

Ethan Allen Institute

Newsletter – March 2020 (Printer Edition)

Top Story: Join us for the 27th Annual EAI Jefferson Day Dinner with Art Woolf as Keynote Speaker.

EAI's 27th annual Jefferson Day dinner will feature popular Vermont economist Dr. Art Woolf, recently retired professor from UVM. Art, who served as a director of EAI for a decade, is the authority on Vermont's demography and future prospects, which Gov. Scott describes as a crisis. He'll speak at our dinner on Tuesday, April 21 on "Settling Mr. Jefferson's Republic, and Resettling Ours". The dinner will be held at Trader Duke's (formerly the Doubletree, now known as Delta Hotel by Marriott, 1117 Williston Road, South Burlington, just east of Exit 14 of I 89). Social hour and cash bar will take place from 5:30 to 6:30 pm, followed by dinner and Art's talk. Admission is \$50. To make your reservations, send your check to EAI at 4836 Kirby Mountain Rd., Concord VT 05824; or reserve at eai@ethanallen.org or call 802-695-1448, and pay at the door.



Commentary:

Act 250 and the Perfect Climate Conscious State

By John McClaughry

In January 2019 the commission to review and update Act 250 presented a well written report. Its recommendations are now the subject of 94-page bill (H.926) to dramatically reshape the state's land use and development act.

On the plus side, in light of its 50 years in force, Act 250 was certainly due, or overdue, for thorough reconsideration. This is especially true since the bill that became Act 250 was thrown together over one desperate weekend, to "put the brakes on land development". I know, because I was an active participant in that process in the House and voted for it.

On the minus side, a brief trip through the report and bill show that the six legislators on the commission were pretty clearly chosen to bestow every imaginable policy victory upon the Vermont Natural Resources Council, the organization that has battled for stronger regulation over Vermonters' use of land ever since the Act passed.

Back then, to its acute dismay, VNRC lost its battle to enshrine “social property” in place of “freehold property”, and it gnashed its organizational teeth as the third and feeblest State Land Use Plan finally perished in the Senate in 1976. But now, with a liberal legislature eager to reward its every desire, VNRC’s fortunes have revived.

Much of the “reform” bill involves complicated legal and procedural questions, some with good arguments on both sides. Here are just eight of its key features.

First, this is now a bill to protect us from the Menace of Climate Change. It recites the previously enacted (2013) climate change mantra - and of course declares CO2 emissions to be not plant food, but climate-wrecking “air pollution”. An applicant must show that his or her development would not release an “undue” amount of it, which in the view of certain regulators could often mean “none”. The report even offers the specter of desperate “climate refugees” driven to Vermont “as Northeast coastal populations are increasingly impacted by rising sea levels.”

Second, the regulatory power will now be lodged in a three-member “Natural Resources Board”, appointed like Superior Judges to serve like PUC members. The Super Board members must have expertise in “environmental science, natural resources law and policy, land use planning, community planning, environmental justice, or racial equity” and must also reflect “the racial, ethnic, gender, and geographical diversity of the State.” The nine District Environmental Commissions will survive, barely, but will act only on minor applications and supervise compliance with permits.

Third, the VNRC gets its yearned-for regulation to protect “forest blocks” from “fragmentation”. This means no more development in rural areas where wandering wildlife might be deterred from crossing from one forest block to another. One may be forgiven for suspecting that this is motivated more by the urge to keep people’s homes from despoiling the arcadian landscape than solicitude for the wildlife.

Fourth, and similarly, the costly burden of struggling through the permit process will be eased in designated downtown centers where future residents are expected to cluster.

Fifth, the range of regulatory interest now extends to the development’s surrounding the “ecosystem”. Since everything in an ecosystem is linked to everything else, the applicant’s burden of proving no undue adverse impact will become ever more demanding.

Sixth, Act 250 now gives regulatory scrutiny to development that might adversely impact nearby public investment, like highways, airports, and sewage plants. That’s fair enough, but now public “investment” will include private rural property on which the Housing and Conservation Board has a no-development easement.

Seventh, after a last minute shakedown the sponsors of the bill agreed to require permit applicants to guarantee “environmental justice”. That is defined to mean “the right to equal environmental protection under the law and the right to live, work and play in communities that are safe, healthy and free of life threatening conditions.” The bill does not deal with whether the groups who believe they might be denied this newly-declared right to “environmental justice” can sue to block a development that doesn’t give them enough of it.

Finally, the bill fails to put an end to regulation by planning commission. At least three times the Supreme Court has curbed local enthusiasm for regulating developments by vague goals of a town plan. Zoning, adopted by a vote of the town, is regulatory law. Town plans are not regulatory, but aspirational. The bill gives the Super Board the power to control local and regional plans and, unconscionably, keep on using them to regulate.

In sum, the “New Act 250” is a concerted effort to make Vermont into the Perfect Little Climate-Conscious State, erecting ever greater barriers to development, and ruled from Montpelier, from whence the Super Board can best perceive the Greater Good.

- John McClaughry is vice president of the Ethan Allen Institute

Commentary: The Legislature’s Unhealthy Obsession with Greenhouse Gas Emissions

By Rob Roper

We all want clean hands, especially during this cold and flu season, but we don’t want to be obsessive/compulsive about washing to the point where our skin becomes cracked and bloody. We don’t want to become obese, but neither do we want concern for our weight to develop into an eating disorder such as anorexia. We all want a healthy planet, and we want our government to play an important role in protecting our environment, but what’s happening in the Vermont legislature today has crossed the line into what amounts to an obsessive, dangerous, and unhealthy disorder.

The Mayo Clinic’s page on anorexia describes the disease as “an intense fear of gaining weight and a distorted perception of weight. People with anorexia place a high value on controlling their weight and shape, using extreme efforts that tend to significantly interfere with their lives... No matter how much weight is lost, the person continues to fear weight gain. Anorexia isn’t really about food. It’s an extremely unhealthy and sometimes life-threatening way to try to cope with emotional problems. When you have anorexia, you often equate thinness with self-worth. Anorexia... can take over your life....”

Now re-read that paragraph and replace the words “anorexia” with “climate anxiety,” “weight” with “greenhouse gas emissions,” and “food/thinness” with “climate change.”

This sounds like a lot of our legislators as well as many of the activists parading through the committee rooms testifying on environmental policy. Climate change – specifically greenhouse gas reduction – has taken over the life of the State House.

Vermont is already spending over \$200 million a year on programs aimed at greenhouse gas reduction (weatherization, renewable energy subsidies, electric vehicle subsidies and infrastructure, other clean transportation initiatives, etc.) This is twice what we spend to pave our roads (\$104 million), five and a half times what we spend on clean water (\$35 million), and eight times what we spend to support higher education (\$25 million). Despite this, a majority of legislators want Vermont to join the Transportation Climate Initiative (TCI), a regional carbon tax on gas and diesel that would cost Vermont drivers up to another \$90 million a year. This isn’t a healthy balance.

Extreme efforts that interfere with our lives? One hundred five house members just voted for the Global Warming Solutions Act (GWSA), which mandates that Vermont shed greenhouse gas emissions 50% below 1990 levels by 2030 and 80% by 2050. The law would subvert the democratic process of lawmaking via elected representatives and empower bureaucrats at the Agency of Natural Resources to make and enforce whatever rules are necessary to meet the mandates, regardless of their impact other areas of our lives and economy. What rules? We don’t know.

GWSA is another case of having to pass the law to bill out what's in it. But some possibilities include banning ATVs and snow machines, banning backyard barbeques, wood stoves and fireplaces, banning rider mowers and gas powered leaf and snow-blowers. They could prohibit you from cutting trees on your own property or mandate that you retrofit your home to new environmental standards before you're allowed sell it. Whatever it takes to shed those CO2 numbers. How much would this cost? They don't know that either and they don't care. But it will be an astounding number.

No matter how much, it's never enough? As Tom Evslin recently pointed out in his excellent analysis, [Vermont Is Already Carbon Neutral](#), "Vermont's forests may already be taking more greenhouse gasses (GHGs) out of the atmosphere than all our cars, trucks, furnaces, generators, cows, etc. are emitting." Vermont is doing its part. We are at a healthy weight. But when these folks look in the mirror, all they see is fat.

Self-Worth? It's obvious that the people driving this effort have cast themselves in the role of heroes saving the planet. Their sense of self and self-esteem is wrapped up in this one issue. They don't care about anything else, such as their constituents' ability to afford gasoline and heating fuel, or the state's economic stagnation, or the unaffordability or availability of housing. Rep. Bob Hooper (D-Burlington) said on the floor of the house in explaining his support for the Global Warming Solutions Act that his constituents were "afterthoughts" in the climate change debate. That's not a healthy or normal attitude regarding people whose interests you're supposed to represent.

Our state government has many issues it needs to address: a \$4.5 billion public pension liability, an education funding system that is out of control, a demographic crisis driven in large part by high cost of living just to name a few. Yet, when she became Speaker of the House, Mitzi Johnson (D-Grand Isle) said, "I'm asking every committee in the House to work on some piece of legislation within your jurisdiction that lessens Vermont's dependence on fossil fuels, reduces our carbon footprint..." That's not a healthy balance, that's an unhealthy obsession. It's time for an intervention.

- Rob Roper is president of the Ethan Allen Institute.

Events

April 21. EAI's 27th annual Jefferson Day dinner will feature popular Vermont economist Dr. Art Woolf speaking on "Settling Mr. Jefferson's Republic, and Resettling Ours". The dinner will be held at Trader Duke's (formerly the Doubletree, now known as Delta Hotel by Marriott, 1117 Williston Road, South Burlington, just east of Exit 14 of I 89). Social hour and cash bar will take place from 5:30 to 6:30 pm, followed by dinner and Art's talk. Admission is \$50. To make your reservations, send your check to EAI at 4836 Kirby Mountain Rd., Concord VT 05824; or reserve at cai@ethanallen.org or call 802-695-1448, and pay at the door.

To Schedule an EAI presentation in your community, please email rob@ethanallen.org.

News & Views

Vermont's Bad Economic Policies Can Be Seen from England. The world renowned, British-based publication The Economist recently took notice of little ol' Vermont. Not in a good way. They noted in an article titled "[As Wages Grow Across America, One State Is Left Behind](#)" just how negatively Vermont's progressive policies have impacted our people. "On both a per-hour and per-week basis, Vermont has seen the weakest wage growth of any state in the past decade, despite a rapid rise in the minimum wage and low unemployment. Real wages remain lower than they were when the last recession ended. What has Vermont got wrong that much of the rest of America has got right? Weak earnings growth is in part the product of a relatively weak economy. In the past decade Vermont's gdp has grown at two-thirds the rate of America's. Critics point to a mountain of red tape and regulation. The state comes close to the bottom of various indices of "economic freedom" produced by libertarian think-tanks. These may be rough and ready but, when it comes to the regulation of land, small-government types may have a point." Our legislative leaders often puff up their chests and tell us that the rest of the world is watching to see what Vermont does. They're watching alright!

VT Businesses Express Concerns in Survey. "The top three concerns for businesses around the state this year are the lack of qualified employees, the high cost of health insurance and Vermont's high taxes, according to recent survey results. The same concerns topped a problem list in 2016 when Davis & Hodgdon Associates CPAs conducted its first statewide economic survey. Other issues of concern include high property taxes, internet security issues, "over-regulation" and an increase to the state's minimum wage." [Rutland Herald, 2/13/20](#)

Renewable Sticker Shock. "Officials from Vermont Electric Power Company, which manages the state's electric power distribution, estimated it could cost \$900 million to upgrade the grid with enough battery storage to handle the jump to 20 percent renewables.... The cool reception could signal trouble for S.267, one of the signature climate bills of the session. Environmental groups favor the move to reduce greenhouse gas emissions. Green Mountain Power officials testified the requirement could lead to a 4 percent increase in rates. Statewide, the increase could cost utilities — and therefore ratepayers — up to an additional \$53 million, according to Ed McNamara, planning director for the Department of Public Service." [Seven Days, 2/19/20](#)

Shade on Solar. "Vermont lost 43 [solar] jobs last year, but still has 1,186 employed in the industry, which is 34th highest among all states. However, solar jobs within Vermont declined for the third year in a row, for a net loss of 581 jobs or a 33% decline since 2016. Job numbers are now below 2014 and 2015 totals." [VBM, 2/20/20](#).

Green New Deal Gold Mine. When the carbon tax failed, the climate warriors came up with yet another plan to amass a war chest for their futile climate war. S.237 would fund a Green New Deal. It would levy a tax surcharge of 1.6 - 1.75% on the top 5% of Vermont taxpayers who are collectively enjoying windfall savings of \$237 million a year as a result of the Trump tax cuts. Sponsor Sen. Anthony Pollina estimates this would raise about \$30 million per year for each of the next five years. And we can spend it on all kinds of neat stuff!

Say Good-bye to Property Rights. Proposition 9 would enshrine in the Vermont Constitution the “right to clean air and water and the preservation of the natural, scenic, and cultural values of the environment. The State of Vermont’s natural resources are the common property of all the people. The State shall conserve and maintain the natural resources of Vermont for the benefit of all people.” What would this mean for your trees, your well, your pond, your soil, granite, slate, mineral rights...? Ask an activist judge!

Retirement System Update. Two years ago, the two state-managed retirement systems, including health care benefits for retirees, had a total unfunded liability of \$4.5 billion. After two more years of being concerned about this, the total is now \$4.638 billion.

Teachers’ Union Says No to OneCare. “The Vermont teachers union won’t join OneCare Vermont this year, citing questions about how participating in the state’s accountable care organization will affect members’ health insurance. The board in charge of administering health insurance for the Vermont National Education Association voted last month to postpone its decision to join OneCare, which is implementing Vermont’s health care reform efforts.” [VT Digger, 2/9/20](#)

More OneCare Failure. “Preliminary results show that OneCare Vermont spent \$12.4 million more than expected on Medicaid patients last year. Those numbers, which extend through September 2019, have yet to be finalized. But if they remain constant, it marks the first time that OneCare would need the state to pick up part of the tab.” [VT Digger, 2/23/20](#)

Suspicion Confirmed. From veteran health care consultant and single payer enthusiast Hamilton Davis: “I have very little confidence in that process [legislative health care “reform” efforts] , partly because after watching it for the last eight years I have seen no evidence that the Legislature understands health care at all.” (A Vermont Journal, 2/6/20)

US Leads in CO2 emissions reduction. On February 11 the International Energy Agency announced that the U.S. led the world in 2019 for “the largest decline in energy-related CO2 emissions.” The IEA’s report further noted that “US emissions are now down almost 1 Gt [gross tonnage] from their peak in the year 2000, the largest absolute decline by any country over that period.” The U.S. has not only continued its trend of decreasing CO2 emissions but has increased the rate of the decrease. The primary cause for this precipitous decline is not more government regulation. It’s due to fracked natural gas replacing coal in power plants. - Tom Gallatin (PP 2/15/20).

Get Yours Now. “Tesla will start delivery of its all-wheel-drive Model Y, a small SUV. The long-range version, 322 miles, required in Vermont, would cost \$48,990, plus destination & docs \$1200, sales tax \$3000, wall mounted charger \$2,500, a total of about \$56,000. If you order right now, you will get your Tesla Model Y in about 1 to 1.5 years.” – Willem Post blog 021720

Bad Poetry Replaces Science. “Students from the Vermont Youth Lobby read a Valentine’s Day “love letter to the earth” in an effort to compel legislative action on

climate change. Students held up valentines that read “I love you, not CO2...” What do they think causes plant growth? (VtDigger 2/15/20).

Heat Pump Fail. “On average, an air source heat pump displaces only 38% of space heating. The other 62% still has to come from traditional systems. The net effect is increased costs/y to owners to save just a little of CO2 per year. – Willem Post at <http://www.windtaskforce.org/profiles/blogs/cost-savings-of-air-source-heat-pumps-are-negative-in-vermont>

The Sanders Program. “The bulk of Bernie’s speech [on democratic socialism] recites his familiar list of outrages – the greedy rich pillaging the struggling poor, Wall Street bank bailouts, billionaires corrupting politics, high youth unemployment, unpayable student debt, too many people incarcerated, no Medicare for All, and of course “climate change” raging on unabated. The correction of these outrages constitutes his democratic socialist program.” – John McClaughry (EAI column, 12/8/15)

Book of the Month

Boomerang: Travels in the New Third World
By Michael Lewis

Boomerang: Travels in the New Third World is one-part travel journal, one part financial lesson and one part ‘warning to the world.’ Author Michael Lewis has made a career out of finding the personal stories behind seismic events in such multifaceted worlds as the stock market, politics and baseball. Whereas some authors do a commendable job telling you how a major world phenomenon happened, Lewis puts on his detective hat and goes out to find the people behind the scenes of the event. Boomerang uses the personal story methodology of Lewis’ other books, and succeeds as well, if not better than any of them.

Lewis delves into the financial upheaval around Iceland, Greece, Ireland, Germany and yes, California, one of the world’s largest economies. Iceland has a population that is half the size of Vermont: 300,000. Before the 1970’s, Iceland specialized in fishing and smelting aluminum. Thousands of fishermen spent years making poverty wages, the government assigned a quota to how much fish could be caught. This turned fishing into a profitable enterprise for the most skilled fishermen, but it left a huge swath of the population with no work. So, they started investment banking, which looked to be the quickest way to go from rags to riches. Icelanders bought short term capital from across the world, especially the US. They traded huge amounts of short term foreign capital to each other, inflating the prices ever higher. By 2007, Iceland owned 50 times more foreign assets than in 2002. When the day of reckoning came in 2008, Iceland was hit even harder than the US and was declared bankrupt.

Despite the vastly different cultures within each of the 5 countries (if we count California as a country), they all overextended themselves in some distinct way that humbled them in the 2008 crash. Greece’s nepotism, encouraged by its society of concentric circles family and extended family. Irish folk loved Ireland so much that, when offered a pile of cheap, foreign money, they decided to buy parts of Ireland from each other at ever increasing prices. Aside from the educational value behind these

stories, Lewis provides just enough detail to keep the reader engaged while also offering dozens of anecdotes to keep us entertained.

About three-fourths into the book, it was easy to marvel at how stupid people could be. And since most of them are from different cultures, it was also easy to gain a sense of American superiority. But Lewis' explanation for much of that behavior extends far beyond any supposed fault in a distant culture far away. Consider this quote: "the richest society the world has ever seen has grown rich by devising better and better ways to give people what they want. The effect on the brain of lots of instant gratification is something like the effect on the right hand of cutting off the left: the more the lizard core is used the more dominant it becomes. "What we're doing is minimizing the use of the part of the brain that lizards don't have," says Whybrow. "We've created physiological dysfunction. We have lost the ability to self-regulate, at all levels of the society."

This idea of "self-regulation" is parallel to our Founders' idea of "self-government." Defined simply, self-government is the idea that people have the right, duty, and ability to govern themselves. An informed America, able to engage in respectful conversation, while protecting the rights of those in the minority, is the most virtuous kind of America. And a wealthy society gives us the most resources to practice the virtues necessary for preserving our civil architecture.

But a free society of great wealth also gives brings temptation for abandoning our fellow Americans in pursuit of short term gains, be they wealth of power. While this corrupted form of capitalism is still infinitely more ethical than socialism, it is far easier for socialists to challenge this form of capitalism in the court of public opinion. Lewis' book is a poignant reminder that a free society is only possible when there is some minimum level of virtue that ensures we treat our opponents with at least a bare minimum of respect. When that leaves us, and a fiscal disaster comes, there is very little left for us to hold on to.

- Review by David Flemming, Policy Analyst for the Ethan Allen Institute

The Final Word

March Survey: Act 250 Reform

Do you think the proposed changes to Act 250 will make Vermont's land use regulation law better (more streamline and predictable) or worse (more complicated, costly, and unpredictable) for those seeking permits?

- Better.
- Worse.
- I am not aware of the proposed changes.

Take the survey: <https://www.surveymonkey.com/r/SMHQFTK>

February Survey Results: Global Warming Solutions Act

Do you support or oppose the proposed Global Warming Solutions Act, which would make Vermont taxpayers legally libel in court for failing 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 1.04% (1)
- I oppose the Global Warming Solutions Act. 98.06 (95)