



# The Ethan Allen Letter

IDEAS FOR VERMONT'S FUTURE

*A Monthly Publication of The Ethan Allen Institute*

## INSIDE:

- Ten Hard Questions About Single Payer Health Care . . . . . 3
- Take Out the Trash . . . . . 4
- Energy Education Project Events . . . . . 5
- News & Views . . . 6

## The Coming Shumlin Green Police State

COMMENTARY

Gov. Peter Shumlin laid down a little-noticed but important policy marker in his inaugural address. After a highly questionable recitation of the alleged magnitude of environmental change, he went on to say: “While leaders across America, influenced by the extraordinary economic power of oil, coal, and automobile companies, equivocate about climate change. We must not. That our planet is warming at an alarming rate is undeniable.”

Whether or not a global average increase of one degree F over the next century – most of it at high altitudes and latitudes – is “alarming” is a matter of one’s sensitivity to very small changes. Clearly it alarms Gov. Shumlin, though, and he wants it to alarm us. Because once we are alarmed, we’ll be much more likely to buy into his ambitious agenda to make Vermont the world’s leader in reversing greenhouse gas emissions.

This, he appears to seriously believe, will bring renown to little Vermont (and its governor). It will make

this state a magnet for all sorts of green enterprises, which will locate here, import productive families with children, and provide a much-needed (by him) rationale for expanding our public school system to save the jobs of VT-NEA teachers with an average of 12 pupils in their classrooms.

So Vermonters will certainly hear again from the new Governor: The planet is racing toward Al Gore’s Heat Death! Desperate big-government “solutions” must be implemented! Here! Now!

That agenda, introduced and promoted by Sen. Shumlin in 2008, calls for an energy super-government, the “climate collaborative”, to “coordinate statewide activities on climate change and all related energy activities.”

This unprecedented nine-member public body would supervise a bewildering array of task forces and working groups to produce a host of reports advocating new regulations, controls, mandates, plans, rules, standards, taxes, and subsidies. Among them:

- Strict “smart growth” land use control strategies,
- Mandated universal registration of greenhouse gas emissions,

- A state-managed “cap and trade” scheme covering CO2 emissions
- Aggressive implementation of Act 200’s planning mandates,
- New Act 250 rules to impose “carbon neutrality” on developments,
- Doubling (heavily subsidized) passenger rail traffic by 2028,
- Getting single-occupancy vehicles off the highways,
- Steeply increased sales and use taxes and registration fees on low-mpg vehicles,
- Energy efficiency standards that homeowners must meet before selling their homes.

Add to this other Shumlin favorites – the thermal efficiency utility funded by new heating fuel taxes, subsidies to the makers and users of approved renewable energy, and mandates on the utilities to buy “renewable” electricity at four times the market price – and you have a detailed blueprint for the Extreme Green Police State.

Some might not agree, so the proposed collaborative would also develop an indoctrination program: a “public education and engagement framework to encourage behavior

See **The Liberal**, Page 5

# 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.

## BOARD OF DIRECTORS

Joseph Blanchette, Charlotte  
Catherine Clark, Burlington  
John Cueman, Dorset  
James F. Gatti, Waterbury  
Anne McClaughry, Kirby  
Jack McMullen, Burlington  
Frank Mazur, South Burlington  
William R. Sayre, Bristol  
Arthur Woolf, Westford

## ADVISORY COUNCIL

Mel Boynton MD	Bernier Mayo
Dr. Frank Bryan	John M. Mitchell
Marcia DeRosia	Rachel Siegel
J. Paul Giuliani	Bruce Shields
David Hale	Maj. Gen. Russell Todd
Robert W. Hardy Jr.	Roland Vautour
Norman Henry	Stephen Webster
Sheldon Katz	Brad Zuber
Dr. Richard Kuklis	

## MEMBERSHIP

The Ethan Allen Institute relies upon the generous support of its more than 600 members to support its work. Contributions to the Institute, a 501(c)(3) educational organization, are tax deductible to individuals, corporations, and foundations. The Institute neither solicits nor accepts funding from government sources.

Basic	\$50
Supporting	\$51-\$99
Sustaining	\$100-\$499
Sponsor	\$500-\$999
Patron	\$1,000-\$4,999
Benefactor	\$5,000 and above

Members receive the monthly Letter, invitations to all Institute events, periodic email news, and (on request) all publications. For a list of available publications or other information, please contact the Institute by phone, fax, mail, e-mail. Most publications can be downloaded from the web site.

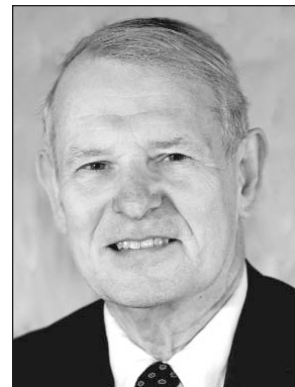
## ETHAN ALLEN INSTITUTE

4836 Kirby Mountain Road  
Concord, VT 05824

Phone: 802-695-1448 Fax: 802-695-1436  
E-mail: [eai@ethanallen.org](mailto:eai@ethanallen.org)  
Web page: <http://www.ethanallen.org>

# EDITOR'S MESSAGE

## Getting Into the Action



The 2011 Legislature is well on its way to making truly historic changes to Vermont.

Led by Gov. Shumlin, it will attempt to close a \$150 million General Fund budget gap. A likely focus is the annual transfer from the General Fund to the Education Fund. For failing to meet its Challenge for Change goals, the statutory General Fund transfer may be cut back, throwing the education spending burden on the residential property tax as punishment.

Led by Gov. Shumlin, the legislature is eagerly working to install the long-time Holy Grail of advanced liberalism, a single payer health care system, on the state (see page 3 – use it as a handout).

On its own, the legislature is working to concoct ever more costly renewable energy corporate welfare at the urging of their friends at VPIRG.

On its own, the legislature is studiously avoiding – so far – a vote to approve continuing Vermont Yankee in operation. Not having a vote means death to Vermont Yankee, another top VPIRG objective.

And that's just for starters. What can you do about it?

For information and inspiration, sign up for *True North Reports* at [www.truenorthreports.com](http://www.truenorthreports.com). Rob Roper, the radio host, provides analysis and commentary and Angela Chagnon does investigative reporting.

Frequent [www.vermonttiger.com](http://www.vermonttiger.com) to get good analysis and opinion from Geoff Norman, Emerson Lynn, Art Woolf, Tom Evslin, and others (including me).

Review Meredith Angwin's blog [www.yesvy.blogspot.com](http://www.yesvy.blogspot.com) for updates on the Vermont Yankee front.

Perhaps most important: get into some activist group – Tea Party, Campaign for Liberty, whatever – to build a backlash against this Big Government madness. Don't put it off.

EDITOR

## Have You Renewed Yet?

**Ethan Allen**  
**Ideas for Vermont's Future**  
**Institute**

If there's a response envelope tucked into this newsletter, you haven't! But it's not too late. (Whew!) Please use the envelope to send in your contribution for 2011 – and any ideas or suggestions you may have for issues to address, or bright "Ideas for Vermont's Future". Thanks for keeping the Institute in the action at this critical time.

# Ten Hard Questions About Single Payer Health Care

1. Government-run health care in Canada has led to long waiting lines, declining quality of care, maddening bureaucracies, shabby facilities, demoralized doctors and nurses, obsolete technology, province-mandated rationing, and ever-higher taxes. How will the proposed Vermont single payer system avoid these unhappy consequences?
2. The proposed single payer system would require tax revenues to replace \$3 billion in private out of pocket spending and premium costs. What effect would \$3 billion in new payroll taxes (at a total rate of 18.6 percent) have on our family budgets? On our businesses (even after subtracting their insurance premium costs)? On their ability to compete? On their capacity for job creation? On their willingness to stay in Vermont?
3. What happens when the state's "global budget" allocation runs out of tax dollars while people are still in need of essential care? Will they have to wait until the next fiscal year?
4. Under the present State-run Medicaid program doctors and hospitals are significantly underpaid. To survive, they shift the cost of the underpayment to private premium payers. When the single payer plan abolishes private premiums, why won't doctors and dentists be even more underpaid whenever the government runs short of tax dollars? Why will doctors and dentists want to come to or continue to practice in Vermont?
5. If Dartmouth-Hitchcock, Albany Medical Center and other out of state hospitals decline to accept Vermont patients at the reimbursement rates that the single payer system offers them, will Vermonters have to pay the difference out of pocket? Or buy additional private insurance to cover care provided in another state?
6. With the single payer global budget forces medical providers to ration or delay care, will aggrieved patients have any right to sue the state government for damages?
7. Will the single payer system take away the high-value insurance coverage enjoyed by teachers, state and municipal employees, and other organized workers? Or will this plan create a two-tiered system, with the taxpayers financing both the gold-plated health care benefits for government workers, and a poorer system for themselves?
8. How will the single payer system achieve its claimed efficiency benefits, when providers still have to bill Medicare, insurance carriers offering privately-paid supplementary coverage, the insurance plans of non-Vermonters, and perhaps carriers of high-value insurance for teachers and municipal employees?
9. Who will comprise the "independent board" created to make all key decisions about the proposed single payer system? How will this super government of powerful "stakeholders" be held accountable?
10. What will keep chronically sick people from flocking to Vermont to become "residents" to take advantage of our "free" health care? What would an influx of such individuals do to the quality of care and waiting lines here in Vermont, and to the already high tax burden on Vermont taxpayers?

*February 2011*



## *Ethan Allen Institute*

*Ideas for Vermont's Future*

4836 Kirby Mountain Road  
Concord, VT 05824

Voice 802-695-1448 – Fax 802-695-1436

[eai@ethanallen.org](mailto:eai@ethanallen.org) – [www.ethanallen.org](http://www.ethanallen.org)

# Take Out the Trash

## COMMENTARY

With the state-house awash in ambitious schemes to enlarge government, expand the tax base, deliver ever more services, increase dependency, and impose new mandates on businesses, one major avenue of real reform is chronically overlooked: repealing the ideas of yesteryear that didn't work, proved counterproductive, or were downright destructive.

Here's a selection of candidates for repeal from among Montpelier's long roster of mistakes.

The highly touted Challenge for Change scheme for closing the state's annoying general fund budget deficit (Act 68 of 2010) has one success to its credit. It allowed Sen. Shumlin, Speaker Smith and Gov. Douglas to share a photo op announcing the coming solution of the FY2011 budget problem.

The budgeteers dutifully booked the declared "savings" and headed home to be reelected. Most of the projected \$38 million in "savings" got lost somewhere along the way. This is especially true in education, where the Commissioner could only plead with school districts to stop spending money so he could meet his Challenge for Change targets.

Repeal this foolishness and launch a real performance review, as promised in the 2004 Democratic platform but promptly forgotten in 2005.

The 2006 Legislature passed, and Gov. Douglas dutifully signed, a feel good law (Act 168) to put Vermont in the forefront of the titanic battle

against the Menace of Global Warming. It mandates a state action plan to lower our greenhouse gas emissions to an astonishing 50 percent of 1990 levels by 2050. Achieving this goal will necessitate job-killing emissions quotas, mandates, taxes, cap and trade schemes and prosecutions.

Attorney General Jerry Brown of California, now Governor again, used an almost identical statute (AB 32) to threaten to stop new factories that would emit greenhouse gases. Vermont attorney general William Sorrell has pointedly refused to say that he won't do the same thing to stop growth in Vermont. Repeal this incipient monster before it drives businesses out of the state and kills many of the good jobs we have left.

Act 48 of 2009, a Shumlin favorite, pressured the Milk Commission to mandate subsidies to dairy farmers, price controls on grocers, and price increases on mothers buying milk for their children. Repeal this milk tax authority before new Shumlin appointees, unlike Douglas's, impose this scheme without a vote of the legislature.

Act 160 of 1992 included a provision strongly favored by Gov. Dean and physicians, to send medical malpractice cases to arbitration. Unfortunately the law directed this to happen only when a sweeping health care "reform" plan was in place. That effort crashed in flames in 1994. Repealing the effective date language would bring this needed reform to life.

Act 62 of 2007 gave the key to the education fund to any school district that wants to launch a preschool program. The universal preschool law will produce no identifiable and lasting educational benefits, charge the taxpayers for universal day care, put

severe pressure on independent day care and early education providers, and offer no true parental choice. Repeal this costly monument to false claims and focus early education on the ten percent of kids who will actually be helped by it.

Act 2 of 2005 put Vermont into the Illinois-sponsored ISaveRx drug importation program. The Illinois governor boosting it was impeached and removed from office, the program was shut down in 2009 for waste and drug safety concerns, and Vermonters long ago forgot it existed. Repeal it.

Act 160 of 2006 declared that the general assembly must approve before the Public Service Board can issue a certificate of public good for the continued operation of a nuclear power plant. This year a majority of legislators may well vote Vermont Yankee off the island, regardless of the serious economic consequences. Repealing this language in Act 160 would be a far better choice.

Even Vermont's Supreme Court has hammered Criterion 10 of Act 250 of 1970, requiring a development applicant to conform to vague and aspirational town plans. Repealing "town plan" in favor of "approved zoning bylaws" would remove this arguably illegal roadblock to development.

Finally, repealing the words "age and" in the health insurance laws (Act 160 of 1992), to again allow insurance companies to charge premiums based on age-related risk, would be a valuable step. This assumes, of course, that the Gov. Shumlin and the Democratic legislature fall short of making health insurance illegal altogether.

This is, of course, only a sampler. After 40 years of ever more enthusiastic liberalism, there is lot more.

# Energy Education Project Events

## REPORT

Author Gwyneth Cravens (*Power to Save the World*) made five Vermont appearances in January, organized by EAI's Energy Education Project. She first met with a small group from the Vermont Energy Partnership for coffee. Then she appeared at a full-house presentation at the State House, attended by some 20 legislators (who received a complimentary copy of her book) and members of the public.

From there she went to the UVM campus (Jeffords Hall, no less) where some 30 students and a few faculty members heard her (courtesy of the Gund Institute). That evening she starred at the EAI's Sheraton Lectures series, to another full house in the University Amphitheatre.

The following morning Gwyneth met for an in-depth interview with True North Reports, reprising an earlier phone interview with Mark Johnson on WDEV. CCTV videotaped the Sheraton meeting and it will play on various cable stations.

Her message at these events was this: as a young well educated liberal writer, Gwyneth was opposed to anything to do with nuclear energy, even picketing to close the Seabrook reactor. Later, after an eight-year odyssey through the world of nuclear energy – science, mining, fabrication, operation, radiation protection, reprocessing, and waste disposal – she became convinced that her anti-nuclear friends were simply wrong. Nuclear energy is the “power to save the world” from oil drilling, coal mining and combustion, high-priced electricity, and greenhouse gas emissions.



EEP director Meredith Angwin on WVMT's Charlie and Ernie Show Jan. 17.

EAI has ten copies left of Gwyneth's book, and will be glad to sell them to the first ten people to send us a \$16 check (postage included). (Copies for legislators are complimentary.)

Project Director Meredith Angwin made a well-attended presentation at St. Johnsbury on January 10, and appeared on the WVMT Charlie and Ernie radio program a few days later.

She continues her activities at her blog [www.yesvy.blogspot.com](http://www.yesvy.blogspot.com) and the project web site [www.energyeai.org](http://www.energyeai.org). She is available to speak at your local meeting. Contact her at [Meredith@ethanallen.org](mailto:Meredith@ethanallen.org).

## The Coming Shumlin Green Police State

Continued from Page 1

change”, through “social marketing strategies with broad ethical goals.” An example: “in-depth, science-based in-school programs on energy efficiency and climate change at all levels.”

Fortunately, in 2008, cooler heads prevailed. Most of the truly costly and dangerous provisions of the VPIRG agenda, including the super-government, shrank to relative insignificance in the House.

The collaborative was to have been funded through the inexhaustible General Fund. But since the General Fund now faces a \$150 million deficit

that nobody has yet explained how to cover, that seems problematic.

And if Gov. Shumlin and VPIRG achieve their heart's desire of shutting down Vermont Yankee, that favorite Shumlin target of extortion won't be generating any more revenues after 2012. So it's a good question what combination of mandated business spending, forced purchases, hidden taxes, and “fees” Gov. Shumlin can cobble together to finance this veritable Manhattan Project of Green Social Engineering.

Vermonters need to grasp the fact that after eight years of Gov. Jim Dou-

glas agreeing in principle with most of the Green arguments, but leaning against action steps that would undermine the economy, jack up tax rates, and invade people's liberties, they now have a governor eager to lead us out of the slough of inactivity.

The only countervailing force is the people of Vermont. They need to say, loudly, that efficiency is good, cost-effective renewable energy is good, but the VPIRG-style Green Police State is a threat to our prosperity and liberties, and the legislators who vote for any more of this stuff will pay for it dearly two years hence.

## **Bravo Tom Salmon!**

Auditor of Accounts Tom Salmon followed through on his idea to send a DVD of the full August 2010 EAI Sheraton program, featuring former U.S. Controller General David Walker, to every member of the legislature. For a copy, contact Dale in the Auditor's office, 802 828 2281. (The four Power Point presentations are also on the EAI web site.)

**First Tax Increase of 2011:** The Public Service Board, accountable to nobody, has decreed an increase in your electrical energy tax from .773 to .918 c/kwhr, effective February 1. Why? To fund the Efficiency Vermont program, in an amount wholly determined by the PSB. Who needs a legislature to raise taxes when bureaucrats can do it on their own?

For a history of this arguably unconstitutional scheme see our 1999 commentary on the web site. "The Unaccountable Energy Taxers" (Commentaries>General). Conclusion: "One may hope that House members will jealously retain their exclusive power to impose taxes, rather than turning the job over to people who are eager to spend somebody else's money, but have no political accountability for relieving taxpayers of it." That hope proved to be in vain.

**Data Mining Law Update:** The U.S. Supreme Court has agreed to review the 2nd circuit ruling holding Vermont's anti-drug mining law an unconstitutional abridgment of First Amendment rights. (See January *Letter*.) (BFP 1/8/11)

**FEE Seminars and Internships:** The Foundation for Economic Education is again hosting its annual Freedom Academy summer programs for high school and

college students (deadline March 31). FEE also has internships available (deadline March 15) at its Atlanta office. For info: [www.fee.org](http://www.fee.org).

**Confidence in State Government:** The 2010 Vermont Business Roundtable poll (released 1/2011) found that only 15 percent of respondents expressed great confidence in state government. (BFP 1/21/11.) Gov. Shumlin observed "When the government doesn't make progress on real problems, the public gets turned off." Wait till the public finds out about Shumlin's idea of "progress".

**Whose Platform is This?** "[We] base our beliefs on the principles that define and unite our society: democracy, individual *liberty*, and equal treatment under the law as guaranteed by the United States and Vermont Constitutions, equal *opportunity* for everyone to achieve and to prosper, personal *responsibility*, respect for all *families*, the importance of community, and the preservation of civil society." – Vermont *Democratic Party*, 2004 Platform. (No, this is not a hoax.)

**Vermont Chamber on Shum-Care:** "If all we're doing is switching the burden from a [health insurance] premium to a payroll tax, that doesn't lift the burden. In fact, it would leave businesses with less flexibility than they have now. Now business can decide how much they're going to pay or are able to pay for health insurance. They would lose the ability to make those decisions themselves. Government would mandate those costs." Betsy Bishop, president of the Vermont Chamber of Commerce (TNR 1/21/11)

**School Choice Vermont** is the name of a new parents organization that will monitor the legislature and promote parental choice. You can sign up for its emails at [www.schoolchoicevermont.com](http://www.schoolchoicevermont.com).

**Déjà vu:** "Those with power and influence in state government need to wake up. The task is not just to scrounge up \$110 million from somewhere to keep the state's budget in balance, and defend our precarious bond rating. The real task is to think through what our overgrown and unaffordable state government has become.

"Then they must create a process for reinventing it as a government that one way or another produces the results a majority of Vermonters expect from government, at a cost that their tax revenues can cover, without at the same time demoralizing state employees, throwing costly burdens off on property-tax funded local governments, and dragging down the productive private sector with flight-inducing taxes, costs, and mandates." –EAI Commentary (8/15/95).

**Vermont To Infect America:** "Given our small size and willingness to try new methods, it's also possible we'll become a Petri dish for national reforms, and will be able to draw down federal aid in return." Rutland *Herald* editorial (12/18/10).

**Factoid:** Vermont tax filers with \$200,000+ incomes file 2.0 percent of all returns, report 17.5 percent of Adjusted Gross Income, and pay 35.1 percent of income taxes. (VEN Jan 2011)

**Budget Gap Solved!** "The extension of the Bush tax cuts passed recently by Congress gives Govern-

*Continued on Page 7*

# NEWS & VIEWS

nor Shumlin and the Legislature another option for balancing the state budget in fiscal 2012 and 2013. A new analysis shows that the top 5 percent of Vermont taxpayers will save \$190 million as a result of the federal tax cut extension.” (Public Assets Institute 1/21/11)

They have money! Let’s grab it!

**LCV Report:** The Vermont League of Conservation Voters, a self-described “political powerhouse”, has a new executive director. Andrea Stander comes to the position from running VT LCV’s “Get Out the Green Vote Campaign”, VPIRG, and the 2006 Sanders for Senate campaign.

VT LCV, which avidly supported Shumlin for Governor, is looking for a new board chairman. Gov. Shumlin appointed outgoing chair David Mears to be Commissioner of Environmental Conservation. Mears was formerly the director of the Vermont Law School’s land use and environmental law clinics. VT LCV, and presumably Mears, will continue to work hard for the extermination of Vermont Yankee.

**Important News:** “We are spending too much, and have used up our tax capacity.” Sen. Peter Shumlin (WCAX 1/14/07).

“We must not and cannot succumb to the idea that Vermonters

have the capacity to pay higher taxes ... right now.” (Ellipsis and de-emphasis added.) (Gov. Shumlin’s Inaugural address 1/6/11.)

**Howard Dean Speaks!** “Three days before Tucson, Howard Dean explained that the Tea Party movement is “the last gasp of the generation that has trouble with diversity.” Rising to the challenge of lowering his reputation and the tone of public discourse, Dean smeared Tea Partyers as racists: They oppose Obama’s agenda, Obama is African-American, ergo ... “Let us hope that Dean is the last gasp of the generation of liberals whose default position in any argument is to indict opponents as racists. This McCarthyism of the left – devoid of intellectual content, unsupported by data – is a mental tic, not an idea but a tactic for avoiding engagement with ideas. It expresses limitless contempt for the American people, who have reciprocated by reducing liberalism to its current characteristics of electoral weakness and bad sociology.” – George Will (*Washington Post* 1/10/11)

**Sanders’ Dream World:** “The current practice of passing short-term fixes to the Sustainable Growth Rate [for government re-

imbursement to doctors] is counterproductive for both patients and physicians. I support a permanent solution to this prob-

lem that keeps Medicare and Tricare costs in check while continuing to provide a high standard of service for Medicare and Tricare recipients.” (Sanders email 12/29/10)

Not a problem. The government will define a “high standard of service” and match that with the amount of money it cares to pay.

**Deficit Fighting in Monkton:** Coburn Federal earmark report: \$150,000 to the Vermont town of Monkton to erect signs warning drivers to look out for salamanders crossing the road.

**Goal of the Left:** “For today’s left, the goal is not to respond to public opinion. The goal is to impose the dream of an egalitarian entitlement state whether the public likes it or not. Sooner or later, they figure, the anger will subside and Americans will come to like the cozy confines of the cradle to grave welfare state.” (*WSJ* 12/31/10)

**President Obama Speaks on Health Policy:** “My guiding principle is, and always has been, that consumers do better when there is choice and competition”. (Address to Congress on health care, 9/9/09).

**Notable Birthday:** Ronald Reagan, February 6, 1911.

## Citizens Guide Available

The Ethan Allen Institute has published The *Citizens Guide to Vermont Education 2011*, as a CD (470 Mb). In addition to much valuable information on educational financing, privatizing public schools, union negotiations, and the Vermont education statutes, the CD includes the valuable five-part interactive school budget tutorial prepared by Hugh

Kemper for *Vermont Tiger* and the complete EAI report *Better Value, Fewer Taxpayer Dollars* (2009).

To receive a copy of this useful CD, please send \$10 with your name and mailing address to Ethan Allen Institute, 4836 Kirby Mountain Rd., Concord, VT 05824. (Free to EAI members.)



# The Ethan Allen Letter

ETHAN ALLEN INSTITUTE  
4836 Kirby Mountain Road  
Concord, VT 05824

Nonprofit Org.  
U.S. Postage  
**PRSRST STD**  
St. Johnsbury, VT  
05819  
Permit No. 11

## February 2011

INSIDE:

- The Coming Shumlin Green Police State . . . . . 1
- Ten Hard Questions About Single Payer . . . . . 3
- Take Out the Trash . . . . . 4
- Energy Education Project Events . . . . . 5

