



# The Ethan Allen Letter

IDEAS FOR VERMONT'S FUTURE

*A Monthly Publication of The Ethan Allen Institute*

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## The Collapse of the “Global Warming” Scam

### COMMENTARY

Ever since Prof. James Hansen's 1988 testimony before a Senate committee featuring Al Gore, Americans have been treated to a steady drumbeat of alarm over the Menace of Global Warming.

Hansen, Gore, and a host of enviro organizations have proclaimed that human addiction to carbon combustion is causing global temperatures to rise alarmingly, and that governments must take unprecedented and desperate measures to reduce emissions.

The alarmists' central argument was, and is, that a doubling of the present atmospheric concentration of CO<sub>2</sub> will produce global temperature increases of as much as 8.6 degrees C by the end of this century. This would produce unimaginable catastrophes: droughts, flood, hurricanes, drowned coastal cities, plague, species extinction, and more.

Skeptics noted that the Medieval Warm Period (900-1200) brought better weather, improved nutrition, and a wonderful flowering of civilization. More atmospheric CO<sub>2</sub> would spur plant growth, and warmer winters would help New Englanders by lengthening their growing seasons, reducing their heating bills, making their travels easier and safer, and disadvantaging the competing ski areas further south.

The warming zealots scorned such observations. Their technique was to spend billions of taxpayer dollars on computerized climate models. The scientists who controlled both the models and the input data churned out scary scenarios aimed at terrifying politicians into approving the taxes, rationing, subsidies and penalties needed to curb greenhouse gas production worldwide.

The fact that the models failed to reproduce the known temperature record of the past century gave them no pause whatever. The charlatans simply invented unobservable climatic effects that magically led to the positive feedback that assured the approach of Al Gore's Heat Death.

The United Nation's climate body, the IPCC, issued periodic reports attributed to “over 2,000 climate scientists”, but actually produced by a very small number sucking up millions in research dollars, plus the ever-present political flacks who actually crafted the “summary for policymakers”.

In 2007 Al Gore received a Nobel Peace Prize for his films and lectures that were so bad that a British court held that they could not be shown to schoolchildren without correction of the nine glaring scientific errors contained therein. Gore shared the prize with the IPCC itself.

All the while the warmists were conspiring to deride any scientist who failed to buy into the warming hysteria. They denied them space in scientific journals, kept them off of conference agendas, and shouted “the science is settled” whenever skeptics raised an objection.

But the Earth refused to cooperate. Since the El Nino temperature spike of 1998, the computer predicted global warming failed to appear. Just as the critics had said all along, the

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**Important News:** Your renewals are rolling in – and are very much appreciated. If you haven't yet sent your contribution for 2010, please do so this month – and don't forget, gift memberships are only \$30.

## The Ethan Allen Letter

The Ethan Allen Institute is an independent, non-profit, nonpartisan public policy research and educational organization, incorporated in 1993 under Vermont law.

The Institute sponsors and conducts research on important public policy questions facing the people of Vermont, and makes its findings and recommendations known through various channels to the general public, the news media, and civic leaders at all levels.

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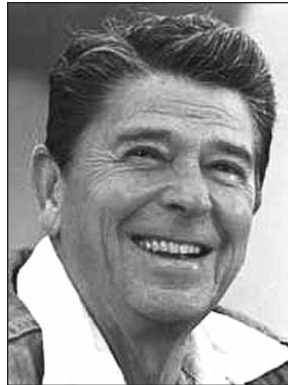
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# NEW YEAR'S MESSAGE



## Government and Freedom

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“In the present crisis, government is not the solution to the problem – government is the problem...It is no coincidence that our present troubles parallel and are proportionate to the intervention and intrusion in our lives that result from unnecessary and excessive growth of government.” (January 20, 1981.)

“If you lose your economic freedom, you lose your political freedom and, in fact, all freedom. Freedom is something that cannot be passed on genetically. It is never more than one generation away from extinction. Every generation has to learn how to protect and defend it.” (November 11, 1977.)

“We must remove government’s smothering hand from where it does harm; we must seek to revitalize the proper functions of government. But we do these things to set loose again the energy and the ingenuity of the American people. We do these things to reinvigorate those social and economic institutions, which serve as a buffer and a bridge between the individual and the state – and which remain the real source of our progress as a people.” (March 20, 1981.)

“Balance the budget by bringing to heel a federal establishment which has taken too much power from the states, too much liberty with the Constitution, and too much money from the people.” (July 19, 1982.)

“It is time we realized that socialism can come without overt seizure of property, or nationalization of private business. It matters little that you hold title to your property or business if government can dictate policy and procedure and holds life or death power over your business.” (October 27, 1964.)

– RONALD REAGAN (1911-2004)

# Single Payer Health Care

For the benefit of politicians addressing bills to create “single payer health care” or its more recent descriptor “universal coverage”, here’s a brief refresher:

“Single payer” means that all payments to medical providers for covered health care services (other than nominal co-payments by patients) are made by **one single payer**.

That single payer is a **government** or government-contracted entity.

The funds required by that entity to make payments for services come from broad based **taxes**.

Single payer is **universal**: every person in the society is included in the system.

The government determines which “essential” medical services will be covered for which patients, how intensively and for how long they will be provided, and how much the providers will be reimbursed for providing those services.

The government prohibits any private health insurance coverage with respect to medical care covered by the single payer plan.

Providers serving patients in the single payer system are not allowed to provide covered services to covered patients privately, or to receive payment by any means other than through the single payer system.

Single payer systems rely upon a **global budget to “control costs”**. The global budget attempts to match expenditures and revenues by directing providers to **ration health care** through denial and postponement of services, and by reducing government reimbursement to health care providers.

The leading example of a single payer system is the health care system in each Canadian province, operating under the authority of the **Canada** Health Act of 1984. The providers are nominally “private”, but all of the providers’ income for covered services must come from the tax-financed government system.

The single payer proposals in Vermont in 2010 are S. 88 (Sen. Flanagan et al) and H.100 (Rep. Obuchowski et al).

*Brought to you by the Ethan Allen Institute, 2010.*

# Charting a Path Away from Insolvency

## COMMENTARY

Coming next week to a statehouse near you: perhaps the most critical legislative session in Vermont's modern history.

Over the past 50 years our state government has expanded into a gigantic money-eating machine. That machine sucks in taxpayer dollars and spews out benefits – minus the usual government handling charge. This makes lots of people happy, so long as the revenues keep on rolling in.

Vermont legislatures have spent our state into the top tier of big government states – with very high per pupil public education costs, subsidized middle class health insurance coverage, generous welfare entitlements and unemployment compensation, and all sorts of human service programs.

These benefit programs reflect the values of a decent and compassionate society. No one wants to see our children, our poor, our elderly, and our unemployed abandoned to fend for themselves. But now the revenues have ceased to roll in. The state's revenues have shrunk back to the 2004 level. We can't pay for all these goodies anymore.

This stark realization inevitably triggers a game called budget whack-a-mole. The defenders of every government spending program rally to keep their goodies coming. State government managers are directed to leave positions unfilled and eventually to lay off employees (without, of course, reducing the agency workload). The spending beneficiaries urgently propose ever-higher tax rates, ever more things to tax, and new mandates that private employers are expected to pay for.

Vermont state government has now been in that mode for nearly two years.

There has been some flattening of the spending curve, but no real structural change.

In 2008 the legislature created a Joint Legislative Government Accountability Committee to make state government “more forward thinking, strategic and responsive to the long term needs of Vermonters.” The law charged the Committee with exploring prioritization, efficiency, and performance measurement.

At the Committee's December 14 meeting it was apparent that members, from which nothing threatening was expected, had awakened to the gravity of the situation.

Sen. Diane Snelling, the incoming chair, offered this startling observation: “We need new solutions because the old ones don't work – we may need to turn the whole thing upside down. We need to find a less bureaucratic model.”

Rep. Michael Obuchowski, a highly respected 37-year veteran and a lifelong liberal Democrat, said, “Crisis can bring opportunity. We need to change the way government does things.”

Now we're getting somewhere.

Here are three issues that need to be on the legislative menu – now.

The first is the need for a new consensus about what government should do for the people, and what the people should be expected to take care of themselves. Democratic Gov. Gary Locke of Washington led a multiyear process to achieve a consensus on what the core functions of government ought to be. That's a useful example.

Then comes the performance review, developed to national acclaim by another Democrat, Texas Controller John Sharp. Performance review is a careful study by knowledgeable and disinterested people of what state government has agreed to do, how it does it, and how what the people want done can be done better and more efficiently. The goal is to balance over the long term the cost of state government's programs and the revenue from taxpayers,

without raising taxes that would kill future economic growth.

Launching a performance review under the fierce and immediate pressure of huge looming deficits is admittedly challenging. But it must be done, to prevent the state government from stumbling haphazardly on through the recurring cycle of politically-driven program expansion, increased spending, revenue shortfalls, budget reductions, bottoming out, and then expanding all over again until the next recession.

A third component would be a reexamination of the structure and finances of government itself, from state government to cities and towns, school districts, villages, special districts, and the like. Democratic Sen. Jeannette White, a member of the Committee, strongly believes that this is long overdue. She will propose a bill to recreate the Advisory Committee on Intergovernmental Relations, that lapsed during the Kunin era, and direct it to consider sweeping governmental reorganization.

If the Democratic majority in Montpelier needs inspiration, it needs to look no further than President Obama. In naming his director of the Office of Management and Budget two years ago, the President-elect said: “In these challenging times, when we are facing both rising deficits and a sinking economy, budget reform is not an option. It is an imperative.”

“We cannot sustain a system that bleeds billions of taxpayer dollars on programs that have outlived their usefulness, or exist solely because of the power of politicians, lobbyists, or interest groups. We simply cannot afford it... This isn't about big government or small government. It's about building a smarter government that focuses on what works.”

Vermont ought to have begun this process seven years ago. There was no consensus for it then. In 2010, we're playing desperate catch up, and now the alternative is too grim to contemplate.

**Coming Event:** Vermont's Tea Party Patriots will gather at the State House Tuesday, January 5 to protest a government takeover of healthcare, the future cost of energy, and the prospect of tax increases to cope with the state budget crisis. The three speakers, respectively, are John McClaughry (EAI), Bill Sayre (EAI Director), and Tom Licata (VEH). An outdoors rally begins at noon, and the indoor program is in Room 11 at 1:00. For more information: [burlingtonteaparty@gmail.com](mailto:burlingtonteaparty@gmail.com).

**Coming Event:** The *Vermont Economic Newsletter* holds its 19th annual Vermont Economic Outlook Conference at the Sheraton Burlington on Friday, January 8: "After the Recession: What Is the New Normal?" For more information: [rheaps@vteconomy.com](mailto:rheaps@vteconomy.com), 879-7774.

**Coming Event:** The Vermont Campaign for Liberty will hold a public meeting on issues threatening

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our liberty, at the House Chamber in Montpelier on Saturday, January 9, 9-1 (members meeting to follow). For more information: [vtgadfly@comcast.net](mailto:vtgadfly@comcast.net).

**More on Solar PV Ripoff:** The Institute for Energy Research annually calculates the levelized costs for future energy production, based on current experience. Advanced nuclear: 90% capacity factor, 10.73 c/kwhr. Onshore wind: 35% capacity factor, 14.15 c/kwhr. Solar PV: 22% capacity factor, 39.57 c/kwhr. The numbers do not include the cost of tax credits or maintaining spinning reserve to cover load when the sun and wind suddenly give out.

**Historical Climate Item:** From the *St. Johnsbury Caledonian-Record* of December 30, 1854: "On Christmas Day 1794, ship *Betsey*,

190 tons, was launched in Salem. Thermometer 80 degrees at noon. Grease ran down on the ways, and men and boys indulged in swim-

ming." And this was during the Little Ice Age!

**Fighting Poverty:** "[New Hampshire] state policies are mostly not to interfere with entrepreneurial and business activity by keeping taxes and the regulatory burden low. Those are not just pro-business policies but are also pro-social welfare policies.

"They are policies that manifest themselves in desirable social outcomes for the people of New Hampshire, such as low poverty rates and high incomes." – *Vermont Economy Newsletter* (12/09).

**Consumer-driven Health Plans:** "Boosters of universal insurance typically take a dim view of consumer-driven health care, but the re-

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## Collapse of the "Global Warming" Scam

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climate models are billions of dollars worth of rubbish.

In mid-November unknown persons hacked into the files of the Climate Research Unit at the University of East Anglia, one of the leading research centers that the IPCC relied upon for its scary predictions. This brought to light over three thousand email messages among the most prominent scientists engaged in this scam.

In them the conspirators discussed how they falsified the models to "hide the decline" and preserve the threat of Al Gore's Heat Death. They discussed keeping dissenting science out of prestigious journals and, it turns out, reported that they had deleted some raw data used in their modeling before anybody used the Freedom of Information Act to review it.

Now scientists not in on this scam have begun to penetrate the data. In the leading instance, Darwin Zero from North Australia, they discovered that the CRU "adjusted" the data not just to allow for relocating weather stations, but by simply adding degrees to make cooling trends into warming trends. Wrote one Australian scientist, "they are indisputable evidence that the 'homogenized' data has been changed to fit someone's preconceptions about whether the earth is warming." There's a name for this: fraud.

And since the whole edifice of human-caused "global warming" (rechristened "climate change" when warming failed to appear) is erected upon essentially the same raw data, the discovery of the deliberate corruption of that data destroys the alleged scientific basis for anthropogenic

global warming. It also fatally undermines the political pressure for supranational controls over energy and economies so long urged by socialists and special interests of various stripes.

This is very bad news for the global warming crowd, from President Obama to Sen. Sanders, the big business Climate Action Group, Vermont Senate President Peter Shumlin, VPIRG, propagandist Bill McKibben, and the nuts in polar bear suits roaming the state house lawn.

But it's good news for the inhabitants of Planet Earth, who will now likely be spared a new world energy government promulgating economically destructive mandates, taxes and rationing on the world's struggling economy. Not a moment too soon.

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search is hard to ignore. The best way to get prevention and savings is to give individuals the power to take care of themselves.” – Peter Suderman (*Reason*, 12/09).

**Dubious Quote:** “Taxes make societies civil and humane.”- Richard Davis, VT Citizens Campaign for Health.

Perhaps up to a point – but right now tax increases don’t seem to be promoting much civility and humanity.

**Mandate Lawsuit Coming:** The Fund for Personal Liberty has announced that “it will challenge the constitutionality of any government mandate requiring individuals to purchase health insurance.” This is the same group that has been sponsoring the lawsuit against Medicare challenging the rule that anyone who refuses to accept Part A must sacrifice their Social Security benefits.

The Fund’s lead counsel Kent Masterson Brown said, “Any man-

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date to purchase health insurance is an invalid exercise of the powers granted to Congress by Article I, Section 8 of the Constitution of the United States. The Fund for Personal Liberty was created for the purpose of litigating for individuals’ health-care liberty and freedom, and it will promptly challenge the constitutionality of any mandate to purchase health insurance.” (CPR 203.)

**More Climate Corporate Welfare:** “The benefits achieved from trying to mitigate global warming will be swamped by the costs of distributing the corporate welfare used to buy the political acquiescence of various industries.” – Ron Bailey (*Reason*, 12/09).

**Why Stimulus Doesn’t:** “The stimulus failed chiefly because it was designed more to reward the president’s political allies than to fight the recession. But the stimulus failed also because stimulus funds

were used to preserve jobs that state and local governments could not longer afford be-

cause of falling tax revenues ... Government workers are not engaged in wealth creation, and their salaries must be paid by people in the private sector who are.” – Jack Kelly (TTP, 11/26/09).

**More Climate Fraud:** “Stephen McIntyre, who with fellow Canadian researcher Ross McKittrick exposed the [Michael Mann – IPCC] hockey-stick fraud, says the evidence from only one Siberian tree, known as YAD061, seemed to show a hockey stick pattern. If they look hard enough, the [UK] Climatic Research Center can probably find a tree that shows evidence of elves making cookies.” (IBD, 12/18/09.)

**Collapse of AGW Scam:** “The unraveling of the global-warming scam may well be the beginning of the end of radical environmentalism as the most promising means yet to

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## Better Value, Fewer Taxpayer Dollars

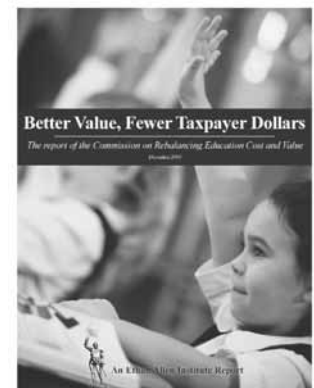
*The report of the Commission on Rebalancing Education Cost and Value*

December 2009

The report of the EAI-sponsored Commission on Rebalancing Education Cost and Value has now been distributed to over 500 Vermont legislators, media and opinion leaders. It’s the first-ever report to look for a way to get at least as good education as we have now (and probably better), with *fewer taxpayer dollars*.

The key concept is abandoning the long-held idea of an education “system” increasingly controlled by the state: Let empowered consumers (parents) choose the education they prefer for their children from a wide array of educational opportunities (many of them far less expensive than traditional public schools.).

Why not ask us for a hard copy that you can discuss with your school board members? You can also read the report online at [www.ethanallen.org/pdf/educationreport\\_2009/pdf](http://www.ethanallen.org/pdf/educationreport_2009/pdf)



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destroy the hated free enterprise system.” – Alexei Alexiev (Hudson Institute, 12/11/09).

**Remember This:** “Government performs some useful functions, but is by nature an economic parasite and cannot cause productive jobs to condense out of the vapors.” (*National Review*, 12/21/09.)

**And This:** “We can’t continue to spend as if deficits don’t have conse-

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quences, as if waste doesn’t matter, and as if the hard earned tax dollars of the American people can be treated like Monopoly money.” – a man apparently impersonating Barack Obama at the White House (12/21/09).

**Ten Threats to Your Liberty:** EAI VP John McClaughry delivered an updated version of his April Tea

Party talk on this topic at Bradford on September 16. It’s on the EAI website, but it’s also on the

Family Security Matters website at [http://www.familysecuritymatters.org/publications/id.4315/pub\\_detail.asp](http://www.familysecuritymatters.org/publications/id.4315/pub_detail.asp).

FSM is a valuable national organization concerned about many threats to our liberty and security. Sign up for their free daily email service (highly recommended – JMc).

## Public Policy Resources For Vermont Citizens

**Ethan Allen Institute** ..... <http://www.ethanallen.org>

Contains recent Institute commentaries and all special reports, brochures, Vermont Voters Report Cards from 1999 through 2008, and extensive links to other free market research organizations and Vermont political parties. The site lists the Institute’s directors and advisory council, and contains a biographical sketch of and reference works about Col. Ethan Allen.

**State of Vermont Home Page** ..... <http://vermont.gov>

Portal to all Vermont state agencies.

**Vermont Legislative Home Page** ..... <http://www.leg.state.vt.us>

All of the bills, calendars, journals, roll call votes and status reports of legislative actions since 1993.

**Vermont Transparency** ..... <http://www.vttransparency.org>

Comprehensive information about state government finances, links to school districts and towns, and “how to find” on many government issues (a project of EAI and the Public Assets Institute).

**True North** ..... <http://www.truenorthradio.com>

Commentary on Vermont, national and world issues associated with Paul Beaudry’s True North Radio program (WDEV, weekdays 11-noon, 550 AM, 96.1 FM), managed by Robert Maynard.

**Vermont Tiger** ..... <http://www.vermonttiger.com>

Premier Vermont public issues blog managed by Geoff Norman, featuring Art Woolf, John McClaughry, Hugh Kemper, Curt Hier, and others.

**Vermont Prosperity** ..... <http://www.vermontprosperity.org>

A project of the Vermont Chamber of Commerce, this site focuses on business issues and includes legislative voting records.

**Vermont Campaign for Liberty** ..... <http://www.vtcampaignforliberty.com>

Libertarian citizens’ movement to preserve our liberties.

**Vermont Tea Party Patriots** ..... <http://www.vermontteaparty.com>

Citizens’ movement to protest ever expanding government taxes and controls.



# The Ethan Allen Letter

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## January 2010

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*Brattleboro Reformer*

*December 11, 2009*

# Tax Crisis Ahead?

## MEDIA

... Education spending keeps growing despite falling enrollments. Vermont has an average student-teacher ratio of 12 students for every teacher, one of the lowest in the country and one factor in why Vermont’s students are among the top performers in the nation. But even though there are 10,000 fewer students in Vermont today than there were in 2000, school spending is projected to increase at about 2 percent a year for the next three years.

Add to that three other factors. It’s a virtual certainty that the General Fund – which is faced with a projected \$384 million cumulative deficit over the next three years – will be unable to resume making its annual contribution to the Education Fund at its customary level. There is also a projected operating deficit of \$19.3 million by fiscal 2012 for the Education Fund, and the state will need to come up with another \$20.5 million restore the Education Fund’s Stabilization Re-

serve in fiscal 2012 to its minimum statutory level of 3.5 percent. To pay for increased education spending and the shortfalls, it is estimated that net property taxes for fiscal 2012 will need to total \$997 million, or \$397 million from homestead taxes and \$600 million from non-homestead taxes.

Take all these numbers together, and the bottom line is that Vermonters will likely have to pay much more for an education system whose expenses keep rising even while enrollment keeps dropping. And, a decade after the passage of Act 60, the current cobbled together statewide property tax system is not working. And while student performance is high in Vermont, there are other states whose students perform as well, but spend substantially less on education.

... What constitutes an adequate education, and can we afford to keep paying more and more money to educate fewer and fewer children?