

Disruption and harmony

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Four months ago the Council on the Future of Vermont released its report, "Imagining Vermont: Values and Vision for the Future." The report culminated an 18-month, \$400,000 process, during which some four thousand Vermonters attended over 100 meetings. Ably written and attractively produced, the report collected and transmitted the ideas and dreams of its participants of the possible Vermont of the future.

It's not easy to fairly summarize the findings, but here's an attempt. The council members heard Vermonters say that, by and large, they wanted a future Vermont with a working landscape, vigorous small industry, renewable energy, public transportation, creative arts, human scale, shared cultural values, affordable housing, excellent education and health care, more secure jobs and higher incomes, a renewed sense of community and, of course, intensified government planning to bring about the desired results.

Whenever a panel of citizens goes forth to hear the voice of the people, they are naturally more likely to hear voices that express their own vision and values. Thus it's worth looking at the composition of the council, selected by the Vermont Council for Rural Development.

It was chaired by an upscale gentleman cattle breeder. Its 17 members included eight from government and nonprofit organizations, three from education, two from the news media, two retired bankers, one public utility official, and one entrepreneurial businessman (the founder of the

Vermont Culinary Institute).

The striking thing about this group is the near-absence of anyone making a living in the competitive enterprise sector. Its composition and set of values are reflected in the council's conclusions.

The watchwords seem to be collective action, unity with diversity, civility, affordability, sustainability, creativity and the public good. Nowhere is there any inclination to laud the bold, visionary, risk-taking entrepreneur -- a James Hartness, Horace and Erastus Fairbanks, T.N. Vail, or (more recently), Rich Tarrant. Such people produce disruption, not harmony -- but in doing so they create wealth, spur human progress and, in Vermont, pay the lion's share of taxes.

The report recognizes that Vermont has high taxes and "what many have called an impossible business development environment." It acknowledges that Vermonters want to see improvement in the state's overgrown regulatory regimes. But having done so, the report sails off into the need for more (government) education, better health services, more participation, more diversity, and more socially progressive policies, such as "making the state a national model in order to slow or reverse climate change."

The council shows no evidence of recognizing the fundamental importance of secure, predictable private property rights to economic growth and development, and that the more intense planning it proposes cannot but further undermine that right.

The report celebrates Vermont "firsts" (no slavery, universal suffrage, the billboard law, civil unions), but it does not notice that Vermont's was the first constitution anywhere to declare that "whenever any person's property is taken for the use of the public,

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the owner ought to receive an equivalent in money (Chapter I)."

But perhaps the crowning omission in this report is the bald fact that state government, the great hoped-for wonder worker, is careering toward insolvency. At this rate, by 2030 essentially all of the projected revenue of all governments in Vermont (state, school districts, municipalities) will be required to pay only for public education and human services -- and that assumes that Vermonters will agree to pay 18 percent of their adjusted gross incomes in taxes, an all time high.

State government is now a year into a serious budget crisis. Its revenues, especially the income tax, have tanked. In January legislators will face General Fund deficits totaling \$439 million for the four fiscal years 2010-13. This is after federal stimulus receipts.

The state's two retirement funds are \$466 million out of actuarial soundness. The unfunded post-employment benefits (health insurance) promised to retired state employees and schoolteachers are an astonishing \$1.6 billion out of soundness.

How will taxpayers ever pay this off? The state can't raise tax rates. Vermont already has one of the five highest tax burdens in the nation. Raising tax rates would guarantee a serious crippling of Vermont's productive economy.

The solution to this problem isn't at all obvious, at least if dishonorable bankruptcy is ruled out. But imagining Vermont should at the least have put these sobering facts on the table, and engaged its 4,000 participants in that discussion.

John McClaughry is vice president of the Ethan Allen Institute (www.ethanallen.org).

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