

Ethan Allen Institute

Newsletter - September 2014 (Printer Edition)

Top Story: Back to School! EAI Issue Briefs for the Informed Citizen

During the month of August, EAI put together and presented around the state a series of briefings on the top issues for the 2014 election season: Jobs & the Economy, Property Taxes and Education Finance, and Healthcare.

Because not everybody who wanted to could attend these briefings, we have packaged them conveniently for you on the web. Each topic contains a YouTube video of the original presentation, a copy of the PowerPoint, and a “one pager” providing a brief background, key points, impact, and links to relevant roll call votes, articles and reference materials.

You can access these materials at <http://ethanallen.org/issues/>.

As the election season kicks into high gear, make sure you become not only an informed citizen, but a citizen armed with the knowledge and the facts to be an educator and a leader in your community.

Commentary: End Life Support for Big Wind

by John McClaughry

The fate of Big Wind in Vermont is currently resting with a piece of legislation that has become hotly controversial in Congress.

To understand why, it's necessary to grasp that Big Wind is almost entirely a product of a host of federal and state subsidies. Most of these are disguised as “tax expenditures” that allow Big Wind investors to offset their taxable income from other sources. For instance, Big Wind investors can depreciate their investments over five years – and take 50% bonus depreciation the first year.

The really crucial Federal handout is the Production Tax Credit (PTC). Under this provision a Big Wind developer can collect a \$23 credit for every Megawatt hour of electricity produced. (“Big Wind” means ridgetop turbines producing more than 100kw of electricity. There are also many state and federal incentives for renewables generally, including small wind.)

The current crisis facing Big Wind's profitability is the fact that the bonus depreciation and the PTC expired at the end of 2013. Big Wind, and the renewable industrial complex generally, has mounted a frantic lobbying campaign to get Congress to pass the “extender” bill to revive the expired provisions to enable more Big Wind

money making. The Washington Post described the bill as “a full employment plan for lobbyists” and “fiscal irresponsibility plain and simple”, because there is no revenue source to cover the \$85 billion in first-year tax expenditures (\$13 billion for Big Wind.)

Vermont Senators Patrick Leahy and Bernie Sanders and Rep. Peter Welch are enthusiastic supporters of reviving the Big Wind PTC. It’s hard to explain the enthusiasm of these three for subsidy-sucking Big Wind, when so many of their constituents are opposed to it.

The “extender” bill is currently on hold in the Senate, partly because of opposition to many of the handouts contained therein (especially from anti-subsidy Tea Party Republicans), and partly because of Senate Democratic Leader Harry’s Reid’s tyrannical refusal to allow Republicans to offer amendments not approved by him.

One might view the Big Wind subsidies somewhat more favorably if wind power were a dependable and economically competitive energy source. It is not. It delivers irregular power during the 25% of the time (New England average) that suitable wind is blowing, at roughly twice the cost of power from the New England grid (or Vermont Yankee, which will go off line in three months).

When the wind blows at night, and power demand is low enough so that it can be met with baseload generation, the wind power producers actually pay the utilities to accept their power. More amazingly, when there is no wind, the turbines must suck power out of the grid to keep the huge blades slowly moving to prevent metal fatigue. This is called “parasite load”.

Congress, urged on by Leahy, Sanders and Welch, may pass the extender bill after this year’s election. If the PTC extension is included, Big Wind will get strong new life support.

And even more help is on the way. Gov. Shumlin and his ally Rep. Tony Klein will almost certainly ask next year’s Vermont legislature to enact a Renewable Portfolio Standard (RPS). This new mandate would require Vermont utilities to purchase increasing portions of their power from renewable sources, regardless of the cost to the ratepayers.

The new RPS would be an important component of Shumlin’s Comprehensive Energy Plan of 2011, that promises to mandate, tax and subsidize until 90% of Vermont’s energy consumption comes from renewable sources, including Big Wind, by 2050. The reason for this, of course, is to save our grandchildren from the “horrid future” Shumlin confidently predicts for them if we don’t take heroic steps now to combat the dreaded Menace of Global Warming.

If you have had enough of the expensive Big Wind subsidy carnival, what should you do? Get your three liberal members of Congress to back off from their support for including the PTC in the extender bill. Its expiration will almost certainly guarantee that no large wind project will ever again be built in Vermont.

But don’t stop there. Make it clear to candidates for governor and the legislature that you want Shumlin’s absurd “90% by 2050” mandate repealed, and the Renewable Portfolio Standard scrapped.

Just to drive the final nail in the Big Wind coffin, you could also ask them to enact a standby state production tax of \$23 per Megawatt hour on electricity from new Big Wind projects, that would cancel out any revival of the Federal PTC.

- John McClaughry is vice president of the Ethan Allen Institute

Commentary: Poll Shows Vermonters Support Right to Work - For Good Reasons

By Rob Roper

Over 85% of Vermonters agree that employees should have the right to decide, without force or penalty, whether to join or leave a labor union. That number is slightly higher than the national average of 83%, according to new polling released in conjunction with National Employee Freedom Week. (500 Vermonters were polled as part of the study. Vermont)

This reflects first and foremost a sense of fairness. We live in a free country, and the freedom to join, not to join, or leave any association or organization without paying a fine or a fee or losing one's job should be considered a basic, inviolable right. Unfortunately, Right to Work laws, which guarantee workers the right to not join unions as a condition of employment and which prohibit the coercive collection of dues from workers who choose not to join, exist only in twenty-four states. Vermont isn't one of them.

In this respect, Montpelier is out of touch with the people and to some degree the Supreme Court. In the past biennium, the legislature passed and the governor signed laws (Act 37 – an act relating to payment of agency fees and collective bargaining service fees, and Act 187 – an act relating to childcare providers), which force certain workers to pay fees to unions they don't belong to – and don't want to belong to – amounting to 85 percent of full union dues. The Supreme Court struck down as a violation of workers' constitutional rights a similar law this summer in *Harris v. Quinn*.

But Vermont citizens' overwhelming embrace of the Right to Work concept reflects good common sense as well as fairness. A recent study by Richard Vedder and Jonathan Robe of the Competitive Enterprise Institute shows that Right to Work laws have rewarded their citizens with more jobs and more money in their pockets. "Over the 35-year period [between 1977-2012], nationwide total employment grew by 71 percent. RTW states significantly outpaced this average, with employment growing by 105.3 percent. Non-RTW states lagged behind both, with an employment growth of only 50.0 percent."

In addition, "Compared to the national average [for personal income growth of 123 percent], RTW states experienced substantially higher growth—at a rate of 165 percent—indicating that inflation-adjusted total personal income in those states was about 2.8 times higher in 2012 than in 1977. Conversely, non-RTW states saw below average growth of 99 percent, meaning that real total personal income did not quite double in those states during this same period."

And finally, more people, largely younger people, are moving into Right to Work states. "Census data show, for example, that from 2000 to 2009 more than 4.9 million native-born Americans moved from non-RTW to RTW states—an average of more than 1,450 persons per day."

Consider this:

The Shumlin Administration announced in June that they would have to cut the FY15 budget by \$31 million due to declining revenue projections. After that, July revenue came in 1.8% below projections, signaling potential further downgrades. Seven

years after the recession hit (and five after it has been official over) Vermont has roughly two thousand fewer people working than we did in 2007. And, how often do we hear the lament that our young people are leaving because of lack of opportunities to stay?

Passing a Right to Work law in Vermont would be a move in the right direction toward alleviating each of these problems.

Representatives Vicki Strong (R-Albany) and Doug Gage (R-Rutland Town) introduced Right to Work legislation in 2014. In her testimony before the General Housing & Military Affairs committee Strong said, “There are 31,000 workers in Vermont who have jobs in a workplace where they may feel pressure to join a union, may be looked down upon if they do not join, and may be obligated to pay dues or fees to an organization that they do not wish to support.”

The proposal was received with polite yawns by the General, Housing & Military Affairs Committee, which stuck the bill on the wall and let it die there. Perhaps 85 percent of Vermonters can convince a new legislature in January to bring a little more fairness, common sense and prosperity to the Green Mountain State by taking up Right to Work legislation in 2015. And, this time, passing it.

- Rob Roper is president of the Ethan Allen Institute

Commentary: “Drafting Error” May Wreck Obamacare

by John McClaughry

The future of Obamacare is hanging by a legal thread, thanks to what its supporters have passed off as a mere “drafting error”. Now MIT professor Jonathan Gruber, selected by Gov. Shumlin to receive yet another juicy contract to try to make sense out of Green Mountain Care, finds himself uncomfortably in the spotlight of the legal issue.

The Affordable Care Act of 2010 (ObamaCare) contemplated the creation of health insurance exchanges in every state. An earlier version in the Senate mandated states to create such exchanges, through which federal tax credit subsidies would flow to persons buying government-approved insurance.

But somebody in the Senate realized that the Federal government cannot just mandate the states to do whatever Congress wants. So the final Senate bill, that became law, offered incentives to the states to create their own exchanges. It also authorized the federal government to create a backup exchange in case states declined to create their own.

The incentive was the availability of billions of subsidy dollars to insurance buyers in “exchanges created by the state under section 1311”. However the law did not provide for such subsidies to flow through a backup federal exchange created under section 1321.

To the dismay of the Obamacare backers, only fourteen states attempted to set up exchanges. (Vermont Health Connect – \$170 million – remains an inoperable disaster.)

Undaunted, the Obama IRS simply rewrote the law to allow the subsidies to flow through the federal exchange (Healthcare.gov) as well as through what the law allowed: “exchanges created by the state”.

In *Halbig v. Burwell*, decided July 22 in the DC Circuit Court of Appeals, the judges emphatically held that the law plainly says “exchanges created by a state”. The Obama administration cannot revise it to read “exchanges created by a state or anybody else”.

If individuals can’t get credits because there is no state exchange, they can’t be penalized for not having insurance. Similarly, if no employee of a large (more than 50 employee) company can receive a credit, the company can’t be penalized for having employees claiming credits.

Concurring, Judge Raymond Randolph quoted the great progressive Justice Louis Brandeis: “What the government asks is not a construction of a statute, but, in effect, an enlargement of it by the court, so that what was omitted, presumably by inadvertence, may be included within its scope. To supply omissions transcends the judicial function.”

The Obama White House predictably denounced the *Halbig* decision. It argues that the President and Congressional Democrats intended to create a vast scheme to subsidize health insurance, so never mind what the law they passed actually says.

Ultimately the legal issues will be settled by the Supreme Court. It’s notable that even some liberal justices on that Court have written powerful opinions refusing to allow the executive branch to redefine the plain language of the law as enacted. The result may well be that the economic framework supporting the act will crumble if the credits are not available on federal exchanges.

Now back to Jonathan Gruber. He has made himself a consulting money machine by claiming to be the leading authority on Romney Care and ObamaCare. He was also the co-author of the 2011 Hsiao Report to the Vermont legislature (\$300,000) that underlies Act 48 (Green Mountain Care).

Just after the *Halbig* decision, a researcher unearthed a January 2012 videotape of Obamacare authority Gruber explaining to an audience that “If you’re a state and you don’t set up an exchange, that means your citizens don’t get their tax credits” – which corroborates exactly what the Obamacare opponents have been arguing in the courts.

Gruber is now mightily embarrassed for having been caught blurting out the truth. In a subsequent *New Republic* interview, Gruber pleaded the equivalent of temporary insanity, but the damage is done. But fortunately for him, Peter Shumlin has dished out another \$400,000 contract that may ease his pain.

- John McClaughry is vice president of the Ethan Allen Institute

Events

September 3, 4, 5. KrisAnne Hall will be speaking on The Foundations of the American Constitution and A brief look at the genealogy of the Constitution – the 700-year history and five foundational documents that are the very roots of American Liberty. KrisAnn Hall is an attorney, former prosecutor, mother, pastor's wife, disabled Army veteran, Russian linguist, radio-talk-show host and a patriot. She is traveling the country teaching about the Constitution and the history that gave us our founding documents. Admission is free, though a love offering will be accepted.

Wed., Sept 3rd 7:00 pm at Community Bible Church, 2085 Williston Rd, So.

Burlington, VT 05403

Thurs., Sept 4th 7:00 pm at Church of the Rock, 1091 Fairfax Road, St. Albans, VT 05478

Fri., Sept 5th 7:00 pm at Lamoille Valley Church of the Nazarene, 565 RT 15, Johnson, VT 05656

September 6. KrisAnne Hall will conduct a seminar, The Roots of Liberty: A detailed discussion of the Constitution and the Bill of Rights (the first 10 Amendments to the Constitution) using the Founders' own words and explaining the true meaning and purpose of each amendment. 9 to 3 at St. John Vianney Parish Hall, 160 Hinesburg Rd, So. Burlington, VT 05403

There will be a box lunch provided. Advanced registration is \$25 each and includes lunch. Cost for students (7th grade through 12th grade) is \$10 and also includes lunch. Contact us for reservations (802) 655-0280. Admittance at the door (\$25) if space available only and does not include lunch.

Last Chance

Summer Golf at Country Club of Vermont!

Thanks to the generosity of our friend George Rieger, anyone who donates \$100 or more to EAI this summer (June 1-August 31) can claim a free round of golf (18 holes) at the Country Club of Vermont in Waterbury.

The Waterbury course, according to the club website, "was designed and built by Graham Cooke & Associates, Inc. (GCA) of Montreal and Vancouver, Canada and Turin, Italy. Architect Graham Cooke calls the location "enormously powerful" and took an active role in developing the course. With lovely views in all directions, it truly is a remarkable setting for a remarkably executed course.... Golfers and non-golfers alike have described the site as a magnificent setting for a golf course."

Questions, please contact Rob Roper at rob@ethanallen.org or 802-999-8145.

Please make checks payable to
Ethan Allen Institute P.O. Box 543, Montpelier, VT 05601
and write "GOLF" in the memo line.

News & Views

Unemployment Rate Up. Vermont's unemployment rate ticked up to 3.7%, up from 3.4%. The overall unemployment rate for the nation in July was 6.2%. Vermont's U-6 unemployment rate, which also includes individuals who have given up looking for jobs and those who are working part time because they can't find full time work, is 8.5%.

July Revenue Shortfall. Following a revenue downgrade in June that necessitated \$31

million in cuts to the FY15 budget, July's General Fund revenues came in \$1.82 million, (1.77%), below the forecast.

Taxpayer Burden. The national group Truth in Accounting ranks states for "taxpayer burden" of state debt, including unfunded pension plans. Vermont ties with Rhode Island at 15th highest at \$14,000.

The Medicaid Surge. From May to June 2014 Vermont saw an increase of 14,436 covered persons, a highest in the nation increase of 8.3%. The national average increase was 1.06%. Thirty percent of all Vermonters are now receiving Medicaid benefits. (CMMS release 8/13/14)

Then What? "[Vermont] Medicaid pays hospitals and doctors significantly less than Medicare and commercial insurance companies — between 50 percent and 63 percent of a provider costs. The [Green Mountain Care] board calculated that the amount of costs shifted from Medicaid to commercial insurance has more than doubled in the six years from 2006 to 2012". (Vt Digger 8/19/14) When Green Mountain Care extinguishes commercial insurance in 2017 ... onto what or whom will these costs be shifted?

Even the Vermont Economy News that Doesn't Drive You to Drink Drives You to Drink! Good news in that Woodchuck Hard Cider opened its new, 100,000 square foot, \$34 million dollar cidery. Congratulations to the company on their success!

Budgeting Shumlin Style. "The state has not reached a sustainable spending pattern in relationship to revenues since the Great Recession (and the federal stimulus funds that boosted state spending) ended in 2011. In the intervening years, the gap between spending and revenues, which has consistently been between \$50 million and \$70 million, has been filled with one-time money. Jim Reardon, commissioner of the Department of Finance and Management, says he's running out of one-time pots to raid. 'What we have been doing is taking the previous year's one-time funds and propping up the budget,' Reardon said." (VTDigger 8/13/14)

Left Not Bringing a Knife to a Gun Fight. "A gun-control group committed to universal background checks was the third-largest spender on lobbyists at the Vermont statehouse this quarter, outspending many of the biggest corporate interests in the Green Mountain State. Gun Sense Vermont, a recently formed group that bills itself as an 'independent, grass-roots organization started by Vermonters,' spent \$39,000 for lobbyists for the quarter ending July 25, according to records kept by the Secretary of State's Office." (Vermont Watchdog 8/15/14)

Pour Some Sugar (Tax) On Me. The Alliance for a Healthier Vermont has \$200,000 from the Robert Wood Johnson Foundation (\$173,000) and the Heart Association (\$25,000) so far to spend on a lobbying campaign to push for 2 cents per ounce tax on beverages with added sugar (E.g.: \$0.24 per 12 oz. can, or \$1.34 per 2 liter bottle).

More on Big Wind. "Green Mountain Power has stated its wind farms produce electricity at about 10 c/kWh, based on 25-year life and a Capacity Factor of 0.3578 ("with the bigger rotor"), but that was BEFORE Lowell was built. That CF turned out to

be a fantasy. The actual CF is about 0.22, even with the "unforeseen" \$10.5 million synchronous condenser, and within one year there have been three lightning strikes at about \$250,000 each, i.e., extra Operation and Maintenance expenses, PLUS production losses, PLUS no Renewable Energy Credit revenues. Not GMP, but ratepayers pay the extra expenses.“ (Willem Post 7/15/14)

The Latest on Electric Cars. The American Automobile Association Automotive Research Center has released its findings about the practicality of electric cars. AAA road tested a number of popular models, including the 2013 Nissan Leaf and the 2014 Ford Focus Electric. It found that the average range of an electric car drops by 33% when temperatures reach 95 degrees, and that battery life drops by an alarming 57% in 20 degree weather. “We expected degradation in the range of vehicles in both cold and hot climates,” said AAA engineering director Greg Brannon, “but we did not expect the degradation that we saw.”

Minimum Wage v. Maximum Employment. “One of the few countries without a minimum wage law is Switzerland, where the unemployment rate has been consistently less than 4 percent for years. Back in 2003, The Economist magazine reported that “Switzerland’s unemployment neared a five-year high of 3.9 percent in February.” The most recent issue shows the Swiss unemployment rate back to a more normal 3.2 percent.” (Thomas Sowell, 8/4/2014)

Trust in Government at All Time Low. According to a CNN poll taken on the 40th anniversary of Watergate, “Just 13% of Americans say the government can be trusted to do what is right always or most of the time.”

Crystal Ball? “The urge to have the all-knowing, all-powerful government order the rational allocation of health resources is the heart and soul of this bill. And there can be little doubt what the outcome will be of a healthcare system based upon that principle. It will be a system of monumental inefficiency, swarming with bureaucrats, teeming with regulations, and dragging down our economy and taxpayers with its horrendous costs. It will make every decision into a political decision, and invite ever provider group to gain influence in the government to feather its nest and discomfit its potential competitors.” – Sen. John McClaughry opposing Gov. Dean’s health care authority bill of 1992. (The bill passed; the Authority was repealed in 1996).

Sad But True`. “In an age when scientists are creating artificial intelligence, too many of our educational institutions seem to be creating artificial stupidity. – Thomas Sowell

Lincoln on Education. “Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject which we as a people can be engaged in. That every man may receive at least, a moderate education, and thereby be enabled to read the histories of his own and other countries, by which he may duly appreciate the value of our free institutions, appears to be an object of vital importance, even on this account alone....” -March 9, 1832, First Political Announcement

Book of the Month

Liberal Fascism

The Secret History of the American Left from Mussolini to the Politics of Change

By Jonah Goldberg

405 pages

Three Rivers Press (2009)

Progressivism in general and specifically the more virulent kind found in Vermont's capital city of Montpelier, is both fascist in nature and totalitarian in its beliefs. It's hard not to come to this conclusion – though it is my conclusion – after reading Jonah Goldberg's "Liberal Fascism," an excellent historical account of the intersections of Italian Fascism, German Nazism, Soviet Communism and – yes – American 'Liberal Fascism'... albeit with a smiley face.

What if I was to tell you that U.S. Progressivism in general and specifically Vermont's Progressive Party Platform contain or once contained the following six objectives:

(1) Reform of the old-age and pension system and the establishment of age limits for hazardous work

(2) The creation of various government bodies run by workers' representatives...

(3) Promote cooperative, worker-owned enterprises as an alternative to huge profit-driven multinational corporations (4) Promote a public education system, that provides equal and equitable opportunities for all our children [and] reduces postsecondary tuition costs...; include free housing...

(5) [F]undamental reconstruction of our whole national education program, to enable every capable and industrious [student] to obtain higher education and subsequently introduction into leading positions (6) Elevating national health by protecting the mother and child, by outlawing child-labor, by the encouragement of physical fitness... of the young

These six objectives are familiar to Progressivism, but not all are taken from Progressive sources. Objectives one and two are taken from Mussolini's 1919 founding of "Fasci di Combattimento," the beginning of Italian Fascism. Objectives three and four are taken directly from the web site of Vermont's Progressive Party Platform. And objectives five and six are taken directly from the 1920 Nazi Party Platform, as translated at the Nuremberg Trials.

The point of correlating U.S. and Vermont Progressivism with Italian Fascism and German Nazism isn't to imply any diabolical intent. In fact, this is a major theme of Mr. Goldberg's book. That is, up until the mid-1930s, Italian Fascism and even Nazism were supported by many American Progressives (Vermont's John Dewey and W.E.B. DuBois, to name a few). And at the least, American Progressives saw them as useful "social experiments" to learn from. It's important to note that this support occurred before the horrific Holocaust. It was only after the events of the Holocaust became known, that the Left began to distance itself from Fascism and Nazism and began a propaganda campaign to associate these two ideologies as "right-wing" or conservative.

And here too it is important to define what I accuse Progressive-Democrats of – and that is – to be fascist in nature and totalitarian in their beliefs.

Fascism is "the view that every nook and cranny of society should work together

in spiritual union toward the same goals overseen by the State. Fascism is a religion of the State. It takes responsibility for all aspects of life, including our health and well-being, and seeks to impose uniformity of thought and action, whether by force or through regulation and social pressure. Everything, including the economy and religion, must be aligned with its objectives. Any rival identity is part of the “problem” and therefore defined as the enemy,” writes Jonah Goldberg. “Everything in the State, nothing outside the State,” is how Mussolini defined Fascism. Mussolini coined the word “Totalitarian” to describe not a tyrannical society but a humane one in which everybody belonged, where everyone was taken care of and contributes equally.

Does this not sound like Progressivism and Vermont’s progressive Democratic Party objectives?

Comedian George Carlin unwittingly described Progressivism’s means to a “tyrannical society but a humane one” when he quipped: “When Fascism comes to America, it will not be in brown and black shirts. It will not be with jack-boots. It will be Nike sneakers and Smiley shirts, Smiley-smiley, Fascism.”

In closing, what’s missing in today’s debates between Progressive-Democrats and Conservative-Republicans is moral-clarity. And here we can turn to President Ronald Reagan.

“They preach the supremacy of the State, declare its omnipotence over individual man and predict its eventual domination of all peoples on the Earth.... The Soviet Union is an Evil Empire, and Soviet communism is the focus of evil in the modern world,” said President Reagan in this partial 1983 speech.

Who in today’s America “preach the supremacy of the State, [declaring the common good] over individual man...”?

Defining Progressivism and specifically Vermont’s Progressive-Democrat dominated legislature and Governor’s office for what it is: Fascist in nature and totalitarian in their beliefs – albeit the gradualist and compassionate “Smiley-smiley” kind - is the beginning of moral clarity.

For only in moral clarity will Vermont and America restore its Creator-endowed inalienable rights to life, liberty, property and ultimately to one’s own individual pursuit of happiness.

Jonah Goldberg’s “Liberal Fascism” is a must read for those doubting these conclusions.

– Review by Tom Licata, a member of the Ethan Allen Institute advisory board.

Final Thought

From Anthony Watt’s recent article, *James Hansen’s climate forecast of 1988: a whopping 150% wrong*.

“One of the most important publications on the “dangerous anthropogenic climate change” is that of James Hansen and colleagues from the year 1988, in the Journal of Geophysical Research published. The title of the work is (in German translation) “Global climate change, according to the prediction of the Goddard Institute for Spac Studies.”...

As the title of the article implies, Hansen's predictions were 150% wrong.

“It is extremely regrettable that precisely this type of modeling of our politicians is still regarded as a reliable climate prediction.”

To say the least. You can read the full article [HERE](#).

