

Ethan Allen Institute

Newsletter - December 2014 (Printer Edition)

Top Story: Please Renew Your Support for EAI in 2015!

Dear friend of EAI,

2014 marked a turning point in Vermont. The voters crippled Peter Shumlin politically and rejected his big-government, statist agenda. Folks are catching on!

People are coming to realize that single payer healthcare is not a utopian savior. It's an expensive, bureaucratic, inefficient nightmare. They are coming to realize that our education system and the property tax system that finances it are unsustainable and painfully unaffordable. They see that governor Shumlin's "green" energy subsidization policy is really just cronyism rapidly emptying our pockets and, adding injury on top of injury, destroying out ridgelines and pastures at the same time.

The Ethan Allen Institute has played a critical role in educating the public on these and other key issues.

Since I took over as president of EAI in January 2013, we have expanded our ability to reach more and more people with a powerful and principled free market message. Our Facebook page now has over 1300 followers – we need more. We have nearly doubled the size of our email list – we need more. With Bill Sayre as host, our WDEV Common Sense Radio program has hit number one with listeners over thirty-four in its time slot. We beat out VPR in market dominated by Montpelier and Waterbury. Not bad!

We gave Vermonters some powerful new tools. Our accurate Roll Call Vote Profiles and real-time Roll Call Reports awakened voters all over the state to the true nature of their representation. These were put to good use.

Perhaps our most significant new development: in the last week of October the Ethan Allen Institute was able for the first time to buy advertising time on five radio stations throughout the state. We ran a 60 second radio spot that alerted Vermonters to the fact that Act 48, Vermont's single payer healthcare law, contains a Strategic Plan directing the state to "assume responsibility" for the administration of Medicare in Vermont.

This small media buy had a big impact. It drove the debate, and forced the media to cover the story. We need to do this many times more, on many different issues.

Today, I'm asking for your help so that together we can keep up this momentum and build on this success.

If everyone who receives this letter donates \$100, EAI will be able to cover our basic operating expenses for 2015 before the new year even begins. All of our efforts

after that can be concentrated on member outreach, monitoring the new legislature, and special projects like our radio campaign.

I know not everyone can afford \$100. I know some can afford much more. What I am asking is that everyone do as much as you can for the cause of Liberty in Vermont with the spirit of knowing 2014 marked a strong beginning, not a happy ending.

The 2015-16 legislative session will be the most critical in modern memory. Gov. Shumlin will (finally!) ask the legislature to pass a \$2 billion plus tax plan to fund his government-run, single payer healthcare scheme. At the same time, legislative leaders say they will “reform” our \$1.6 billion education financing system. And they will do all this while struggling to cover an expected \$100 million General Fund deficit.

The temptation to raise new taxes will be staggering. Beyond the likely payroll tax hikes for Green Mountain Care and income tax hikes to pay for the bloated public school system, legislators are already calling for a 2¢ per ounce sugar sweetened beverage tax. And, hold on to your hats....

Two weeks ago VPIRG held a news conference to announce that it and its liberal coalition will pull out all the stops to get legislators to raise a “carbon tax” that would, among other things, raise the price of gasoline by 45¢ per gallon.

It’s not just taxes. Our basic freedoms are at stake. Speaker of the House Shap Smith recently argued for passing a mandatory voting law. Vote, pay a fine or do forced community service. The Burlington gun control ordinances that would destroy Vermont’s Sportsmen’s Bill of Rights will be up for legislative ratification.

Now more than ever, Vermont needs a strong, active and empowered voice that can show Vermonters how lower taxes, freer markets, and more liberty will produce more prosperity and opportunity for all of us. We’re only as strong as you make us.

Please help us keep up the fight for liberty, prosperity, smaller government and greater opportunity in Vermont by using the enclosed envelope to make your 2015 Ethan Allen Institute membership donation today, and please be as generous as you can be.

Thank you, as always, for your continued support.

Yours truly,



Robert Roper
President

P.S. EAI is a 501c(3) nonprofit, educational organization that neither solicits nor accepts government funding. Contributions are TAX DEDUCTIBLE for businesses and individuals. Levels of membership include -- Member: \$50 - \$99, Supporter: \$100-\$499, Sustaining: \$500-\$999, Sponsor: \$1000 and above.

Make a contribution to EAI today.

P.O. Box 543
Montpelier, VT 05672

Commentary: Gruber Has No Credibility to Vet Single Payer Funding Plan

By Rob Roper

Vermonters have been waiting years to find out how the state plans to pay for a \$5 billion plus single payer healthcare system that will require at a minimum \$2 billion in new taxes. The law putting Vermont on the path to single payer says that funding plan was to have been completed in January of 2013. It's two years late because governor Peter Shumlin says, "We've got to get it right."

Well, now it turns out the guy tasked with determining whether or not the plan will be "right", Jonathan Gruber, has been all over the national news, captured in a number of embarrassing videos bragging about how he and others misled us "stupid" American voters into supporting (or at least not actively opposing) the Affordable Care Act under false premises.

In one video Gruber says:

This bill was written in a tortured way to make sure CBO did not score the mandate as taxes. If CBO scored the mandate as taxes, the bill dies.... If you had a law which said that healthy people are going to pay in – you made explicit healthy people pay in and sick people get money, it would not have passed... Lack of transparency is a huge political advantage. And basically, call it the stupidity of the American voter or whatever, but basically that was really really critical for the thing to pass... Look, I wish ... that we could make it all transparent, but I'd rather have this law than not.

Translation: I misled the American people to see a bill I wanted to see pass pass.

Today, Vermonters are paying this guy \$400,000 of taxpayer money (\$500/hr.) to vet the most expensive, complicated and intrusive government program in state history – a program that Gruber really really wants to see implemented.

This is totally unacceptable. We cannot trust him. Jonathan Gruber is a single payer evangelist. He was a co-author of the Hsiao Report of 2011 that launched Vermont on the path toward the nation's first single payer system. He has a personal and ideological stake in the outcome.

Will he tell us the truth about whether the numbers work? Will he tell us the truth about how single payer will impact businesses, families, individuals, and taxpayers? Or, will he take advantage of our 'stupidity' to sell us a bill of goods because he'd rather have a "first in the nation" single payer program than not? The safe money has to be on the latter.

We also have to ask ourselves if the Shumlin Administration that hired Gruber and single payer advocates in the legislature share their high-priced consultant's view that "lack of transparency is a huge political advantage," and, when you'd rather have something than not, the ends justify the means.

Certainly the fact that the Administration has gone to extraordinary lengths to keep any details of a funding plan secret for three years, even despite court actions and Freedom of Information requests, indicates they agree with Gruber's notion that lack of

transparency is a good thing.

In the legislature, an interview by Vermont Watchdog captured Senate Healthcare Committee chair Claire Ayer's reaction to the Gruber videos:

Ayer stopped short of calling for Gruber to be fired, saying his job is to provide important data to the Legislature. "We didn't hire him to do public relations — we hired him to give us data. He's a very highly nationally respected economist who specializes in the health care field. . . . I'm sure he knows by now we don't expect him to ever say things like that again in a public setting."

But in a private setting it would be okay? And, "highly respected"? Well, not so much anymore. Quite frankly, if all Senator Ayer is upset about is what Gruber said, she's just as bad as he is. To quote former Vermont governor and physician Howard Dean, who weighed in on the topic, "The problem is not that [Gruber] said it, the problem is that he thinks it." Either Ayer doesn't get this, or she thinks it too.

In less than two months, Peter Shumlin will unveil a funding plan for single payer that he's taken over three years to "get right." If the person validating the notion that the plan we're presented with is, in fact, "right" is Jonathan Gruber, nobody should believe it. The man has zero credibility.

Peter Shumlin came within a whisker of losing his election to Scott Milne, and Democrats in the legislature lost eleven seats to Republicans largely because they have governed with a lack of transparency, a lack of honesty, and a lack of competence. A good step toward regaining some credibility on these fronts would be to fire Jonathan Gruber, the poster child for all of these qualities, immediately.

- Rob Roper is president of the Ethan Allen Institute (www.ethanallen.org). He lives in Stowe.

Commentary: The Coming Administrative State

By John McClaughry

The Vermont Administrative State is again on the march.

The Administrative State is one where many functions of government are centralized and controlled by state agencies and boards, and ever fewer are retained under the democratic control of local public bodies and the people themselves.

Since 1921 Vermont has had an Administrative State for Transportation. The State took control of state and federal highways, and generally supervised town roads and streets, airports and railroads.

This centralization has generally been noncontroversial. The state's highway system is clearly a public good, and most of the financing flows from state and federal coffers. Everyone agrees that the State has every right to license those who use the highways, and to tax vehicle owners and motor fuel users to maintain the system.

The first modern attempt to enlarge the Administrative State failed. In 1970 the legislature enacted the development control law, Act 250. The newly appointed Environmental Board was tasked with creating a Land Use Plan setting forth how every acre of the state could and should be used in the public interest.

Vermonters balked. It was one thing to have the State control the high end of the transportation system. It was quite another to have a state Environmental Board control

the allowed uses of all private land. From 1973 to 1976 citizens waged a heated battle against the State Land Use Plan, until its last weakened version quietly disappeared in the senate. In 1984 the legislature repealed the requirement that there even be such a plan. What remains of the original Act 250 are the permit criteria requirements for larger developments.

Gov. Kunin's 1988 effort to revive state-enforced land use planning – in her words “uniform in standard, specific in requirements, and tough on delinquents” – led to Act 200. But her longed-for state land controls faded away soon after passage, when 128 towns adopted resolutions condemning the scheme.

The next leap forward came in 1997 with Act 60, which gave sweeping but not complete powers to the State Board of Education and (now) Agency of Education. Now there is a new proposal for going the rest of the way into the full-bore Administrative State for Education (see below).

In 2011 single payer health care activists, led by new Gov. Peter Shumlin, finally succeeded in creating the Administrative State for Health Care. When Green Mountain Care appears (supposedly in 2017), it will abolish private health insurance, and allocate all health care through the appointed Green Mountain Care Board. It will ensure “appropriate care at the appropriate time in the appropriate setting”. The Board will of course ration that care to keep spending within the amount that can be extracted from taxpayers.

Last month came the latest proposal to create the ultimate Administrative State for Education. Lt. Gov. Phil Scott, not heretofore known for his bold pronouncements on public issues, advocated creating the equivalent of the Green Mountain Care Board “to help rein in school spending costs and control education property taxes.”

Scott said his autonomous board of experts could control school budgets, adjust property tax rates, and force consolidations. At least by implication, it could take any action it saw fit to flatten out rising public school spending.

Interestingly, Scott's Progressive opponent Dean Corren, an ardent supporter of the Administrative State for Health Care, called Scott's all-powerful Board a “total state takeover”. Even Gov. Shumlin chimed in with this support for local control : “One of the worst ideas that we can endeavor is telling local communities that we're gonna take away their power to choose what they're gonna spend on education on town meeting day. That's a basic right of Vermonters.”

It's not likely that Scott will press forward with this ill-conceived brainchild, but there will ever be new proposals to centralize all power in the State. That is the central goal of modern (post-1912) Progressivism: put everything possible under the centralized control of enlightened experts, order ignorant and selfish citizens and their local governments to do their bidding, and extract the needed funds from taxpayers helpless to resist the power of the Great Administrative State. And if the disgruntled citizens are restive, restrict their political rights to make sure they cannot effectively resist.

The Great Administrative State leads to citizen powerlessness. It will ultimately crush citizen initiative, restrict liberty, and reduce its citizens to subjects.

Free Vermonters need to say: Not here. Not now. Not ever.

- John McClaughry is vice president of the Ethan Allen Institute.

Commentary: The Ripple Effects from Closing Vermont Yankee

by Meredith Angwin

Vermont Yankee will close at the end of the year. I have blogged at Yes Vermont Yankee for five years. It's hard to even know how to begin a description of the effects of closing Vermont Yankee. The pain starts with the people who work at the plant.

Hundreds of Goodbyes

Jan. 30, 2014, was the day that the “lists were up” at the plant. The plant will cease operations by the end of December 2014, and fuel should be unloaded to the fuel pool by the end of January 2015. In August, 2013, Entergy announced that the plant would close and not be refueled. “This was an agonizing decision and an extremely tough call for us,” said Leo Denault, Entergy’s chairman and chief executive officer, when the company announced its plans to close the facility. However, given the economic situation, he said, “we have reluctantly concluded that it is the appropriate action for us to take under the circumstances.” The lists were the layoff lists: which workers would be laid off in what month. Layoff list day was ignored by the local news media at the time.

Now, public meetings about decommissioning are taking place, and reporters are covering employment at Vermont Yankee. As reported in the Keene Sentinel, plant staffing will drop from 550 employees this fall to 316 at the end of January. Approximately a year later, in April 2016, staffing will drop again, to 127 people.

Hard Choices in Vernon

Vermont Yankee is located in Vernon, a town that will lose a huge portion of its tax base when the plant closes. While people in town are aware that they have to cut back, it is not easy. In Vermont, budgets are determined at the town meeting. The Vernon town meeting is usually held on one or two evenings. This year, the town meeting turned into a multi-day and, later, a multi-week affair.

During the meetings Vernon decided to abolish the town police force. Instead, the town will pay a small amount for less protection from other law enforcement agencies like the state police. The school budget is also in some disarray, despite the fact that Entergy has made voluntary deals with the town to gradually decrease tax payments instead of cutting them off suddenly.

The Pain Beyond Vernon and on the Grid

The fiscal pain spreads far beyond Vernon.

Around 200 people work at Vermont Yankee but live in New Hampshire. New Hampshire is just beginning to deal with the implications of this.

Vermont Yankee adds more than \$60 million to the local economy each year and donates more than \$150,000 to local charities.

Recently, the generation tax on Vermont Yankee was raised to \$12 million a year. At the end of last year, Entergy cut a deal with the state for a Certificate of Public Good for this final year of operation. In this agreement, Entergy will pay a \$5 million

“generation tax” to the state in 2015, even though VY will not be generating power.

But after 2015, the Entergy generation tax ends. Considering that the state is facing a \$30 million budget shortfall this year, even with VY running, this is not small potatoes. Estimates of the 2015 budget shortfall run as high as \$90 million. Nobody knows which programs will be cut, or which taxes will be raised, to make up for the shortfall. Closing Vermont Yankee has added to this pain.

Then there is the price-pain on the grid.

For years, I did presentations and wrote op-eds explaining that if Vermont Yankee closed, our electric rates would rise. And yet, people are still surprised! With the polar vortex, the coming closing of Vermont Yankee and the closing of the Salem Harbor coal plant, some local utilities are posting winter prices that are 50 percent higher than last year. Also, last year Vermont Yankee sent \$17.8 million to local utilities as part of its revenue sharing agreement. This payment may help keep electricity rates in Vermont below the average for the area. Obviously, such payments will not be continuing.

No Relief in Sight

In the same late-2013 agreement with the state in which Entergy promised to pay a \$5 million generation tax (while not generating power), Entergy also agreed to send money to the state for economic development. Entergy will send \$2 million a year for five years (for a total of \$10 million) to the state for economic development of the Windham County region. The state has already received the first \$2 million, and local groups are bidding for grants based on this money.

Most people would agree, however, that two million dollars a year in grants will not make up for what was available to the region when the plant was operating: nearly \$60 million in payroll, hundreds of thousands of dollars of charitable giving, and millions in taxes. In short, there is no relief in sight.

- Meredith Angwin of Wilder is a physical chemist who worked for electric utilities for more than 25 years and now heads the Energy Education Project of the Ethan Allen Institute.

Events

Happy Holidays!

Merry Christmas! Happy Hanukah! Happy New Year!

January 9: The 24th annual Vermont Economic Outlook Conference is set for 8:30-2 at the Sheraton Burlington. The theme is “Vermont and the U.S.: Divergent Paths?” and Jonathan Rauch of the Brookings Institution is the keynoter. For more info contact Dick Heaps at rheaps@vteconomy.com.

January 17 (TENTATIVE): American Majority New Leadership Training Session. Mark you calendar and look for more information in future emails.

News & Views

Rejected. It's worth noting that in the November 4 election, the legislative point person on single payer healthcare, House Healthcare Committee chair Mike Fisher (D-Lincoln), the lead advocate for gun control, Linda Waite-Simpson (D-Essex), and the lead sponsor of legislation raising the minimum wage in Vermont, John Moran (D-Dover), all lost their seats.

Jobs Stagnant. Vermont's unemployment rate remained at 4.4 percent in October. However, the economy is not generating employment. Whereas the rest of New England has seen 3% growth in employment this year, Vermont has seen less than 0.05% growth. (Source: [Bureau of Labor Statistics](#))

General Fund Revenues Continue to Miss Targets – Badly. “General Fund (GF) revenues totaled \$107.26 million for October 2014, -\$8.09 million or -7.01% below the monthly target. Year-to-date, GF receipts are \$434.32 million, -\$11.91 million or -2.67% below the cumulative target. They are \$8.89 million or 2.09% above the year-to-date results of the prior fiscal year (FY 2014).” Source: [Sec. of Administration](#)) Education Fund revenues were also slightly down for October while Transportation revenues were slightly up.

S&P Lowers Vermont's Bond Rating. Standard & Poor dropped Vermont's AA+ general obligation bond rating from positive to stable. “Robin Prunty, S&P's lead credit analyst for Vermont, said the revision is due to the state's slow pace of economic growth,” also noting, “significant pension and other post-employment benefits,” and “weak demographic trends in Vermont relative to the region and national trends.” (Source: [Vermont Press Bureau](#))

Property Taxes Driving Down Home Values. Disturbing news from the REMAX October Housing Report: Vermont was the only state in New England to see housing prices fall. The median price of a home in the Green Mountain State fell 5 percent to \$190,000, but the number of sales increased by 15%. (Source: Vermont Business Magazine) Realtors have expressed concern that Vermont's ever-rising property tax bills have crossed the point where they are now negatively impacting value of homes, and many are selling low just to escape the burden.

Quick Fact from the Agency of Education. “Vermont's average student-to-teacher ratio was 9.99 for FY14 (2013-2014). Student-to- teacher ratios ranged from 4.37 (PS148) to 20 (PS150).”

Our Fiscal Future. “The concept of sustainable spending followed by Governors Snelling, Dean and Douglas is a simple concept, but since the override of Gov. Douglas's 2010 budget veto the fiscal course charted by our statehouse leaders has been reckless... Patching together annual budgets that grow at 4 to 6 percent with one-time funds, cost shifts and other budgetary gimmicks when the underlying economy is growing at less

than two percent is not OK. The consequences are inevitable.” – Former finance commissioner Tom Pelham (Source: Campaign For Vermont, 11/14/14)

Feds Are Raising Our Energy Costs: According to a new report by Energy Ventures Analysis, the average annual household gas and electric bill in Vermont will increase by more than \$880 by 2020, thanks to the Obama administration’s proposal to regulate carbon dioxide emissions from U.S. power plants. Vermonters will experience an even higher increase than the national average of \$680. Vermonters paid an average of \$2,466 for gas and electric bills in 2012; they will pay \$3,348 in 2020. (Source: [VT Watchdog](#))

On Top of This, A State Carbon Tax?! VPIRG is teaming up with House Energy Committee Chair, Rep. Tony Klein, to push a \$250 million Carbon tax on Vermonters that would, among other things, add 45¢ - \$1.35 to every gallon of gasoline. The tax would also affect home heating oil, natural gas, and other carbon emitting energy sources. ([VPIRG Report](#))

Google’s Remarkable Revelation: Profit Motive Will Save the Planet! “At the start of RE<C [Google’s Renewable Energy Initiative], we had shared the attitude of many stalwart environmentalists: We felt that with steady improvements to today’s renewable energy technologies, our society could stave off catastrophic climate change. We now know that to be a false hope.... So rather than depend on politicians’ high ideals to drive change, it’s a safer bet to rely on businesses’ self interest: in other words, the bottom line.” ([Source: Ross Kingston & David Fork](#))

Why Voters Rejected Gov. “Climate Change.” According to the Sierra Club’s executive director Michael Brune, “Despite the climate movement’s significant investments and an unprecedented get out the vote program, strong voices for climate action were defeated and candidates paid for by corporate interests and bolstered by sinister voter suppression tactics won the day.” (GW 11/5/14)

Coming Minimum Wage Layoffs. McDonald’s reported a 30% quarterly drop in profits, and is taking steps to reduce its labor costs in the face of higher minimum wage laws. “By the third quarter of next year, McDonald’s plans to introduce new technology in some markets ‘to make it easier for customers to order and pay for food digitally and to give people the ability to customize their orders.” (Source: [Wall Street Journal](#))

Why Would Cuban Doctors Defect? Breitbart News recently ran [a story](#) chastising the New York Times for opposing a U.S. policy that makes it easier for Cuban doctors to defect. Apparently the Cuban government has a policy of hiring out doctors to other countries, pocketing millions of dollars while compensating the doctors at less than \$64 per day. Says the Times: “It is incongruous for the United States to value the contributions of Cuban doctors who are sent by their government to assist in international crises like the 2010 Haiti earthquake while working to subvert that government by making defection so easy.” But the real question is, Why would Cuban doctors, practicing in the world’s socialist paradise with a genuine, bona fide single payer health care system ever, ever even consider leaving? Didn’t they see Michael Moore’s movie? There’s a lesson here for Vermont legislators as we contemplate our own Cuban-style medical system.

Howard Dean Joins the TEA Party. “The problem is not that he [Jonathan Gruber] said it—the problem is that he thinks it,” Dean said. “The core problem under the damn law [the Affordable Care Act] is it was put together by a bunch of elitists who don’t fundamentally understand the American people. That’s what the problem is.” Yeeehaaaa! (Source: MSNBC, 11/11/14)

That’s the Fact. “The greatest advances of civilization, whether in architecture or painting, in science and literature, in industry or agriculture, have never come from centralized government.”
Milton Friedman

Book of the Month

Please Stop Helping Us

How Liberals Make It Harder for Blacks to Succeed

By Jason Riley

Encounter Books, 2014 (180 pgs.)

An enlightening read, particularly in light of events in Ferguson, Missouri.

Jason Riley is a member of the Wall Street Journal editorial board and a frequent commentator on Fox News. This book is a detailed exploration on Reagan’s nine most frightening words in the English language: “I’m from the government, and I’m here to help.” Riley, an African-American, methodically obliterates the notion that liberal social policies are in the best interests of the black community. On the contrary, these policies are, in fact, the root cause of the problem.

For example, Riley notes that “Nationwide, data from every census taken between 1890 and 1940 show the black marriage rate exceeding the white rate.” Today, however, since the War on Poverty, “Just 12 percent of poor black households have two parents present,” and, “70 percent of black children are born to unwed mothers.”

Perhaps the most interesting idea Riley puts forward is that the black community, after decades of positive gains in social mobility, began a decline after shifting focus from gaining economic power to gaining political power. Though in some respects they have succeeded in getting more African Americans elected to office, the victory has been a hollow one. Or, as Riley puts it, “One lesson of the Obama presidency – maybe the most important one for blacks – is that having a black man in the White House is less important than having one in the home.”

Throughout the book, Riley explores the true impact of liberal education policy, welfare policy, and affirmative action. And, while the statistics are reflective of the black community, the message is for all of us. Policies that foster dependence upon government, undermine strong families, discourage intellectual development through education and devalue economic ambition are bad for everyone.

– Review by Rob Roper, president of the Ethan Allen Institute.

Final Thought

You get the final thought!

Please go to the original December Newsletter email and click on the link to take a quick 5 question on line survey about EAI, the issues we cover and the products we offer. This will help us better serve you in 2015. Thank you!