



Episode 632: On the Front Lines Against Bernie-mania

Guest: Rob Roper

WOODS: As I was telling you before, somebody just wrote to me out of the blue and said you should talk to somebody from the Ethan Allen Institute in Vermont; it's a free market think-tank in Vermont. And I knew nothing about it. I never clicked on the link. I just said, a free market institute in Vermont? We're doing it. And then I looked at it. But I thought, surely, this has to be done. I grew up in Massachusetts, and you know, that's a challenge too. But I think Vermont is really unique. It's different even from the other New England states. There's something about Vermont, isn't there?

ROPER: There is something about Vermont. That something is actually running for president right now —

WOODS: (laughing) Yeah.

ROPER: — who's been a real driving force in the change that's occurred in the state over the past 30 years.

WOODS: Yeah, now, how is that? I mean, he's a federal official, but yet I get — I would think he ideology has ripple effects throughout the state.

ROPER: Well, it certainly has, and Vermont, it's a small state. We've only got about 620,000 people in the state.

WOODS: Oh, I didn't realize that. Okay.

ROPER: Yeah, we're tiny, so we're really a glorified congressional district, and we wield a whole lot of power in Washington, far above our weight. But Bernie, his entire career in Washington, in Congress and then in the Senate, until this run for presidency, he's really never been considered all that seriously in Washington — kind of a buffoon. But here in Vermont he's a hero, and he has had a tremendous amount of influence on the politics of the state. He was denied even seats on committees when he was in Washington, so he spent most of his time back here in Vermont advocating for the Bernie revolution that he's now trying to bring nationwide.

And he has spawned a number of acolytes who are — you know, one of them is the senator and head of the Progressive Party in the Senate. We have an active Progressive

Party here. I think it's the largest Progressive — it's a real party. They have a couple of people who are senators; they have I think five or six members of the House. They routinely put up people — they won their first statewide election in the last cycle. They won the auditors' race. And all of these people are linked in one way or another to either Bernie Sanders' staff or his campaigns, and that's really how he has spread his influence throughout the state. He's constantly holding town hall meetings and free chicken dinners or free spaghetti dinners around the state, pushing for a lot of the policies that he now wants to bring nationwide. They have been implemented here in Vermont, and we have a very interesting record for people to look at if they're wondering what a Bernie Sanders United States would look like. It looks a lot like what we have here, and a lot of it's not pretty.

WOODS: Let's talk about that then. I am hopeful that we won't get a Bernie Sanders America, but I would be interested to know what's gone on in Vermont. I haven't heard anything about the economy or — I don't know anything about what's going on in Vermont. I just know that there are a lot of progressives there and that it must be really frustrating.

ROPER: There are a lot of progressives here, and it can be really frustrating, certainly if you're trying to run a free market-oriented think-tank. In some ways it's liberating, because you're free to really delve into philosophy and get into the policy without having to worry about offending anybody, because they're going to be offended no matter what you do.

WOODS: Yeah, right.

ROPER: And people I think now, the last few years, are starting to come around to the idea that maybe the democratic socialist model, as Sanders and his acolytes have put into place, really isn't working. And I'll give you a number of statistics. I mean, Bernie's running in large part on income inequality. That's a major theme of his campaign. If you look at Vermont, Vermont over the past 10 or 15 years has gone from a state where income inequality really wasn't an issue to one where we have the fastest growing gap between the rich and the poor in the country, according to a couple of studies.

This is after we have done things like implement community waiting and guaranteed issue for health insurance, which was done back in the early '90s, right about the time that Bernie was elected to Congress for the first time. We have a much higher minimum wage than the national average. Right now I think we're at 9.50. We're on pace to have \$10.50 by 2018. We have pioneered a lot of the universal preschool things that people are talking about nationwide. We have the most progressive property tax system in the country that was implemented back in 1997 under a thing called Act 60 that basically creates a statewide pool of money for educating children.

We've done everything from GMO labeling laws that are now coming into effect to an attempt at single-payer healthcare that collapsed rather dramatically just at the beginning of the last legislative session. Peter Shumlin, our governor, got a lot of

national press on that. He got a lot of national press when he said we were going to be a state that had single-payer healthcare, and then when they came to the realization that it was going to cost the state about \$2.5 billion to implement in the state where the general fund budget is about \$500 million. Didn't make a whole lot of sense. So that's where people are starting to wake up.

But all of these liberal policies that have been put into place since the Bernie revolution first really hit the scene have not had the results that people would have expected. This is not a liberal paradise. We have a lot of poverty. We have, as I said, the fastest growing gap between rich and poor in the country. Our number of employed people in the state has been shrinking of late. And it's what we as free marketers would have expected to happen, but I think it's a realization that a lot of other people are just coming to catch on to.

WOODS: Is there still enough about Vermont other than its politics that's attractive that the population would be growing? What is the population trend? Is it up or down, stable?

ROPER: It's stagnant. Our population growth has really been right around zero. I think a couple years ago we and Rhode Island were the only two states in the country to see negative growth for an annual period, so it's pretty flat. When the rest of the country over the past census period has grown by about 9%, and we grow by a fraction of 1%, it's not a good indication. But you know, Vermont has a lot of wonderful attributes to it, and it's why my wife and I moved here almost 20 years ago, because it's absolutely gorgeous. I mean, it's a beautiful place. It's a pristine landscape, a lot of opportunities for outdoor activities. It's a wonderful place to raise children. But it's very, very difficult to have a job here.

WOODS: I was looking at your website, EthanAllen.org, and apparently you've been around since 1993, so that's 23 years, that's quite some time. So you must have gained some traction, at least among enough supporters to be able to keep going that long. How do you account for that? It does seem like an unlikely story, doesn't it?

ROPER: Well, we have a dedicated band — now, our founder was a guy by the name of John McClaughry, and he's still involved with the institute. In fact, he retired from being the president about five years ago and is now the vice president and is still a very big influence. But he ran for governor against Howard Dean in 1992, and John was a former Reagan policy advisor and a brilliant man and certainly a true warrior in the free market arena. And he put together a great network when he ran for that office. Obviously he lost to Howard Dean, but he put together a great network of activists and free market people throughout the state, and said, my gosh, it would just be terrible to throw all this away because the campaign is over. And that was the origin of the Ethan Allen Institute. He founded the institute then and built it on the back of that campaign, and it's been going ever since.

And it is tough in this state to keep an organization like this going. Certainly funding is always a challenge, because as I point out, there's only 620,000 people here. We don't

have a whole lot of industry here, and the industry that we do have is Ben & Jerry's and Keurig Green Mountain, which are not exactly conservative-oriented companies. So we depend on small-dollar donations from a lot of people, and we have a couple benefactors within the state who help us out on a larger scale, but it is a challenge.

WOODS: How do you try to get traction on issues when you're in a state where you're so overwhelmingly outnumbered? Are there issues where you can find some common ground with the progressives, or do you just try to take traditional free market arguments and explain them in language that might be likely to appeal to progressives?

ROPER: Well, a little bit of both. One of the things, the themes that I like to push is the idea of organic government, because the progressives in the state understand very well that we need to have sustainability when it comes to environmental issues, and what I try to do is I try to take those same themes and apply them to the economic environment as well. I mean, everybody understands that you can't clear cut all the trees and expect the forest to remain healthy. Well, you can't clear cut the taxpayers and expect the economy to remain healthy. And I have had some success getting people to understand things along those lines, particularly when you're reaching out to young people and kids on college campuses who are learning some of these concepts for the first time.

But other than that, down in the State House I think our biggest success has been on the school choice issue, because that's something that cuts across party lines, particularly in Vermont where we have a wonderful school choice system that's been in place for 150 years in 93 of our 256 towns. The state is so small and so rural that when the public school system was being put into place, it didn't make sense for a lot of these school districts to actually have schools, because there weren't enough kids to support it. So the people with the common sense at the time said, well, we'll just let the kids take the money and go wherever's convenient, and a lot of times the convenient place was an independent academy.

So we've got these 93 towns that have had that and still have that. Like \$14,000+ following the child to any public school, independent school, instate, out-of-state, and a lot of progressive towns have this school choice, even though they would vote overwhelmingly — like one community, North Bennington, actually just voted in 2013 to close their public school and turn it in to an independent academy, giving every child in that town school choice. They voted for John Kerry, I think it was — no, they voted for Barack Obama, I guess. 85% of the people in the town voted for him, but they still took what is pretty much a conservative/libertarian approach to education. So that's where our biggest hope lies.

WOODS: Well, what's the trend in the state budget, in terms of spending and debt?

ROPER: Well, spending in the state budget has been horrific. I mean, we're raising our spending every year a little over 5%, and our revenue tends to be around 2%. So you keep growing like that, and — we're the only state in the nation that doesn't have a

mandatory balanced budget amendment in its constitution, although we do technically keep the budget balanced. It's often done with a lot of smoke and mirrors and tricks.

And that's starting to catch up with people too. Over the past few years, what we've seen on the Left — the Democrats hold serious majorities in the House and the Senate. Not as bad as some states. We do have about 55 Republicans in the House out of 150 and 9 in the Senate, and I've seen states that are more lopsided. But people are starting to come to the realization that we can't be taxing like this, because now they're really looking under the couch cushions for change, and they're implementing things like sugar-sweetened beverage taxes, and they're looking at things like taxing satellite television shows more than they're already taxed, and they contemplated a tax on bottled water in the last legislative session. And all these things annoy people to no end. That again cuts across partisan lines, because why do you want to tax bottled water? Are you trying to — and you're going to tax bottled water at the same time you're going to tax soda, because you don't want people to drink the soda, but then you don't want them to drink the bottled — it doesn't make sense to people.

And these are the opportunities that we look for to reach out to people on that philosophical level, saying this is not the way to go. You understand why this is a bad thing affecting your pocketbook, but also understand why it's a bad thing overall for society.

WOODS: You know, Rob, I feel kind of guilty asking you this. It's like, I had Walter Williams on not long ago, and I asked him, here you are a PhD economist, you can speak intelligently on a wide variety of topics, but every time you're on the radio or TV all people want to talk to you about is race. Doesn't that annoy you after a while? Well, likewise, you have a lot of interesting things to say, and yet in a way, part of me just wants to talk about Bernie Sanders at this point (laughing).

ROPER: (laughing)

WOODS: So I'm sorry about that. I know you have a whole think-tank and everything, and I think it's great, but I'm curious to know where did this guy come from. I mean, how long has he been there, and where did he come from? What his background that suddenly he could get elected a senator?

ROPER: Well, he came from Brooklyn. And there was actually in the 1970s a very famous article in *Playboy* magazine talking about how the Left was going to take over the state of Vermont and turn it into a liberal utopian paradise. And Sanders was part of that movement of people moving from New York, Massachusetts primarily into Vermont, because the land was cheap, you could come and you could buy large tracts of land and put up a commune or whatever you wanted to do. And Bernie was part of that migration, and he's certainly the one who stuck it out the most of all of them, and you ultimately have to tip your hat and say they were successful in their goal.

He was at first a member of the Liberty Union Party, which is a very far Left party, and it still exists as a minor party in the state of Vermont today. And you know, he's

been saying the same things that he's saying on the campaign trail now as president over that entire period, and he ran I forget how many statewide elections for governor and Congress and stuff like that, and he never got more than 1% of the vote until he ran for the mayor of Burlington, if I recall correctly, in 1981. And he won the mayoral seat of Burlington by eight votes, somewhere around there. Like, a very, very narrow number. And he built off that mayoral race to build himself some credibility.

And then he ran for Congress against a one-term Republican incumbent named Peter Smith, and Peter Smith upset the rock-ribbed Republican base that was still alive and kicking in Vermont back then by signing on to some anti-gun legislation. And Vermont may be very liberal in every other way, but we have the most constitutionally compliant gun laws in the nation. We have the right to free carry – there basically are no gun laws here. And when you take on the hunters and the sportsmen, you're really tangling with trouble. So Peter Smith alienated that voting block, and everybody voted for Bernie Sanders thinking, yeah, he's a kook, but we'll vote him in, he'll be there for two years, and then we'll vote him out.

WOODS: Can I interject for a minute, because isn't that funny that Hillary Clinton has hit him so hard on the gun issue, and he's had to basically fall back on, well, my constituents are a bunch of hicks and rubes so what do you expect me to do, is basically the answer he's been giving.

ROPER: That is the answer that he's been giving, but every Vermont politician has to play to the Second Amendment lobby here in the state –

WOODS: Wow, even Bernie.

ROPER: Even Bernie.

WOODS: That's awesome. That's funny.

ROPER: And Howard Dean was the same way when he ran for president. He had the same issues, although it wasn't as prominent as it is today. So you know –

WOODS: I'm sorry to interrupt. Yeah, go back to the story. But I had to point that out.

ROPER: Oh no, and well, that's sort of the end of the – everybody knows the story from there. He was in Congress for about 20 years, maybe it was 18 years, and Jim Jeffords stepped down from his Senate race, and Bernie ran against a businessperson here named Rich Tarrant, who put about \$7 million of his own money into his campaign, and Bernie beat him pretty badly. He beat him with like 35% – Tarrant only got about 35% of the vote, 31% of the vote, something like that. And you know, it's just very – because Vermont is such a small state.

Now, I'll get back to the financing of things. Because we only have 620,000 people, you can't raise a lot of money in this state to run for office, from the people who live here. And when you're an incumbent, you can draw on national fundraising base. So like

Patrick Leahy, our other senator here, he's got about, last I looked, I think it was \$5- or 6 million in the bank that he's put away. About \$253,000 of that comes from people in Vermont. The rest is from out of state. And Bernie taps into that. He brings all that money into the state to protect his incumbency, and he also uses it to fund the various — you know, he's got five or six people on his staff. They work for you for a couple of years, then he sends them off into the Vermont hinterlands to run for the State House or Select Board or start an activist group of something like that, and it just continues to build upon itself.

WOODS: All right, well, that's the situation that we now all find ourselves in, because it's not just Vermont's problem any more.

ROPER: No, no. That's what Vermont is for the Left. And you know, it's funny you say you've never heard of the Ethan Allen Institute, why is there a free market think-tank in Vermont and how do you make it work. Well, Vermont, the Left has looked at Vermont as an opportunity for the past 30 years. It's cheap. We have a dirt-cheap media market. We have — if you want to run for the House in Vermont, the State House, the average race costs about \$5- to 7,000 to run a State House race here, as opposed to, like, \$75,000, \$100,000 in New Hampshire or Massachusetts — now I shouldn't say New Hampshire, but Massachusetts. So they pour a lot of money into the state. A lot of outside money comes into the state to help people get elected who go to the State House and then pass things like the GMO labeling bill or who they hope will pass something like the single-payer healthcare system. And all of a sudden, it becomes the legislative example that the rest of the states can use to say, hey, they passed it in Vermont, so we'd better get on board. We are the petri dish of left-wing experimentation. As John McClaughry once put it, it's like the blob. It gets germinated here in Vermont, and then it crawls out of the lab and starts eating up all the other states.

WOODS: Are you familiar with something in New Hampshire called the Free State Project?

ROPER: Yes, that's where the libertarians were all trying to do to New Hampshire that the Left had done to Vermont.

WOODS: Yeah, exactly. So it seems to me that, given — I did not realize how low the population figure was for Vermont, it seems like free market people, like that would be another potential state. With a few tens of thousands of people, you could have a real impact. You could change things in a state like that. It's an interesting thought.

ROPER: You could. If people wanted to move here. Again, the problem is it's tough to find a job once you're here.

WOODS: Yeah.

ROPER: I mean, the job market is very difficult. But yeah, you wouldn't even have to take over the whole state. If you moved like 50 people, 100 people into specific State

House districts, you could start picking off quite a number of seats. You see a number of races in Vermont that are decided by 5 votes, 6 votes, 10 votes, 20 votes.

WOODS: When you say the job market is bad, by the way, are you really saying the job market is bad because the Left got everything it wanted?

ROPER: Yeah, that's a big part of it, because it's so — part of it is the rural nature of the state, but the other part is they make it very expensive to live here through the property tax system and all the regulations that they put on businesses. Workers compensation is very high here. The minimum wage, as I said, is way above the national average. So if you're going to be a manufacturing company, and you look at Vermont, you say it's just not going to happen there. You're going to go across the river to New Hampshire, where all of these things are a whole lot cheaper. Then we see a number of businesses here today that have been here for, you know, several generations that are moving out of Vermont, because the cost of doing business is just so high.

I personally see the policies that we should be putting in place would be to get people from the Boston area, the New York metropolitan areas, all these places to move to Vermont for the lifestyle. And to do that, though, you have to make it appealing on a tax basis to attract people, and we have I think it's — we used to have the highest marginal tax rates in the country. Now I think we're second or third behind California, but they're still very high. And if you earn above, say, \$93,000, that's where your income gets hit very hard, your assessments for healthcare you get hit very hard, and your education property tax you get hit very hard. If you're below that level, then they have a lot of government giveback programs that are too complicated to get into the show here, but it makes it a little bit easier for you to get by. But once you hit upon that threshold, there's really not a whole lot of reason to stay in the state, and a lot of people do leave. So you get people who are very wealthy who really don't care about how much money they're spending on things like taxes and fees and what not, a lot of retired people who come here as well, and then you have people at the bottom of the spectrum who are dependent on social services. And the middle class has really fled.

WOODS: I assume you saw the news item about California and the \$15 minimum wage?

ROPER: I've been watching Seattle and the minimum wage, but what about California?

WOODS: Yeah, I just read — now, I only saw the headline and I don't know what the timetable is, but they've decided to adopt a \$15 minimum wage. My understanding is it was a decision by the governor, so it wouldn't just be a city.

ROPER: Uh huh.

WOODS: It would be statewide. Now, California would be a little different. It would be like New York doing it. New York has high cost of living and high salaries and higher wages in general, so it wouldn't be as crazy as if, say, Alabama instituted a \$15 minimum wage, but it just seems certain to end in tears. And yet no one or almost no

one who's excluded from the job market by this will correctly identify the culprit. The culprit of course for them will be evil businesses who don't want to hire them. It will never ever be the government that's supposed to protect them. They will never ever connect those dots, but that's why we need the Ethan Allen Institute and other places, at least to have some hope of reaching people to understand that their savior is actually what's destroyed their lives basically.

ROPER: Well, exactly right, and we in Vermont do have hope. I mean, I worry about California — I'm far away from California and I don't follow their politics all too closely, but it really seems to me like they've gone over an edge where the ship has capsized and you can't really right it without something calamitous happening. But in Vermont we do have an opportunity. Because House races are so cheap, if you can get people to run for office, you have a chance of winning back those seats. And last year the Republicans won I think it was 10 or 12 seats in the House of Representatives; they won a couple seats in the Senate. And this year we have a pretty good chance of taking back the governorship with a moderate Republican, a guy by the name of Phil Scott. And we've had Republicans in the past, Governor Jim Douglas, who preceded our current governor that was a Republican. So it's possible. It's possible to win these offices, and it's possible to crawl your way back. We haven't capsized I think the way that — we're certainly very liberal, and we're certainly very Left, and we're certainly doing a lot of liberal things, but I don't think that the politics has completely capsized the way it has in the state of California.

WOODS: So the website is EthanAllen.org. Do you guys put out an email newsletter or anything?

ROPER: We do. We put out a monthly newsletter, and we put out a weekly blog update, and it is EthanAllen.org, and I would encourage people to take a look at what we're doing here. And we could use your help. As I said, the Left has been using this state as a petri dish for 30 years. They've been dumping millions and millions of dollars into other organizations that are like ours but on the Left, and it's tough to compete, but we've been punching above our weight, and we're going to continue to do so.

WOODS: Well, I'm glad you're doing it, because somebody has to, and it's important, and I'm just so glad that at this point — what am I, 600 and — this is Episode 632, so I'll also have the Ethan Allen link at TomWoods.com/632. And I'm still finding out about new organizations and new people fighting the fight in unlikely places, and that itself is encouraging to me, that I don't know everything that's going on, whereas I think back to the really dark days of half a century ago when there was barely anything anywhere, or even just a few decades ago, it was very, very hard to find — like, you know everybody. Everybody who was involved in this fight, you knew on a first name basis. And I didn't know about you guys until just this week, so I'm glad to know what you're doing, and congratulations. EthanAllen.org, we'll try to get some people over there. And thanks a lot for your time today.

ROPER: Tom, thank you very much. It's been a lot of fun, and I appreciate you reaching out.