty, and it is the love of liberty that today prompts Vermont to revolt against the approach toward that type of centralized government which history has so often proven undesirable" (Speaking from Vermont, 1938).

Book of the Month: I Am the Change

Barack Obama and the Crisis of Liberalism

By Charles R. Kesler

Brookside Books, 304 pgs.

Progressivism poses an existential threat to a way of life that has made the United States the greatest force of individual freedom in world history. That greatness was founded on principles... and only then established with policy. It is not healthcare, tax, regulatory, land-use or other policies that are the imperatives in today's debate. Today's debate is principles. And until there is some political party or some political organization or some political-minded individual that can articulate the irreconcilability of the two principle choices before us, something very precious is about to be lost, as Progressivism's one hundred-plus year advancement threatens to metastasize into permanence.

"I Am the Change; Barack Obama and the Crisis of Liberalism," by Charles R. Kesler, takes its readers on a journey into Progressivism's principles and origins. Dr. Kesler's book puts the story of modern Progressivism into four transformative waves: From Woodrow Wilson's New Freedom to FDR's New Deal to LBJ's Great Society and finally to Barack Obama's fourth wave of "fundamentally transforming the United States of America."

Before exploring each wave, it's vital to understand just what "Progressivism" is. And for this, I turn not to Dr. Kesler but to his colleague, Hillsdale College professor R. J. Pestritto (and to truly understand the two principle choices before us, Google and view Hillsdale's online Constitution courses 101 & 201). Dr. Pestritto's book, "American Progressivism," I think, provides Progressivism's best definition:

Progressivism's principles lie in "an argument to progress, or to move beyond, the political principles of the American founding. It is an argument to enlarge vastly the scope of national government [by unelected, administrative "experts"] for the purpose of responding to a set of economic and social conditions which, progressives contend, could not have been envisioned at the founding and for which the founders' limited, constitutional government was inadequate. Whereas the founders had posited what they held to be a permanent understanding of just government, based upon a permanent account of human nature, the progressives countered that the ends and scope of government were to be defined anew [i.e. the "living constitution"] in each historical epoch. They coupled this perspective of historical contingency with a deep faith in historical progress, suggesting that, due to historical evolution, government was

becoming less of a danger to the governed [and that human nature is malleable and society is perfectible] and more capable of solving the great array of problems besetting the human race.”

Woodrow Wilson, whom I consider to be the “father” of American Progressivism, provides Progressivism’s first “transformative wave.” Wilson (in both writings and speeches) attacks the morality underlying the Constitution and the natural rights doctrine of Jefferson. Wilson gives us the notion of the “living constitution,” which is based primarily on both Social Darwinism and the German philosopher Hegel’s concept of Historicism.

Progressivism’s second “transformative wave” came with Franklin Roosevelt and the introduction of a new doctrine of “socioeconomic rights.” As Dr. Kesler writes, “Instead of rights springing from the individual [liberties as preexisting claims against the government], the New Deal reconceived individualism as springing from a new kind of rights, created by the State,” [liberties as grants of relief from government]. These new “rights” no longer attached to individuals but rather to “groups of individuals,” (e.g. women, minorities, race, etc.).

Progressivism’s third “transformative wave” came with Lyndon Johnson and while his Great Society vastly expanded on FDR’s new doctrine of “socioeconomic rights” and the administrative bureaucratic state, LBJ ushered in what Dr. Kesler calls “cultural or lifestyle liberalism,” where “Freedom required not merely living comfortably but also creatively...” this kind of creativity, among other things, opened the gates to the sexual revolution, our drug culture and the disintegration of marriage and the family.

Barack Obama, as Progressivism’s forth “transformative wave,” seeks not only to build on the prior three waves but to permanently enshrine them while simultaneously permanently extinguishing American’s founding principles contained in the Declaration of Independence and to permanently extinguish the means to those principals contained in the U.S. Constitution.

Progressivism uses evolution to disguise their revolution. Progressivism believes not in natural but artificial selection: If they can take the restraints off of government they can dominate the conditions of society and thus breed a new man... a kind of eugenics where you now treat men not as beings but as things. Progressivism does not want to “represent” the people as much as they want “reconstruct” the people.

Let me end by using Progressivism’s own words. This, from the “father” of Progressivism, Woodrow Wilson, in an essay he wrote titled “Socialism and Democracy”: “‘State socialism’ is willing to act through state authority.... It proposes that all idea of a limitation of public authority by individual rights be put out of view,... In fundamental theory socialism and democracy are almost if not quite one and the same. They both rest at bottom upon the absolute right of the community to determine its own destiny and that of its members. Men as communities are supreme over men as individuals....

Today’s debate is principles.

- Recommendation and review by Tom Licata, a member of the Ethan Allen Institute Advisory Committee

Final Thought

“Triumph of Liberty: The moral and practical superiority of free market capitalism.”

EAI President, Rob Roper, has been traveling Vermont to deliver this presentation on the unmatched contribution that free-markets and the governments that foster them have delivered for human prosperity. Free market capitalism is the only system that has ever raised societies, en masse, out of poverty.

The presentation touches on why free market capitalism works in a practical sense, and why the principles in which it is grounded form the only truly moral foundation for government to stand upon. In contrast, Triumph of Liberty explores some of the other “false moralities” upon which governments derive their power and explains how and why these principles, though tempting, ultimately fail.

If you would like to have Rob Roper come present Triumph of Liberty to your organization, or even a group of friends who are interested in fostering free markets in Vermont, please contact him at 802-999-8145 or rob@ethanallen.org.