

# Ethan Allen Institute

Newsletter – February 2020 (Printer Edition)

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## Top Story:

### Task Force Releases Report on State Pension Crisis

*For the past year, The Ethan Allen Institute has been working with the Business Roundtable’s Pension Reform Task Force to better understand the problem of our state’s \$4.5 billion pension liability and to explore some possible paths to a solution. The thirty-one page report resulting from this study came out in January. Here is the executive summary:*

Vermont is obligated to help fund the pension and retiree health care plans that it provides to its 34,665 (as of 2018) teachers and state employees. While the state has made some payments to these plans over time, billions are owed—and the amounts owed keep increasing at an accelerated rate. The unfunded liabilities for the pension plans have increased almost 110 percent in about a decade, from \$1.1 billion in 2009 to \$2.3 billion in 2018. At the same time, the unfunded liabilities for the retiree health care plans have reached \$2.2 billion, bringing Vermont’s total unfunded pension and retiree health care liabilities to \$4.5 billion, with no sign of the increasing debt burden slowing down. Due in part to these unfunded liabilities, for the first time in modern history, Vermont has a negative net worth, and the state’s bond credit ratings have been lowered, making it more expensive to borrow money for infrastructure improvements and other projects. Unfortunately, given past investment performance for these plans, the situation is unlikely to improve. An August 2019 Institute for Pension Fund Integrity report identified Vermont as “one of the top 10 worst performing pension funds” in the nation.

Most Vermonters aren’t aware of—and likely don’t have the time, let alone desire, to try and understand—the complexities associated with these unfunded liabilities. But they should, because they are likely to feel the impact. Participants in these plans could lose their benefits or see them dramatically curtailed. Taxpayers could see higher taxes, as these unfunded liabilities continue to grow and, ultimately, come due. The social safety net could be eroded because, as the costs of servicing these unfunded liabilities grow, less funds will be available for vital government services. And, economic development could suffer as potential investors shy away from a debt-ridden state.

And, trends indicate that the burden will continue to grow. Vermont’s state and public school teacher workforce is aging and retiring, which will increase these unfunded liabilities. There are more participants in these pension and retiree health care plans now than there were 10 years ago, and fewer working Vermonters available to pay the taxes to fund these plans. The purpose of this report is to educate stakeholders about the evolution and impact of these unfunded liabilities, utilizing facts and figures from reliable, objective sources, and to outline pathways and policy options for reducing these

unfunded liabilities. Doing so will not be easy, as there are no quick fixes for a problem that has been growing for many years.

You can read the entire report at [https://vtroundtable.org/wp-content/uploads/sites/31/2020/01/VBR\\_2020-Pension-and-Health-Sys-Policy-Options.pdf](https://vtroundtable.org/wp-content/uploads/sites/31/2020/01/VBR_2020-Pension-and-Health-Sys-Policy-Options.pdf)

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## Commentary:

### The Worst Democracy-Shredding Bill in Fifty Years

By John McClaughry

Over the past fifty years I have seen a lot of bills introduced into the Vermont legislature. Of all the bills over all those years, the absolute worst was just introduced in the House, with 87 co-sponsors (all Democratic and Progressive). It's titled the Global Warming Solutions Act (GWSA, H.688).

The Climate Action Coalition believes that the planet faces a “climate emergency” due to human-caused carbon dioxide emissions. Every year for the past five years its dozens of lobbyists have labored to persuade the legislators to take bold and far-reaching steps to drive down those emissions.

The centerpiece of those efforts has been a carbon tax. The argument has three components. First, we must drive down the use of carbon-based fuels by Vermonters using heating oil, natural gas, gasoline, diesel and propane.

Second, taxation is the best means for accomplishing “decarbonization” because it will make those fuels more expensive. As those fuels become more unaffordable to more and more people and businesses, they will improve their fuel use efficiency, switch to some other energy source, or make lifestyle changes.

Third, the revenues from the increasingly punitive carbon tax can be used by the State to subsidize climate-friendly practices, such as home weatherization, heat pumps, public buses, commuter rail, and electric vehicles.

The net effect of this program would be the transfer of hundreds of millions of dollars from people and businesses (plus schools, hospitals and governments) that use heating oil, gasoline, diesel fuel, natural gas and propane, to the favored people who weatherize their homes, use public transportation, drive electric vehicles and install solar panels.

Will all this help defeat the “climate emergency”? Not detectably, of course, but it would be a virtue signal to the rest of the world: “Brave Little Vermont! We have the courage to beggar our own people to battle the Menace of Climate Change!”

For five years, however, the Climate Action advocates have failed to find the votes, even in this Green-friendly legislature, to enact even the beginning stages of a carbon tax. So here comes their Plan B: The Global Warming Solutions Act.

Fourteen years ago the legislature, with little dissent, adopted goals for reducing emissions from burning carbon-based fuels. But far from reducing emissions below the 1990 baseline, Vermont's emissions are now 16 percent above that baseline. Emergency!

Since there aren't enough votes for a carbon tax, the GWSA would replace the 2006 “goals” with much stricter “mandatory requirements”; create a 21-member climate

action super-government (the Climate Council, controlled by legislative leaders); task it with developing a sweeping Plan to regulate anything and everything that might reduce CO2 emissions; implement the Plan with state agency rules backed by penalties; authorize the Conservation Law Foundation to bring suits to get judges to order the rule-making agencies to move faster and further to save the planet from the “climate emergency”; and use tax dollars to pay the plaintiff’s legal costs if it “substantially prevails” in a courtroom.

Two things are perfectly clear here. The bureaucrats can’t levy a carbon tax, but the scope of rules they may find essential to defeating “climate change” is unlimited. After all, this is an “emergency”!

And most importantly - read this carefully - no legislator will ever vote on wave after wave of sweeping rules that will affect the lives of every Vermonter. The Global Warming Solutions Act would simply bestow on state bureaucrats the power to force Vermonters to submit to an endless list of expensive and invasive rules to comply with the arbitrary emissions goals, and eliminate any shred of our elected representatives’ accountability for those actions.

Its passage would be a giant step toward unaccountable rule by arbitrary decree that would have astonished and alarmed two hundred years of Vermont governors and legislators, faithful to our constitution’s requirement that our government must always, in a legal way, remain accountable to the people.

Add to the utter lack of accountability, and the cost of the army of regulators and enforcers needed to carry out The Plan, and the invitation to CLF and others to sue the State to force quicker and more far-reaching oppression (as CLF did under a similar statute in Massachusetts), and you have a Green Police State, financed by the victims.

That’s why I label the GWSA the worst piece of legislation I have seen in fifty years. It’s not just foolish, and costly, and invasive. It is, by design and intent, an abandonment of accountability of our democratically elected representatives who, the Constitution reminds us, are the trustees and servants of the people, and of their liberties.

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

## Commentary:

### With TCI Imploding, A Worse Bill Is on the Horizon

*By Rob Roper*

Before the 2020 legislative session kicked off, proponents of the Transportation Climate Initiative (TCI) were calling the interstate agreement to raise prices of gasoline and diesel by as much as 17¢ a gallon their “banner” legislation for the new year. Now, just half way through January, the scheme is unravelling at a rapid pace.

The ink wasn’t dry on the draft TCI memorandum of understanding before Gov. Chris Sununu (R-NH) declared it a \$5.6 billion “boondoggle” that his state would never support. That first domino fell hard, now several others are teetering.

In Connecticut, Governor Ted Lamont (D-CT), who has an approval rating of 24 percent and is already bleeding political capital over his plan to bring back tolls on interstate highways, is running away fast from what is a thinly disguised gas/carbon tax. Said Lamont about TCI, it’s “...probably not the way the to go.” In Maine, Governor

Janet Mills had been counted as a strong supporter of TCI, but she is now feeling the heat from rural constituents. According to the Boston Globe, her office said that “the challenges of climate and transportation issues for rural states like Maine are unique, and the state will be appropriately cautious when considering these issues.”

Despite continued support from Rhode Island’s Governor, that state’s speaker of the house Nicholas Mattiello is holding the line on no new taxes. According to the Providence Journal, he “effectively ruled out any tax increases proposed by fellow Democrat Gov. Gina Raimondo last month, including the potential gas tax hike emanating from a regional climate initiative, saying it ‘will be looked at very skeptically.’”

And, of course, here in Vermont during his State of the State speech last week Governor Scott said, without naming TCI specifically, that “I simply cannot support proposals that will make things more expensive for [rural and low income Vermonters].” Scott has been vehemently opposed to any form of carbon tax since his first run for governor in 2016.

If New Hampshire, Maine, Vermont, Connecticut and Rhode Island don’t participate in the TCI program, that would leave Massachusetts, whose governor, Charlie Baker, is probably TCI’s biggest booster, completely isolated. Baker himself is under increasing pressure by a growing, bi-partisan group of legislators who don’t like the regressive nature of the tax.

All this is good news for Vermont drivers, but it’s no time to pop Champaign corks and breathe a sigh of relief. If TCI burns to the ground, our legislature is going to feel pressure to “do something” they can spin as a positive step to solve climate change. And that “something” is likely to be the Global Warming Solutions Act (GWSA).

This bill, if possible, is even worse than TCI both in its effect and its insidiousness. The sales pitch for GWSA will be that all it does is make mandatory – or “put teeth into” – greenhouse gas reduction goals that are already in Vermont statute. So, what’s the big deal with that?

The big deal is that if GWSA becomes law, the Secretary of Natural Resources (an unelected bureaucrat) would be empowered to make and enforce rules – any rules – necessary to meet these mandated reductions, which, quite frankly, are impossible to meet by any practical means. Certainly nothing voters would stand for. And, when these impossible mandates are not met, according to the bill, “Any person may commence an action [read: sue the state] alleging that rules adopted by the Secretary ... have failed to achieve the greenhouse gas emissions reductions requirements....”

At this point a hoard of Conservation Law Foundation, VIPIRG, [350.org](http://350.org), etc. lawyers will burst out of the belly of this Trojan Horse, file those lawsuits and, if successful, Vermont will have judges dictating climate policy rather than elected officials who are accountable to their constituents. (Adding injury to insult, the GWSA also says, “In an action brought pursuant to this section... a plaintiff shall be awarded reasonable costs and attorney’s fees unless doing so would not serve the interests of justice.” So, Vermonters will end up funding the legal budgets of the special interest groups mentioned above while those same groups use the money to drive up the cost of living and micromanage the lives of the folks paying those bills.)

The judges will say they are bound by the law regardless of the financial and societal impact, and legislators will say they are bound by the judges’ ruling. Completely cut out of this process will be the people who live, work, and pay taxes in this state. And, make no mistake, this is the real goal of the GWSA.

Climate activists are frustrated that they have not been able to persuade anywhere close to a majority of the voting public to support their policies, so their solution with the GWSA is eliminate the voters from the equation. This is not what democracy looks like. But, it's what Vermont will look like if this awful bill becomes law.

- Rob Roper is president of the Ethan Allen Institute.

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## Events

**February 5.** Rob Roper will speak about Environmental Policy at the Orange County Republican Spaghetti Supper, 6 pm in Randolph.

**February 8.** Rob Roper will lead a Round-Table discussion about the Moral Foundation of Free Market Capitalism. 9 am at the Essex Grange Hall.

**February 14.** Happy Valentine's Day. Don't forget flowers!

**February 29.** Rob Roper will speak to the Pawlet Republican Town Committee from 2:00 pm - 4:00 pm at the Modern Woodmen Hall in Wells.

To Schedule an EAI presentation in your community, please email [rob@ethanallen.org](mailto:rob@ethanallen.org).

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## News & Views

**High Taxes Are Root Cause of Demographic Crisis:** “Four states have lost population since 2010 including West Virginia (-3.3%), Illinois (-1.2%), Vermont (-0.3%) and Connecticut (-0.2%), but 10 experienced declines last year. New York was the biggest loser as a net 180,000 people left for better climates. Over the last decade New York has lost more of its population to other states (7.2%) than any other save Alaska (8%), followed by Illinois (6.8%), Connecticut (5.6%) and New Jersey (5.5%). Hmmm, what do these states have in common? Large tax burdens and politically powerful public unions.” - [Wall Street Journal, 1/7/20](#)

**Banning Fossil Fuels:** According to the US Energy Information Administration, in 2018 fossil fuels were used to generate 63.6% of US electricity, with natural gas generating 35.2%, coal 27.5%. Nuclear power generated 19.4%. Renewables generated 16.9%, with hydropower at 7%, wind at 6.5%, solar at 1.5%. biomass at 1.4%, and miscellaneous. What will increase to replace that 63%? Or will we just reduce our energy-based economy by 63%?

**Singapore Healthcare Follow-Up:** Readers interested in more about Singapore's remarkable health care system, described in John McClaughry's commentary earlier this month, can take a look at the just-published *The Cure That Works*, by Sean Masaki Flynn. It's a sure and sad thing that not a single legislator will, alas, be interested.

**Education Spending Is Out of Control.** “According to a report released this week from the nonprofit Education Law Center, the state with the highest education spending is Vermont. Total spending, per student, is \$27,588 in the Green Mountains, says the report. In Nevada it’s \$8,569. The national average is \$14,046, so Vermont is spending almost twice as much as the average state to educate the plummeting number of kids.”  
[Caledonian Record, 2/23/20](#)

**The Gift that Keeps on Taking:** “In the Education Fund, based on estimates from districts, we project spending to total over \$1.8 billion, an \$87 million, 5% increase over the current year. Unfortunately, we’re seeing spending, property taxes, as well as inequity, continue to increase while educational opportunities, student performance and the number of kids continue to decrease. Since Act 60 was passed, we’ve lost 26,000 students from our K-12 public schools while education spending has more than doubled.”  
– Gov. Scott (budget message 1/21/20).

**When Legislators Don’t Do Math:** “TCI will bring millions of dollars of revenues to Vermont — dollars the state will be able invest in helping all Vermonters transition to clean, renewable transportation.” – Rep. Kathleen James (D-Manchester) (email to constituent). From whence does Rep. James think TCI will collect the revenues to send “millions of dollars” into Vermont? From Vermont motorists, who will hand over more to TCI at the pump than Vermont government will get back. Vermont carbon taxers complain that money spent at gas stations leaves the state, then concoct a carbon tax scheme that sends Vermont money out of state. Can’t make this stuff up!

**Money Talks and Compost Walks.** A recent UVM study revealed that while 55% of Vermonters support a newly enacted ban on food waste going into landfills, that number drops like a chicken bone into the waste basket when – wait for it – they are asked to pay more to keep it out. “In general, just a third of those surveyed said they would pay up to \$10 a month for curbside pickup. The support dropped precipitously as the cost of the service rose. Once it’s over \$10 bucks a month about 90% were unwilling to pay anything more than that.” (Source: [VPR, 1/22/20](#))

**Climate Activists More Responsible for Disasters Than Climate Change:** “Before Australia, California, with climate and vegetation similar to much of Australia, was ravaged by wildfires for three years. Those, too, were blamed on climate change. Yet experts at last week’s National Council for Science and the Environment conference [downplayed](#) the role of climate change. [According to Scott Stephens](#), professor of fire science at the University of California, Berkeley, 20 to 25 percent of the wildfire damage resulted from climate change while ‘75 percent is the way we manage lands and develop our landscape.’” – [The Hill, 01/17/20](#)

**Liberal Logic: You Need Protection, but Leave Me Alone!** The left-wing site *Daily Kos* ran a funny/not funny article on California’s new law AB5 “protecting” workers from the “gig economy,” mandating that companies like Uber and Lyft treat freelance workers as if they were employees. *Kos* think this is great – until it impacts people like themselves. You see, AB5 capped the number of submissions a freelance writer can submit to a single publication at 35 before that writer had to be treated as an actual employee of the publication. So, “It means that we at Daily Kos had to make drastic

changes to our own ways of featuring a wide range of voices, because it's both economically unfeasible and operationally nonsensical to have occasional weekly voices as employees. It literally limits the voices that can be featured in the media landscape.... Not everyone *wants* or *needs* to be protected." True! But isn't that a decision best left to everybody – individuals who prefer the freedom of freelancing and employers who build a successful business models based on such freelance workers -- not just socialist-minded intellectuals carping away about how capitalism sucks. (Source: [Daily Kos, 1/10/20](#))

**Early View of Apocalypses:** "There are indeed gloomy & hypochondriac minds, inhabitants of diseased bodies, disgusted with the present, & despairing of the future; always counting that the worst will happen, because it may happen. To these I say, how much pain have cost us the evils which have never happened!" Thomas Jefferson to John Adams, 1816.

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## Book of the Month

### Global Warming Skepticism for Busy People

By Roy Spencier

SEPP, 12/1/19

Roy Spencer is the former Senior Scientist for Climate Studies at NASA's Marshall Space Flight Center, where he and Dr. John Christy received NASA's Exceptional Scientific Achievement Medal for their global temperature monitoring work with satellites. Spencer wrote an exceptional book on the issues between knowledge and speculation as applied to climate science. Well written and easy to understand, the book discusses basic components of the major issues. It presents evidence from both sides, emphasizing that the greenhouse effect is well established, but the positive feedbacks are not. The fear of CO<sub>2</sub> as promoted by the IPCC and others is attributed to the feedbacks. The book briefly discusses the benefits and costs of increasing CO<sub>2</sub>, with the costs lacking physical evidence, such as increasing sea level rise and ocean acidification. Spencer cites the observations by Charles Mackay used in the Quote of the Week. It fits the current era in climate science very well. He asks five big questions:

- 1) *"Is warming and associated climate change mostly human caused?"*
- 2) *"Is the human-caused portion of warming and associated climate change large enough to be damaging?"*
- 3) *"Do the climate models we use [to] proposed energy policies accurately predict climate change?"*
- 4) *"Would the proposed policy changes substantially reduce climate change and resulting damage?"*
- 5) *"Would the policy changes do more good than harm to humanity?"*

*"The answers to all five questions need to be 'yes' in order to make substantial changes to our energy policies beyond what free market forces dictate. Yet, it is not obvious to me that the answer to any of the five is 'yes.'"*

Among the many issues he raises are the accuracy of natural energy flows, which are not well known. Without compiling knowledge from measurements, not calculations used in unvalidated models, we cannot establish that the warming from a doubling of CO<sub>2</sub> will be different than a modest 1.2 ° C, far less than claimed by the IPCC.

TWTW Comment: This estimate is consistent with estimates by William Happer, van Wijngaarden, and others. To achieve a doubling of CO<sub>2</sub> from the current level of slightly over 400 parts per million (ppm) would require burning more fossil fuels than are known to exist in the world. Furthermore, it is doubtful that even this would be sufficient to prevent an inevitable future ice age, a true killer climate.

Spencer points out that just because a research paper assumes the cause of warming is CO<sub>2</sub>, it is not necessarily true, then states:

*“Why don’t more papers tackle the thorny issue of determining how much warming is natural versus anthropogenic? For at least three reasons:*

- 1) We cannot separate human from natural causes of warming (there are no human fingerprints).*
- 2) We have only a poor understanding of natural causes of climate change.*
- 3) We cannot compute how strong human-caused warming is from first physical principles (the climate sensitivity problem, discussed later).*

Chapter 13; Why is Warming not Progressing as Predicted? addresses the big problem of IPCC’s reliance on climate models in its policies.

*“Climate models [in use today] probably over-predict warming because they[the models] produce too much positive feedback, which is necessary for high climate sensitivity. The small amount of direct warming from a doubling of CO<sub>2</sub> (a little over 1 deg C) is magnified by about a factor of three in climate models due to warming-induced changes in clouds and water vapor, while the [actual] observations suggest there is little magnification at all.*

*“The positive feedback processes contained in climate models are very uncertain, yet are responsible for most (about 2/3) of the warming the models produce.*

*While the models are indeed mostly made up of fundamental physical principles that are pretty well established, it is these few poorly known feedback processes that determine how serious the global warming problem will be. Out of hundreds of thousands of lines of computer code making up the models, it could be that only a few lines of code representing very uncertain assumptions about the climate system are mainly responsible for producing too much [predicted] warming.*

*“This is why I call the climate research community’s defense of the current climate models as ‘bait and switch’. The well-understood basic physical principles the models are built on produce only about 1 deg. C of warming in response to 2Xco<sub>2</sub>, [a doubling of CO<sub>2</sub>] while the additional 2 deg. C of warming they produce from positive feedbacks is very speculative. They sell you on the well understood physics supporting the 1 deg. C of direct warming, but then switch to the full 3 degrees of warming the models produce as*

*similarly reliable.*

*“How clouds might change with warming (cloud feedback) is particularly uncertain, a fact that is admitted by modelers. The climate models cannot include the actual physics of cloud formation and dissipation because computers are not nearly fast enough to be run with the fine detail contained in clouds. In fact, we don’t even understand some of the microphysical details of what happens in clouds, preventing us from modelling them even if computers were fast enough.”*

According to Spencer the models have clouds forming at a humidity as low as 85% but in reality, they require a relative humidity of 100%. This is but one of many issues with the efforts to model the climate. To depend on the results of such modeling in establishing energy policy is absurd.

There are a number of good books on the weaknesses of climate science proclaimed by the IPCC and its followers. This is one of the finest.

- Review by John McClaughry, vice president of the Ethan Allen Institute

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## The Final Word

### **February Survey: Global Warming Solutions Act**

Do you support or oppose the proposed Global Warming Solutions Act, which would make Vermont taxpayers legally liable in court for failing to reduce greenhouse gas emissions from 13% above 1990 levels (latest number from 2016) to 25% below 1990 levels by 2025, to 80% below by 2050?

- I support the Global Warming Solutions Act
- I oppose the Global Warming Solutions Act

<https://www.surveymonkey.com/r/GWSA>

### **January Survey Results: TCI Carbon Tax**

Do you support or oppose Vermont’s participation in the Transportation Climate Initiative (TCI), which would add a 17 cent per gallon tax to gasoline and diesel fuel?

- I support the TCI carbon tax. 1.58% (5)
- I oppose the TCI carbon tax. 98.42% (312)

