

Ethan Allen Institute

Newsletter – March 2020 (Printer Edition)

Top Story: Window on the State House

If there's a positive thing to come out of this COVID-19 response in regard to state government, it is the new policy of live-streaming and archiving on YouTube committee testimony and discussion. I can't promise that this is more entertaining than Tiger King, but it is a useful service that I hope will outlive the crisis. For your convenience we have compiled here the links to the YouTube channels for each committee so you can see for yourself what your representatives are doing in your name. Enjoy!

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Commentary: Coronavirus Pandemic Lessons

By John McClaughry

The final chapter in the coronavirus pandemic story won't be written for a distressingly long time, but it's worth leaping ahead in time and looking back at what Americans and Vermonters will hopefully have learned.

The world was ill prepared for a global pandemic. Since the Spanish Flu (so called) killed 50 million people in 1918-19, Americans have come to believe that pandemics occur in Asian cities and African jungles. As columnist George Will pointed out last week, "in 1900, about when medicine at last began to do more good than harm, 37 percent of all American deaths were from infectious diseases. Today, the figure is 2 percent. By 1940 and the arrival of penicillin, medicine seemed on the verge of conquering infectious diseases, especially smallpox. No human achievement has done as much to lessen human suffering."

Public health measures, clean water, antibiotics, vaccines, and vector control, that we Americans take for granted, deserve enormous credit for bringing about a healthier population. But we've grown complacent about the threat of pandemics, and now have suddenly relearned the need to take notice of the serious dangers they pose.

Our complacency is starkly exhibited by the fact that we don't have a widely accepted treatment for knocking back the coronavirus. Medical providers isolate victims, provide symptomatic relief, treat secondary complications, and hope that the patient's immune system rallies to overcome the viral invasion. But these measures do not add up to a cure.

Three years ago I wrote a commentary on "Four Widely Ignored Threats". My fourth concern (after fiscal collapse, asteroid impact, and ElectroMagnetic Pulse) was "the threat of an epidemic like the 1918 Spanish Flu that killed millions of people worldwide. The heavy use of antibiotics threatens to produce mutated 'superbugs' that can defeat antibiotics. The FDA is offering incentives to drug companies to find new antibiotics, but this is probably a losing race... There are non-pharmaceutical alternatives that deserve modern reexamination, but 'official medicine' shows little interest."

That last statement still holds true. The U.S. medical profession is uncomfortable making use of non-FDA approved treatments, and wary of retribution by frowning licensing boards and hungry malpractice lawyers. Intravenous Vitamin C and ultraviolet blood irradiation are examples. We need to give every anti-viral treatment a fair and rigorous test, at public expense. Now is an excellent time, with thousands testing positive for coronavirus.

A similar problem lies in testing for the coronavirus. Reason 's Robby Soave writes that "Co-Diagnostics' [COVID-19 test](#), which costs just \$10 per patient and produces results in only 90 minutes, is already in use in Italy, Germany, the United Kingdom, Turkey, Greece, the Philippines, Thailand, Australia, Paraguay, Ecuador, Israel, South Africa and Canada. But in the U.S. it had only been available for certain entities and research institutions, per guidance from the Food and Drug Administration

(FDA).” It was not until March 17 that the FDA gave Co-Diagnostics emergency approval to distribute the test more generally to U.S. hospitals.

Again looking back, Vermonters will be proud of the quick action by the state’s governor and legislature to aid the economic victims of the outbreak, and back off encrusted state regulations to let useful things happen. For example, we made it quick and easy to mobilize retired and out of state nurses and doctors to treat Vermont patients without lengthy relicensing hassles. The State relaxed scope of practice regulations to let Physician Assistants and Nurse Practitioners perform more duties, freeing doctors to deal with the more serious problems. A regulation change allowed doctors to be reimbursed for practicing telemedicine, essential when so many Vermonters are sheltered in place. The benefit of these prompt actions should impel legislatures to reconsider all state regulations, and back off from those that burden the citizenry without accomplishing any useful public purpose.

Vermonters will also look back with pride not only on the faithfulness and heroism of our first responders, but also on the flowering of volunteer efforts to assist health care providers and patients, bring food and medications to shut-ins, and support child care and home schooling for working parents. This is the often-overlooked and wonderful benefit of a strong civil society, in which people work together to solve problems without waiting to be marshalled into government-run service brigades directed from above.

This is a time of tribulation, but our responses to it will serve us well in the years ahead.

- John McClaughry is vice president of the Ethan Allen Institute

Commentary: Lessons from the Great Depression

By Rob Roper

When the imminent threat of the COVID-19 pandemic subsides, we will undoubtedly be dealing with an economic situation of high unemployment and businesses in flux. Government policy will have a significant impact on how quickly the economy recovers – or not. Here we can learn some lessons from the Great Depression and the New Deal policies of the Roosevelt Administration. Some of those policies were good, but many, and in the aggregate, actually prolonged and deepened the Depression.

According to an [analysis](#) by Harold L. Cole, a professor of economics at the University of Pennsylvania and Lee E. Ohanian, a professor of economics and director of the Ettinger Family Program in Macroeconomic Research at UCLA, the U.S. economy should have fully recovered from the 1929 downturn by the mid-1930s. Unfortunately, policies that favored centralized, government control over allowing the free market to function properly, particularly those limiting competition and forcing wage and price controls, extended the misery by another half decade. The authors write:

The goal of the New Deal was to get Americans back to work. But the New Deal didn't restore employment. In fact, there was even less work on average during the New Deal than before FDR took office. Total hours worked per adult, including government employees, were 18% below their 1929 level between 1930-

32, but were 23% lower on average during the New Deal (1933-39). Private hours worked were even lower after FDR took office, averaging 27% below their 1929 level, compared to 18% lower between in 1930-32....

Total hours worked per adult in 1939 remained about 21% below their 1929 level, compared to a decline of 27% in 1933. And it wasn't just work that remained scarce during the New Deal. Per capita consumption did not recover at all, remaining 25% below its trend level throughout the New Deal, and per-capita nonresidential investment averaged about 60% below trend. The Great Depression clearly continued long after FDR took office.

When we come through the other side of this virus-driven downturn, employers, especially small businesses, are going to be strapped for capital and will face challenges to get back up and running. Policies that make it more difficult and expensive for them to do so will be counterproductive. Such policies include those that artificially raise the cost of labor, energy (electricity, heating and motor fuels), and taxes. While government's role in providing a safety net for citizens will be critical, the impulse to "help" people by saddling employers with high costs and complicated mandates will do more harm than good.

Back to Cole and Ohanian: antimarket policies that...

violated the most basic economic principles by suppressing competition, and setting prices and wages in many sectors well above their normal levels... choked off powerful recovery forces that would have plausibly returned the economy back to trend by the mid-1930s.

Let's not fall to the temptation to repeat those mistakes. For example, before the COVID-19 downturn hit, the Vermont legislature voted to increase the minimum wage in Vermont. This will make it more difficult for employers to put more people back to work. Also, under debate were "reforms" to the Act 250 land use law that were designed to discourage investment, new taxes on fossil fuels that would make doing business (and getting to work in the first place) more expensive, and massive environmental regulations that would, again by design, stifle economic activity. If these initiatives made any sense before, they certainly don't now.

Even amidst the pre-COVID-19 economic boom Vermont's economy was struggling under the burden of high taxes and complicated regulation. Back in January the British financial magazine *The Economist* noted in an article titled, [As wages grow across America, one state is left behind](#), that real wages in Vermont were still lower than they were at the end of the last recession, and that, "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." In the post-COVID-19 downturn, just the policies Vermont's already has in place will be absolutely crushing.

Cole and Ohanian offer some solutions as we move forward: "Tax reform that broadens rather than narrows the tax base and that increases incentives to work, save and invest is also needed.... A large fiscal stimulus plan that doesn't directly address the specific impediments that our economy faces is unlikely to achieve either the country's

[or Vermont's] short-term or long-term goals." Here's hoping our lawmakers are willing and able to face this reality and act accordingly.

- Rob Roper is president of the Ethan Allen Institute.

Events

April 21 POSTPONED. 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" has been postponed until we are able to determine a safe time to reschedule the event. If you have any questions, please contact us at eai@ethanallen.org or call 802-695-1448.

For information about putting on EAI events, please email rob@ethanallen.org.

News & Views

Coronavirus impact on state revenue estimated at \$200 million If people and businesses aren't making money, neither does the State of Vermont. "Speaking by conference call with the Vermont Senate, chief fiscal officer Stephen Klein warned that the resulting economic downturn could rob state coffers of hundreds of millions of dollars in the final three months of the current fiscal year, which ends on June 30. 'A lot of it is the questions we all don't know, which is, is this a medium-term event? Is it a long-term event?' he said. "Nobody really knows how serious this could be." - [Seven Days](#), 3/21/20

VT Unemployment (Expectedly) Spikes. "Last week 3,667 Vermonters lost their jobs and applied for unemployment insurance. To put that number in perspective, during the week of March 14, applications totaled 659 and at the peak of the Great Recession there were only two weeks when more than 2,000 Vermonters applied for unemployment insurance." VT Digger, 3/26/20.

Green Energy Mandates Driving Up Electricity Costs: Washington Electric Co-op is proposing to raise its electric rates by 5.95 percent, and the utility estimates that at least 1.67 percent is due to net-metering solar installations.... [Washington Electric Co-op Executive Director Patricia] Richards explained that if there were 10 customers and two of them do net metering, she needs to collect from the other eight to make up the difference for the extra money needed for the two with net metering. She said that the utility has to pay about 19 cents per kilowatt-hour for power sourced from net metering customers. She told the audience that this is all the Legislature's doing. "The Legislature told the Public Utility Commission that you shall go do this," Richards said. "So it's not Joan's fault, it's not the Department of Public Service's fault. I'm going to blame the legislators. Are there any legislators in the room?" [True North Reports](#)

Studies Show Reusable Grocery Bags Could Spread COVID-19. “The COVID-19 outbreak is giving new meaning to those “sustainable” shopping bags that politicians and environmentalists have been so eager to impose on the public. These reusable tote bags can sustain the COVID-19 and flu viruses — and spread the viruses throughout the store.... The risk of spreading viruses was clearly demonstrated in [a 2018 study published in the Journal of Environmental Health](#).... After the shoppers bought groceries and checked out, the researchers found sufficiently high traces of the surrogate to risk transmission on the hands of the shoppers and checkout clerks, as well as on many surfaces touched by the shoppers, including packaged food, unpackaged produce, shopping carts, checkout counters, and the touch screens used to pay for groceries. The researchers said that the results warranted the adaptation of “in-store hand hygiene” and “surface disinfection” by merchants, and they also recommended educating shoppers to wash their bags.” [New York Post, 3/14/20](#)

Ban the Plastic Bag Ban! MA Gov. Charlie Baker and N.H Gov. Chris Sununu both issued an orders prohibiting reusable shopping bags at stores in their states, saying that they pose a risk of spreading the coronavirus. Said Sununu, “Our grocery store workers are on the front lines of COVID-19, working around the clock to keep New Hampshire families fed,” Sununu said in a statement. “With identified community transmission, it is important that shoppers keep their reusable bags at home given the potential risk to baggers, grocers and customers. This Emergency Order directs all grocers and retail stores in the state to temporarily transition to only use new paper or plastic grocery bags provided by stores as soon as feasibly possible.” [WMUR](#). And said Baker, "From now on, reusable bags are prohibited and all regulations on plastic bag bans are lifted." ([WCVB 3/25/30](#)).

Economic Freedom Rankings: The Heritage Foundation Index of Economic Freedom ranks the following countries: First (again) Singapore. Then Hong Kong, New Zealand, Australia, Switzerland, Ireland, UK, Denmark, Canada, Estonia, Taiwan, Georgia, Iceland, Netherlands, Chile, Lithuania, and in 17th place, the US. It's notable that three countries ranked ahead of the US are former socialist countries that escaped the clutches of the USSR in 1991.

No Shame Whatever: "Most daily sessions of the House open with a brief devotion in the form of a sermonette or prayer. They are delivered by people of all faiths (including no faith) and there's just one rule: don't get political. And yet that's just what the Rev. Carl Van Osdall, First Presbyterian Church, Barre, did [February 21]. He warmed to his subject by reminding lawmakers (several times) that in the Genesis story, God created humankind on the sixth day to 'take responsibility for' the natural world. He then reminded them that this Legislature often must vote on protecting nature. And then, in case anyone had failed to connect the dots, he reminded them, "and today, you are voting on the Global Warming Solutions Act." (VDC 2/22/20)

Some Possible Good News: “A group of University of Oxford researchers has estimated that up to half the U.K. population may have already been infected by coronavirus. If this is true (and it's far from being confirmed) then that would mean far lower rates of hospitalization and death than currently assumed—it's a very different take to the scary Imperial College modelling that is informing lockdown policy in the U.K. and elsewhere.

Who's right? We need large-scale antibody testing to find out, as this would indicate how many people have already had the virus. If it's a lot, perhaps restrictions can be lifted sooner rather than later. [Financial Times](#)

Majority (Left and Right) Says the Establishment Sucks. “Many voters believe that the U.S. establishment has produced a health-care system that is neither affordable nor universal. Higher education saddles students with increasing debt while leaving many graduates woefully unprepared for good jobs in the real world. The centrist establishment has amassed unprecedented deficits without keeping roads, bridges and pipes in good repair. It has weighed down cities and states with unmanageable levels of pension debt.” - Walter Russell Mead in the [Wall Street Journal, 3/25/20](#).

A.I. Befuddled by Run on Toilet Paper: “These modern day “prediction machines” are often based on data drawn from past behavior. They aren’t prepared to deal with massive shifts in behavior—for instance, when people inexplicably start hoarding toilet paper. Fortune’s Jeremy Kahn [tells the story](#) of Ocado, the popular online grocery business in the U.K., which has seen its website traffic spike 4X because of the pandemic. The company says its cybersecurity software concluded such a spike could only be the result of a denial-of-service attack, and moved to block the new transactions. Fortunately, human beings were standing by to correct the mistake. Kahn provides some advice companies can use to check their A.I. algorithms and avoid such errors.” – Allan Murray, CEO Daily Briefing, 3/25/20

When Red Means In The Black: “Residents of states led by Republican governors tend to get a better return on their tax dollars than states run by Democrats, according to a new study from WalletHub that gives high marks to a group of mostly red states. Of the 10 best states for taxpayer return on investment, eight are run by Republican governors, with Virginia and Colorado representing the only exceptions. Overall, the average red state ranks roughly 10 spots higher than the average blue state.” ([US News 3/26/20](#))

An Historical Response: “The officials have alerted us to ensure we have a month’s worth of necessities. Zelda and I have stocked up on red wine, whiskey, rum, vermouth, absinthe, white wine, sherry, gin, and lord, if we need it, brandy. Please pray for us.” – F. Scott Fitzgerald sheltering in place during the outbreak of Spanish Flu.

Book of the Month

The Age of Entitlement: America Since the Sixties

By Christopher Caldwell

Simon & Schuster (2020)

352 pages

<https://www.amazon.com/Age-Entitlement-America-Since-Sixties/dp/1501106899>

Christopher Caldwell’s *The Age of Entitlement* is a fascinating look into the roots of today’s political divide. His basic thesis is that, since passage of the 1964 Civil Rights Act, the United States has effectively been operating under two, incompatible Constitutions. The first is the official one ratified in 1788, dedicated to individual liberty,

freedom of speech, religion, and association, etc. The second is an unofficial, growing structure of legal decisions designed to equalize racial, and increasingly other minority, outcomes, often by restricting individual liberties, curtailing freedoms of speech, religion, and association.

Caldwell argues that when Americans signed onto the Civil Rights law of 1964 it was with the understanding that its purpose was limited in scope to redressing the sickening legacy of slavery and eliminating the Jim Crow practices in the Southern states. The expectation was that Civil Rights would move the U.S. into being a truly colorblind society and where issues of race could be happily put behind us.

The result, however, is a society today in which, rather than nothing, *everything* is seen through the prism of race and, more and more, other forms of identity politics. What Americans wanted was an equal playing field for everybody, what they got was “affirmative action” policies that simply created a different kind of race-based preference system codified into law.

Moreover, this new Constitution is being administered not through the expected democratic/legislative process so much as the non-democratic judicial system. One example Caldwell raises here is Proposition 8 in California regarding same-sex marriage. Despite overwhelming opposition by voters (the democratic process), judges routinely thwarted the will of the people and implemented this vast cultural and legal shift anyway.

Advocates of the New Constitution saw that they could build larger coalitions of voting blocks by expanding the Civil Rights laws to not just black Americans to undo the legacy of slavery, but to other groups who, in order to benefit, would have to buy into the scheme of identity politics. They have wholeheartedly.

Caldwell implies with the ending of his book (quoting from the Bill Maher program in which Anne Coulter predicted to the laughter of the other panelists that a reality TV host would win the 2016 presidential election) that Donald Trump is the result of pent-up anger and backlash against the New Constitution.

Critics have pointed out a number of holes in Caldwell’s arguments – particularly his lack of proposing any solutions moving forward. He admits that there is little (no) chance of repealing the Civil Rights Act, and wonders without sharing any vision of what the country might look like if we did.

But the best part of the book was an unexpected shout-out to our EAI founder and friend John McClaughry in Chapter 4!

- Review by Rob Roper, President of the Ethan Allen Institute

April Survey: COVID-19 Response

How has the response to the COVID-19 virus been?

- Too aggressive.
- Not aggressive enough.
- About right.

[CLICK HERE](#) to take the survey!

March Survey Results: 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. 0% (0)
- Worse. 97.04% (33)
- I am not aware of the proposed changes. 2.96% (1)

