

# INDIANA POLICY

*review*



*The New Political Machine*

## A GOVERNMENT UPSIDE DOWN

*"A future that works"*

*In Congress, July 4, 1776,  
the unanimous declaration  
of the thirteen United States of America:*



*When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation. We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness. Prudence, indeed, will dictate that governments long established should not be changed for light and transient causes: and accordingly all experience hath shown, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same object evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government, and to provide new guards for their future security.*



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## A FUTURE THAT WORKS

Our mission is to marshal the best thought on governmental, economic and educational issues at the state and municipal levels. We seek to accomplish this in ways that:

- Exalt the truths of the Declaration of Independence, especially as they apply to the interrelated freedoms of religion, property and speech.
- Emphasize the primacy of the individual in addressing public concerns.
- Recognize that equality of opportunity is sacrificed in pursuit of equality of results.

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"The Voting Place," Harper's Weekly, Nov. 13, 1858

## POLITICIANS COME AND GO BUT PUBLIC EMPLOYEES RULE

*Will anyone face up  
to unfunded pensions?*

Conservative governance has a more formidable opponent than mere liberals. It is an opponent unchallenged since government workers were first allowed to unionize.

Today, less than 50 years later, the resulting political apparatus dwarfs both Indiana political parties. It is technically and economically the largest political machine in history, a privileged class of neo-mandarins. It is the reason Indiana is sitting on a debt bomb with a 7.7 percent decline in tax revenue for the last year and unfunded pensions per capita of \$7,418.

"Overtime, (public-sector unionization) transformed the Democratic Party into a public-sector dependency," Daniel Henninger writes in *the Wall Street Journal*. "They became different than the party of FDR, Truman, Meany and Reuther. That party was allied with the fading industrial unions, which in turn were tethered to a real world of profit and loss."

The central battle of our time, then, is over political primacy, not between Republicans and Democrats.

Public-sector unions, pushing aside the local political leadership, directed a \$6.5-million war chest in Oregon's recent tax referendum, \$2 million more than the state's business community and taxpayer advocates could raise. The money paid for a television and radio campaign persuading a hapless majority there that taxes are paid by someone else.

And as with all political machines, membership in a public-sector union has its perks even for the rank and file. In

Indiana, public employees get paid leave to work at paid election-day positions. In Oregon, certain traffic laws are waived for them.

It is not clear that Indiana Republicans are engaged in this battle. Neither the Statehouse GOP leadership nor a popular governor can advance legislation that would trouble the Indiana State Teachers Association.

Indeed, it was a beloved GOP governor, Otis Bowen, who struck the Faustian bargain in 1973 that gave the state one of the nation's most debilitating collective-bargaining laws, one ensuring that the quality of learning in Hoosier classrooms will always be secondary to the welfare of a union membership.

Holding so much power, it was inevitable that the public-sector unions would break the public's bank. This year, the average federal salary (including benefits) jumps from \$72,800 to \$75,419.

Steven Greenhut, writing in *Reason Magazine*, cites two facts that should give Statehouse budget-makers pause:

1) More than 14 million government workers and six million retirees are owed \$2.37 trillion by 2,000 different states, cities and agencies.

2) State and local pension payouts have increased 50 percent in just five years.

"Government employees are a permanent lobby for continual government growth," Greenhut concludes — an organization run by its own employees, an organization upside down.

*"Government employees are a permanent lobby for continual government growth" — an organization run by its employees, an organization upside down.*

RELATED: "State Pensions Built on Rosy Projections," page 5.



*Challenging the power of public-sector unions may no longer be politically "impractical."*

Maryann O. Keating, an adjunct scholar of the Indiana Policy Review Foundation and co-author of "Microeconomics for Public Managers," reminds us that at the end of 2008 Indiana held \$15.5 billion in two pension funds. The state estimates the present value of these future commitments at an optimistically low \$36.4 billion, she notes, while independent researchers guess it will be nearly twice that, or \$62.4 billion. Keating is concerned that gap between the "official" value of the pension fund and the higher-estimated commitments represents more than three

times the amount of Indiana tax revenue collected each year.

*The Wall Street Journal* reports that this year for the first time in history the number of workers in government unions (state and federal) surpassed that of private-sector unions. The news prompted a warning from the editorial board: "As we can see from the desperate economic and fiscal woes of California, New Jersey, New York and other states with dominant public unions, this has become a major problem for the U.S. economy and small-d democratic governance. It may be the single-biggest problem."

Is there hope? Can this be changed?

The election of Scott Brown in Massachusetts weakens the common Republican excuse — that challenging union power is "politically impractical," that it "won't get out of committee."

Voters in the private sector (union and non-union) are struggling to find jobs at pay levels scorned by those in public-sector unions. The great number of voters, and virtually all GOP voters, are unhappy about that.

So when an officeholder tells you that all of this is beyond political remedy, he may not be displaying his Statehouse savvy. He may be practicing his retirement speech. — *tcl*

#### Resources

1. Asher Hawkins, "Trillion-Dollar Pension Gap Just Beginning of States' Fiscal Woes." *Forbes*, Feb. 18, 2010.
2. Daniel Henninger, "The Fall of the House of Kennedy." *The Wall Street Journal*, Jan. 21, 2010.
3. Editorial, "Taxpayer Ambush in Oregon." *The Wall Street Journal*, Jan. 20, 2010.
4. Kevin Leininger. "Profiting at the Polls." *The Fort Wayne News-Sentinel*, Feb. 1, 2010.
5. *Op. cit.* Editorial, *the Wall Street Journal*.
6. *Op. cit.* Henninger, *the Wall Street Journal*.
7. Charles Freeland, "The Teacher Unions: Cutting Out Paper Dolls." *The Indiana Policy Review*, winter 2001.
8. Steven Greenhut, "How Public Servants Became our Masters." *Reason Magazine*, February 2010.
9. Editorial. "The Public-Union Ascendancy." *The Wall Street Journal*, Feb. 3, 2010.

#### *A Runaway Train Subsidy*

Both Allen County and the Indianapolis area have launched aggressive campaigns to bring "high-speed" rail to Indiana. Geoff Paddock, a booster for the Northeast Indiana Passenger Rail Association, told *the Fort Wayne Journal Gazette* in January that he is confident the Obama administration will find money for his project. "We will keep working at this as long as we need," he said.

A more detached expert on rail systems, Wendell Cox, author of "The California High-Speed Rail Proposal: A Due Diligence Report," tells *the Wall Street Journal* that experience elsewhere predicts it will be a boondoggle:

"The administration is giving California \$2.25 billion for trains that are expected to reach 220 miles per hour between Los Angeles and San Francisco. The cost of building this rail line is now estimated by the California High-Speed Rail Authority to be more than \$40 billion and could be \$60 billion or more.

"Even after adjusting for inflation, the projected cost of the system has increased by half over the original cost in the past decade. Ridership projections have also fluctuated wildly, from as low as 32 million annually to nearly 100 million; now the rail authority estimates the train will carry 41 million passengers each year.

"High-speed rail does little to unsnarl traffic jams because most highway congestion is within urban areas, not between them. It also has negligible impact on airport congestion. The world's strongest high-speed rail market, Tokyo to Osaka, is also one of the world's largest airline markets. . . .

"In the other corridors where the administration plans to spend money — such as Charlotte to Raleigh and Chicago to St. Louis — projected train speeds won't be much faster than what the fastest trains in the 1930s were able to do. Some trains then topped 80 mph. As a result, car trips will normally be as fast door to door, and they will be far less costly than taking the train and then renting a car.

"There is no need to subsidize intercity travel. Flyers pay for virtually all of the costs of running the airline system, including airports and air-traffic control. Gasoline taxes and highway tolls built and maintain intercity roadways, and they also support mass transit with \$10 billion in subsidies annually. Intercity buses require no taxpayer funds. Only rail requires heavy subsidies. At the end of the day, the great danger is that true high-speed rail could cost taxpayers even more than the tens of billions in subsidies that have been paid to Amtrak since the 1970s."



# ANTI-INCUMBENT MOOD STILL A FACTOR IN U.S. SENATE RACE

*No Washington insiders need apply?*

by ANDREA NEAL

(Feb. 17)—With Evan Bayh's stunning decision not to seek reelection, Dan Coats has become the "incumbent" in the Senate race. And that's why Republicans should avoid him like the plague.

2010 is looking to be the year of the non-incumbent. A February report by the Pew Research Center for the People & the Press found widespread dissatisfaction with Congress and noted that anti-incumbent sentiment was "as extensive as it has been in 16 years" of surveys.

Thirty-one percent of voters said they do not want to see their own representative reelected, much higher than the 23 percent average holding that view in 29 previous polls. "The only recent midterm campaigns when anti-incumbent sentiment equaled its current levels were in 2006 and 1994, which culminated in elections that changed the balance of power on Capitol Hill," Pew said. The survey echoed one taken in the fall when 37 percent of those polled expressed a positive opinion of Congress, among the lowest in decades, and 52 percent an unfavorable view.

Coats is not technically an incumbent but fits the bill from the voters' perspective. He served in the U.S. House from 1981 to 1988 and in the U.S. Senate from 1989 to 1999 when Bayh took over the seat. Coats chose to "term limit" himself rather than seek reelection. Most recently, he's been working as a Washington lobbyist, which

makes him the very thing voters are tired of: a D.C. insider.

If Republicans had no other candidate for the May primary, a Coats candidacy might make sense. But there were already several in the contest, and a few others may be tempted to jump in by Friday's noon filing deadline.

Among those previously announced: state Sen. Marlin Stutzman, R-Howe, and former Rep. John Hostettler, himself a victim of anti-incumbent sentiment in 2006 when he lost his Evansville-based House seat to Democrat Brad Ellsworth.

Stutzman, in the state legislature since 2001, has little name recognition and could credibly make an anti-incumbent pitch. A small businessman and farmer, he logged 10,000 miles across Indiana last summer talking to voters about what's wrong in Washington.

The message resonates, which explains the growing popularity of the Tea Party movement that advocates smaller government and lower taxes and is trying

*"Coats is not technically an incumbent but fits the bill from the voters' perspective."*

— NEAL

RELATED: "The Reality Check," page 21.



*Andrea Neal is a columnist and adjunct scholar of the foundation. Nothing written here is to be construed as reflecting the views of the foundation or as an attempt to aid or hinder the passage of any bill before the legislature or to further any political campaign.*

## Indiana Must Plan Now for a Quality Bicentennial

For release noon Jan. 19 and thereafter (891 words with optional trim to 670)

by ANDREA NEAL

Ohio, the last state to mark a bicentennial, spent a decade on planning and poured \$16 million of taxpayer money into an elaborate year-long celebration in 2003. Among the highlights: painting bicentennial logos on barns in all 88 counties, a Tall Stacks riverboat party on the Ohio River and publication of a series of books on Ohio history. Politicians, schools and historical associations had roles under the leadership of a bicentennial commission funded by the legislature. By all accounts, their bicentennial was a huge success.

The moral of this story? Indiana needs to step up planning for our bicentennial celebration in 2016. Although a preliminary effort is underway headed by State Archivist Jim Coridan,

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*"Finalizing a lease (in Haiti) requires 65 bureaucratic steps, taking two years on the average. Then things get worse: Subsequent purchase requires another 111 bureaucratic steps, taking 12 more years — a total of 19 years of red tape and paperwork in a country where, to compound the problem, illiteracy is pervasive."*

— VAN COTT

to recruit its own candidates in some districts across the country.

While Tea Party people generally come from Republican ranks, non-partisan anti-incumbent efforts are gaining ground. David R. Remer, head of Vote Out Incumbents Democracy, has noted an increase in news media reporting of both anti-incumbent and anti-establishment efforts.

One success was Republican Scott Brown's victory to fill the late Ted Kennedy's Senate seat in Massachusetts. In Minnesota, anti-incumbent sentiment propelled talk show host Al Franken past incumbent Republican Norm Coleman last fall. Closer to home, who can forget Greg Ballard's defeat of Indianapolis Democratic Mayor Bart Peterson in 2007, despite receiving no support from his own Republican Party?

In 2008, 94 percent of House incumbents and 83 percent of Senate incumbents seeking reelection won. The Center for Responsive Politics notes, "Few things in life are more predictable than the chances of an incumbent member of the U.S. House of Representatives winning reelection."

This is not what our Founding Fathers envisioned. They hoped to create a system in which citizens would take turns holding office, then go back home to their families and careers. As Bayh put it Monday, "Running for the sake of winning an election, just to remain in public office, is not good enough."

It's obvious why national Republicans might prefer Coats in the effort to win back the Senate. They figure he has the greatest name recognition and will be able to raise the most money. But it shouldn't be about fame or fundraising; it should be about who's the right person for a turn at public service. The Democrats, as they scramble to replace Bayh on the ballot, face the same concern.

Eventually, if enough incumbents are upset, both parties might get the message. But citizens first must take responsibility for two things:

rejecting incumbents and getting more involved themselves.

## Haiti: Sowing and Reaping Devastation

by NORMAN VAN COTT

(Feb. 13) — Pictures of Haiti's earthquake devastation remind me of a November 1987 *National Geographic* photograph. It was an aerial shot along Haiti's border with the Dominican Republic (the two nations share a Caribbean island). The photograph showed a heavily forested Dominican Republic but a barren Haiti. The caption noted that Haiti had once been heavily forested.

I bet some are thinking, "Oh no, here comes another academic telling us that tree-cutting causes earthquakes; probably a tenured geology professor." Rest easy. I'm not offering earthquake theories, and while I'm tenured, I'm a professor of economics, not geology.

My point is that Haitian land stripped of trees or Haitian land covered with earthquake debris have a common cause — a dysfunctional system of property rights. The dysfunction promotes an economic myopia where any future benefits — from preserving trees to constructing longer-lived buildings — become less important in economic calculations when recipients are uncertain of receiving those benefits.

Haiti's heritage is not good. A brutally ruled, slave-centered colony, independence there brought only a series of home-grown tyrants. Nevertheless, Haitians themselves bear responsibility for the state of their property rights. If not the Haitians, who else, pray tell? Does that mean I'm blaming the victims of the devastation for the devastation, be it land stripped of trees or land covered with earthquake debris, including thousands of bodies? Yes.

Haitians trashed private-property rights and they have reaped the consequences.



*Norman Van Cott, Ph.D., an adjunct scholar of the foundation, is a professor of economics at Ball State University. Copyright © the Foundation for Economic Education. Reprinted by permission.*

### Reality and Rhetoric

The significance of the differences or contrasts between central planning and the market order extends far beyond economic life. In a freely operating market system people can decide where they work, what they buy, how much they spend or save and where they invest. For most people, freedom of choice in these matters is crucial.

The market order minimizes the power of individuals and groups forcibly to restrict the choices of other people. Forcible restriction of the choice of others is what coercion means. Possession of wealth does not by itself confer such power on the rich. Indeed, in modern market economies the rich, especially the very rich, usually owe their prosperity to activities which have widened the choices of their fellow men, including those of the poor.

— Lord Peter T. Bauer, *Reality and Rhetoric*, Harvard University Press, 1984

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*The controversial photograph mentioned by the author was taken in 1987 along the border between Haiti (left) and the Dominican Republic by James Blair for the article, "Haiti: Against All Odds." National Geographic, Vol. 172, No. 5. Similar photographs have been taken more recently by the Scientific Visualization Studio at the Goddard Space Flight Center.*



Their Dominican neighbors, though hardly living in a property-rights paradise, didn't strip their land. Nor do earthquakes of Haitian-like intensity elsewhere necessarily kill tens of thousands. The 1994 southern California earthquake, for example, killed less than 100 people.

The economist, Hernando de Soto, in his celebrated book "The Mystery of Capital," included specifics about the pathetic state of private-property rights in Haiti. He estimates that 68 percent of Haitian city dwellers and 97 percent of their rural counterparts live in housing for which no one has clear legal title — no one.

Tell me, if you were building a house for which you had no legal title, how interested would you be in building a more durable structure? Not very. Certainly, you would be less interested compared with having clear title. After all, you're unsure about someone coming along and taking "your" house, and you're unsure about your ability to sell the house in the future. The resulting shabby construction won't cause earthquakes, but it'll make earthquake-related damages more extensive, even fatal.

Lack of property title in Haiti is not surprising, says De Soto. For Haitians to settle legally on government land, they must first lease it for five years. Finalizing a

lease requires 65 bureaucratic steps, taking two years on the average. Then things get worse: Subsequent purchase requires another 111 bureaucratic steps, taking 12 more years — a total of 19 years of red tape and paperwork in a country where, to compound the problem, illiteracy is pervasive.

*The National Geographic* photograph was a predictor of the earthquake devastation we've witnessed. A people who have little incentive to save trees, or when they do cut to replant new trees, will end up constructing buildings that crumble like houses of cards under the stress of an earthquake.

Any effort to rebuild Haiti that does not include eliminating this property-rights vacuum will be throwing good money after bad, leaving seeds of future devastation waiting to germinate. An easy job? No. International "do-gooders" with quick fixes need not apply.

## State Pensions Built On Rosy Projections

by MARYANN O. KEATING

(Feb. 9)— Each time Indiana promises future payments to a state employee, it creates a liability for taxpayers. If

· "Why are states  
· underestimating future  
· commitments to certain  
· groups of state employees?"

— KEATING



*"The gap between the value of the pension fund and the higher estimated commitments exceeds three times the amount of Indiana's tax revenue collected each year."*

— KEATING

total monies in state pension funds, accumulated each year by employer and employee contributions, are insufficient to meet promised benefits, state constitutions generally provide explicit guarantees that public-pension commitments will be paid in full. Also, state employees could make it difficult for politicians if promised benefits are impaired. If promised benefits become a hardship, the state could apply to the federal government for assistance, as California has done recently.

Before evaluating Indiana state-wide pension commitments, let's look at pensions from an individual's point of view.

No doubt, most of our parents holding jobs outside the home were offered "defined-benefit pensions." This means each year after retirement they received some dollar amount, generally based on some percentage of their working salaries loosely adjusted for inflation. Most private and government employees now are offered "defined-contribution pensions." This means that the total amount accumulated at retirement, including employer and personal contributions, has to last us through our final years.

Let's assume that it takes about \$40,000 to keep our household operating each year, and that we can count, please God, on approximately \$15,000 in Social Security benefits. Therefore, in retirement, we will need to withdraw about \$25,000 each year out of our accumulated pension funds to supplement Social Security. Assuming that we will live about 20 years beyond retirement, a very crude estimate would be to simply divide the total balance we have in our pension fund at retirement by 20 and hope the amount exceeds \$25,000. But this ignores the fact that in retirement we will continue to earn interest on the fund balance. How much would we need in order to meet our \$25,000 goal?

The mathematics of this problem are quite messy, but my software package comes to the rescue. Most of us, including Ben Bernacke, chairman of the U.S. Federal Reserve, are clueless about the yearly return we can expect to earn on

accumulated pension funds. It could be 5 percent, or 3 percent, or 1 percent a year, or whatever. (Let us know immediately if you can guarantee us an 8-percent return.) In fact, during the past two years, most of us with "defined-contribution pensions" saw not an increase but a decrease in our balances — but let's maintain optimism.

Using the present-value formula in my software, if the expected interest rate were 5 percent, we would need to have \$312,000 at retirement to withdraw \$25,000 from our pension each year for 20 years. We would need \$372,000 at 3 percent, and \$451,000 at 1 percent. (This is getting complicated.) And what if the cost of living increases due to inflation? And what if our taxes increase?

Those state employees with "defined-benefit pensions," indexed for inflation, can concentrate on living long lives and need not worry about interest rates or fund balances. Admittedly, the state could default or lower the formula for benefits, but most of us do not expect or wish this to occur. However, the ordinary taxpayer does have to be concerned if Indiana's state-employment funds are not accumulating assets sufficient to meet defined-benefit commitments.

Two economists, Robert Novy-Marx and Joshua Rauh, calculated the present value of "defined-payment pensions" for each state and compared them with pensions assets accumulated. They then ranked states, all of which had significantly underestimated, according to this study, the present value of promised payments to those enrolled in their "defined-benefit pensions." This is one ranking in which you want to be near the bottom. Indiana, with two "defined-pension plans," is ranked 36 out of 50 states. At the end of 2008, Indiana held 15.5-billion dollars in two pension funds. The state of Indiana estimated the present value of these future commitments at 36.4-billion dollars; the researchers estimated them at 62.4-billion dollars; the gap between the value of the pension fund and the higher estimated commitments exceeds three times the amount of Indiana's tax revenue collected each year.



Maryann O. Keating, Ph.D., is an adjunct scholar of the foundation and co-author of *Microeconomics for Public Managers*.

Why, according to this study, are states underestimating future commitments to certain groups of state employees? Part of the reason is that current pension-fund accounting rules permit the states to focus on returns from the expected value of future earnings rather than on current balances. The states' estimations are approximately correct if accumulated state-pension funds were to be invested in assets expected to earn on average 8 percent in yearly returns. On the other hand, the Novy-Marx and Rauh study estimates calculate the present value of future Indiana commitments by using the interest rate on U.S. Treasury notes, a rate considerably lower than 8 percent but one considered risk-free.

At a minimum, we should expect states to be sensitive to risk and different rates of return.

Now, how does all this affect the ordinary Indiana taxpayer approaching retirement? First, given the uncertainty of state pension plans to meet future benefit payments, a resident could compensate for the uncertainty of his or her future tax obligations and balance total risk by placing personal funds in low-risk assets earning lower returns. Second, a resident could save more to enable him to pay the needed tax increases to better fund or rescue state pension funds. Finally, if Indiana in the future limits commitments, he can count on a good number of Hoosier neighbors remaining to assist him in bearing the burden.

## Parrot Soup and The GOP Dilemma

*"The cynical view — Republicans can sit back and wait — is naive. The idealistic view — we must stand for things and move on them now — is shrewder."*

— Peggy Noonan, columnist and former speech writer for President Ronald Reagan

by CRAIG LADWIG

(Jan. 12) — As the political class resumes rolling the dice for our future, now is the time



T. Craig Ladwig is editor of this journal. He was an aide to Sen. Nancy Landon Kassebaum and an editorial writer for the Washington Times during the Reagan administration.

to calculate the odds and place our bets. The talk at any Indiana coffee shop is that this or that incumbent is dead meat vs. any challenger, however unknown, of whichever party and for all offices. You should wish democracy worked so well.

More meaningful is a Rasmussen opinion survey last week that found only 8 percent of respondents confident the average congressman (read politician generally) is more interested in helping other people than furthering his or her own interests. A mere 8 percent are confident their personal views are being represented.

And a Gallup report found for the first time in its history that a majority, 55 percent, say the ethical standards of congressmen are "low" or "very low." That is almost double from a decade ago. The same opinions are expressed at the legislative and municipal levels.

Surprisingly, this has surprised the pols — not that there is dishonesty in politics, perhaps, but that integrity has risen to the status of an issue. They had come to depend on a disconnect between ethical performance and electoral outcome, that and a general blurring of ideological lines.

All of this is predicated on changes in the degree of "rational ignorance," a way of explaining why the electorate's window of attention is sometimes closed and sometimes open.

Dr. Eric Schansberg, an Indiana University professor who is both an economist and a politician, has given this window a lot of thought. "The fact of the matter is that most people are busy mowing their lawns and raising their children — and aren't going to give much time to thinking about politics," he wrote last year. "Thankfully, we live in a country where this is possible." Liberty, in other words, makes it rational to be ignorant of political detail.

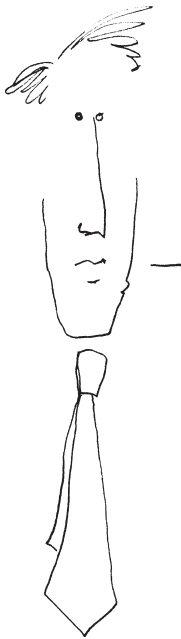
Not any more. Politics is what everybody wants to talk about. As government has attacked our lives, the windows of attention have been thrown wide open. We are thinking past the

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— LADWIG

*"Whether liberals like it or not they are a distinct minority in American politics, and it is political suicide to set policies from the center-left in a center-right country."*

— BOHANON



*"The natural cure for an ill administration, in a popular or representative constitution, is a change of men."*  
(Hamilton)

blanket disillusionment reflected in public-opinion polling. We even know exactly what will solve all our problems — a chicken.

In 1978 in the depths of Jimmy Carter's malaise, Jude Wanniski, an editor for *the Wall Street Journal*, wrote the aptly titled book, "The Way the World Works." It became the blueprint for the Reagan administration. Wanniski's chapter on politics began with the obvious: The most powerful politicians are good at guessing what a constituency wants without sacrificing personal advantage.

To represent the object of that guessing, Wanniski used Herbert Hoover's 1928 allusion to a "chicken in every pot" as the purest expression of political will on any given election day.

In good times, when the electorate's window of attention is near closed and its political expression muffled by affluence, the guessing is not particularly critical but it can be difficult. An insensitive politician, to continue Wanniski's caricature, might not get any closer to the expression of a chicken than a turkey vulture or even a worm.

The vulture's feathers would seem to give it the advantage here, although Wanniski issues a caution: The campaign might reveal the vulture to be a dangerously opportunistic fellow compared with the poultry ideal. Voters might play it safe in that case, gag down the worm and hope for the best in a future election cycle.

In other words, a candidate has better odds just doing what he or she believes is right instead of trying to finesse an electorate.

In difficult times, as now, with our windows wide open and tea parties on every corner, there are more clues. Indeed, the candidate listening carefully to the coffee-shop talk might find it easy to get as close to the expression of a chicken as, say, a parrot or a duck. That will not be close enough, though, if he misses the unspoken expectation that philosophical conviction should guide policy stances. And that is true even if it means — horror of horrors — sacrificing a political career.

Professional politicians in both parties are betting they can serve up parrot or duck soup in place of the real thing, meaning they can avoid the hobble of a principled position and keep on keeping on. In particular, a cynical GOP leadership thinks it merely has to wait for Democrats to self-destruct.

That's the worst bet.

## Now, a Pastoral Letter To my Liberal Friends

by CECIL BOHANON

(Jan. 28) — What is a liberal? In contemporary American politics a liberal generally believes that the federal government should expand the welfare state, raise taxes and make them more progressive, increase regulation on business and embrace a more pacific foreign policy. I have spent my adult life in the confines of academia so I have many friends who are liberals. I was a liberal myself in 1972 when I was an enthusiastic supporter of George McGovern (I was a lonely teenager in Muskogee, Oklahoma).

After the Massachusetts Senate election and the subsequent collapse of Obamacare, liberals are mad. And like most of us when we get mad they have become deluded and nasty: If President Barack Obama had just gotten out more, and if those dirty rotten lying Republicans hadn't said such awful and untrue things about the healthcare bill, we wouldn't be in this predicament.

Never mind that President Obama has by some reckonings made more public appearances in his first year than the former president did in his last four years, and never mind that federal mandates for what must be offered in health-insurance policies along with rate regulation are quite arguably a "government takeover" of health insurance and not just mendacious rhetoric. Liberals don't seem to realize most Americans have serious reservations or strong objections to their agenda.



Cecil Bohanon, Ph.D., a professor of economics at Ball State University, is an adjunct scholar of the foundation.



A recent state-by-state Gallup poll asked Americans to describe their political preferences. Massachusetts registered the highest percentage of self-identified liberals at 29 percent. The corresponding number for Indiana was 21 percent, 19 percent for Ohio and 14 percent for Louisiana (the lowest). What is interesting is that the percentage of voters self-identifying as conservatives in Massachusetts, came in at 30 percent. It was 39 percent in Indiana, 40 percent in Ohio and 47 percent in Louisiana. The poll indicated that moderates were a plurality in 21 states, conservatives in 29 states. Liberals were only a plurality in the District of Columbia. Whether liberals like it or not they are a distinct minority in American politics, and it is political suicide to set policies from the center-left in a center-right country.

I want my liberal friends to know: I feel your pain. As a self-identified libertarian, my political perspective is also a minority. Probably no more than 15 to 20 percent of the American body politic has a libertarian perspective. And like my leftish friends, I can't understand why people don't see the truth.

The other day my 13-year-old son shared with me his dream job: working part-time in a local hobby store. He is aware that the owner can't afford to pay him a minimum wage of \$7.50 an hour. Having not even broached the subject with the store owner, my son asked: "Dad, can I ask him if I can work for less than the minimum wage—say \$3 an hour?" Although proud of my boy's initiative I had to respond: "No, my son, you cannot — it would be a violation of both federal and state minimum wage laws as well as child labor laws." Then in the same breath: "And yes, son, I think the government restrictions that criminalize your pursuit of employment are a violation of your God-given rights."

So, my liberal friends, your consternation is similar to what I would feel had a Bob Barr won the White House and spent his first year working on repeal of the minimum wage and on drug legalization. I am sure I would blame the evil lying propaganda machine of the opposition for tricking the public out of what I know is good for them. Oh well, the reality is

that neither of us can trump the wishes of the frustratingly uninformed middle-of-the road voter.

## The VAT: Politically Determined Consumption?

by MARYANN O. KEATING

(Dec. 29) — How would you like a new tax hidden in the price you pay for goods? Or one determined more by politics than actual market cost? Or that exempts tourists? These are features of a Value Added Tax (VAT), an option that some in government argue is commanded by our economic troubles.

Before taking up the issue, the full brace of Indiana taxes should be considered. The Tax Foundation reports that Indiana levies 7 percent general sales tax on consumers, exceeding the national median of 6 percent. In Indiana, state and local governments combined collected \$849 per capita in general sales taxes in 2006, ranking 24th-highest nationally. Indiana's gasoline tax, in addition to its general sales tax, stands at 29.7 cents per gallon, which ranks 16th-highest nationally. Indiana's cigarette tax stands at 99.5 cents per pack of 20, which ranks 28th-highest nationally.

The gasoline tax was adopted in 1923, the state gross income tax in 1933. The cigarette tax was added in 1947 and the retail sales tax (2 percent) in 1963. Unprepared foods are generally exempted from Indiana sales taxes, but certain products such as soft drinks, potato chips and pretzels are not.

Now, as combined federal and state income taxes begin to exceed 50 percent of marginal income, policymakers realize that any further increases will diminish work effort as individuals retire earlier and work fewer hours. In a recent interview, the Speaker of the House, Nancy Pelosi, said the time has come to consider a Value Added Tax, a type of federal sales tax on consumption.

Some economists and tax accountants prefer consumption taxes to income taxes because they believe that a VAT tax would encourage U.S. households to save a higher percentage of their incomes rather than consume. In practice, however, VAT

*"The Tax Foundation reports that Indiana levies 7 percent general sales tax on consumers, exceeding the national median of 6 percent."*

— KEATING

*"As with all tax policy, the inheritance-tax debate is complicated and cynical. Few are willing to challenge the claims of the social engineers, redistributionists or special interests. Economic truth and personal freedom are always trampled in the clamor to institutionalize envy."*

— LADWIG

taxes will be in addition to rather than as a substitute for income taxes. And with the federal budget deficit continuing to rise, Congress must either reduce spending or seek additional sources of tax revenue.

John Dixon in a letter to *the Wall Street Journal* suggests that there is not much value in the value-added tax. Having grown up in Britain, Dixon wished to warn American consumers and business owners about VAT. The tax was introduced in Britain in 1973 at 10 percent and was subsequently raised to 17.5 percent. In other European countries, the rate reaches 25 percent.

With federal value-added taxes, each business owner would be required to remit, in quarterly payments to the government, the VAT rate times the difference between sales and costs, even if the revenue from sales has not yet been collected. For example, the farmer will pay VAT on the value added above the cost of inputs and wheat sales, the miller on flour sales, the baker on bread sales, the retailer on packaged loaves of bread. As of now, there is no public discussion of how the present 35-percent corporate-profits tax, one of the highest rates in the developed world, would be affected by VAT, which is included in the sticker price, not added at the register. Unlike sales taxes, the consumer does not realize how much tax he or she is actually paying.

Obviously, a value-added tax, by increasing the price of each good, limits total personal domestic consumption. To encourage exports, however, governments generally exempt sales to those living outside the country from VAT taxes. Within Canada and Britain, tourists are given a VAT rebate and pay significantly less than natives for the same products purchased in local shops. How will this play in Peoria or Muncie?

The most undesirable aspect of VAT taxes is that consumer prices do not reflect relative market costs of production. A public-choice process inevitably will exempt certain products from paying VAT. This distorts relative prices that at present reflect the cost difference between producing a bottle of soda pop or a gallon of milk. With VAT, observed prices in the store to final customers (such as what one pays for cloth *vs.* disposable diapers

or for ballet *vs.* football tickets) could be determined more by politics than the actual market-determined cost of production.

For now, let's be grateful for having to pay only state sales taxes. At the local McDonald's, the sales receipt lists the price for a senior coffee, hamburger and fries as \$2.58. We know precisely the total cost including profit earned by McDonald's in providing our lunch (\$2.41) as well as the sales tax sent to Indianapolis (\$.17). At present, in spite of Governor Mitch Daniel's concern for fitness, relative prices do not induce us to forfeit fries for salad.

## 'Tis the Season Of Institutionalized Envy

*"The evidence suggests that (estate, inheritance and gift taxes) actually cost states more in lost revenue than they generate, that they negatively impact smaller firms disproportionately vs. larger firms and that they promote the concentration of wealth by preventing small businesses from being passed on to heirs."*

— Antony Davies, Ph.D., "Myths and Realities Surrounding the Estate Tax"

by CRAIG LADWIG

(Dec. 15) — A tycoon of the late 19th century, William Rockhill Nelson, a Fort Wayne home builder, "went west" to find cheaper land and lower taxes. Starting a newspaper there, *the Kansas City Star*, his leadership inspired one of the most successful modern American cities.

But at the end of his life Nelson was asked by a banking partner why he had wasted so much time and money on parks, schools, landscaped boulevards, art galleries and nonprofit projects. "Because I live here, damn it," was the response.

Today, inheritance and estate taxes, the so-called "death taxes," are driving the William Rockhill Nelsons from our cities. These are the men and women who are our pillars, those who create jobs without the need of rebates or preferential laws, those who guide our charities, civic improvements, infrastructure and all manner of good and important work. Their successors, the executives and various "occupiers" billeted here by distant corporations, are poor substitutes.

Nonetheless, this Congress will try to pass a permanent 45-percent or even 55-percent federal estate tax. It will be no surprise, sad to say, if our Statehouse follows suit. Indiana, after all, is one of only seven states that has historically assessed a separate inheritance tax, one that has been applied at a top rate of 20 percent.

As with all tax policy, the debate is complicated and cynical. Few are willing to challenge the claims of the social engineers, redistributionists or special interests. Economic truth and personal freedom are always trampled in the clamor to institutionalize envy.

There is a compact illustration of all this in the public position of Warren Buffett, who plays a 21st-century counterpoint to Nelson. The Nebraska financial wizard is much admired for his outspoken support of the inheritance tax, making headlines by providing seemingly altruistic testimony for a narrative that says, “Don’t worry, the wealthy can afford it.”

Setting aside the arrogance of a billionaire telling millionaires what taxes they can afford (at gunpoint, in effect, and on penalty of incarceration), Buffett’s generosity conveniently aligns with his financial interest. Let Dick Patten, writing in “Human Events,” explain:

“Mr. Buffett’s ability to buy family businesses at bargain-basement prices depends on families being desperate to sell — and nothing produces family businesses desperate to sell more quickly than a 55-percent bill from the Internal Revenue Service on all of the businesses’ assets.”

Patten, who heads a group opposed to the tax, argues that besides concentrating wealth into the hands of a few such a tax rate would pull an estimated \$847 billion in capital from the economy each year. He goes on to say that the 26 states with no estate tax produced twice as many new jobs. Moreover, their economies grew nearly 50 percent more than the 24 states that had estate taxes, including Indiana. A study in one state found that 52 percent of tax planners reported the primary reason their wealthy clients left was because of



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the state’s estate tax. In fact, the anecdotal evidence that an inheritance tax makes bad policy stretches back to the earliest books of the Old Testament, an economic history that cannot be ignored because it now is politically inconvenient. The envy taxes selectively and unjustly squash a righteous desire that is in all of us — to share success with our family. More than that, they would negate our children’s own labor in protecting and building a farm, business, enterprise or fortune. As a result, the wealthy of all ages, including the settlers of the American Midwest, have fled such laws because they rightly see them as legalized theft.

In Indiana, the first step is for legislators to quit thinking of modern-day William Rockhill Nelsons as tax marks but rather as employers and investors (even treating them as rightful citizens would be an improvement). The revenue from Indiana’s modest inheritance tax won’t reverse our state’s misfortune. It is significant, though, to those families whose heirs must pay the top rates. And you can be certain their accountants will let them know when it is time to pack their bags for more hospitable ground.

Those bags, please know, will be carrying away economic energies and prospects. For there is no quicker way for Indiana to become a third-tier state than to signal to those both within and without its borders that envy and covetousness are justification for confiscation here.

## Shifting Money Into the Classroom

*“Indiana’s school chief warned school superintendents Thursday that declining state revenues could force cuts in public-education spending, education officials said.”*

— The Associated Press, Nov. 6, 2009

by JEFF ABBOTT

(Nov. 17) — This foundation has released the results of its 18-month research study of the administrative

*“If the current system continues, even more and more central-office administrators will be needed to comply with and implement the ever-increasing number of laws, regulations and bureaucratic mandates.”*

— ABBOTT



*"On Nov. 11 we talk a bunch about sacrifice and only a little about honor and duty. Here is a theory about that: We don't mention honor and duty because the words drag us into reality — kicking and screaming, for we hate being reminded that a sense of obligation is not put in mothballs with a uniform."*

— LADWIG

central-office and school-board costs of all 29 public-school districts in the Third Congressional District in Indiana. The Third Congressional District includes Allen, DeKalb, Elkhart, Kosciusko, Noble, Lagrange, Stueben and Whitley counties. The study was funded by a consortium of three foundations.

The study first calculated the central-office administrative and school-board costs of the school districts in the Third Congressional District for fiscal year 2007. The study then compared those actual costs to the predicted fiscal year 2007 costs for central-office administrative staff and school boards using a new form of public-school governance — the Freedom School model of public-school governance.

The Freedom School model of public-school governance calls for a substantially deregulated and de-politicized system of public-school governance. It gives parents a choice of schools and the state funds follow the child to the school. The new governance model empowers principals and teachers to run local schools under five-year competitive contracts, and holds them fully accountable for results at the end of the five-year period. It provides for consolidation of school districts into countywide school districts but does not call for consolidation of individual schools. It encourages small and rural schools and provides school principals and teachers with the freedom to be creative and innovative without bureaucratic or political interference, but yet holds them accountable for results.

The major finding of the research study was that, in terms of 2007 dollars, the general estimated cost of the current public school system design for all 29 school districts is approximately \$28,993,193 more than the cost of the new proposed freedom model of school governance. These savings would arise only from the deregulation and de-politicization of public schools, and the consolidation of school districts — not individual schools.

This writer is convinced that all, or nearly all, of the current central-office staff in these districts is likely needed to administer the highly regulated and highly politicized system of school governance that exists in Indiana now. We have what at times seems to be a school district

and a school board in nearly every neighborhood. If the current system continues, even more and more central-office administrators will be needed to comply with and implement the ever-increasing number of laws, regulations and bureaucratic mandates.

Considering this study results in nearly 29-million dollars of potential savings for just one congressional district, if these savings hold for all 10 congressional districts, Indiana taxpayers are perhaps paying about 290-million dollars per year in unnecessary central-office administrative and school-board costs. This is money that could go to the classroom or go to relief for taxpayers, or a combination of both.

The governor and many legislative leaders have publicly stated that they would like to increase the amount of school funding that goes to teachers and the classroom. Many educational policymakers throughout the country have called for at least 65 percent of school funds to go to the classroom. Here is a real opportunity for Indiana educational policymakers to achieve this goal without requiring consolidation of any individual school. It is time for politicians to quit trying to control the classroom. The research proves it just doesn't work. It is past time to give the people who work closest to the children (teachers and principals) the full authority to get the job done right — so Indiana's children will be well prepared to live and work in a highly competitive world economy.

## Sacrifice or Duty: One Vet's Distinction

*"These soldiers (Vietnam veterans) were not the decision-makers who involved the U.S. in the Vietnam conflict," said state Rep. Dale Grubb, author of a unanimous Indiana House and Senate resolution on Vietnam Veterans. "They served our country bravely and faithfully, and their sacrifice should be honored — even 35 years after the conflict ended."*

by CRAIG LADWIG

(Nov. 4) — As a veteran, I dread Veteran's Day. I recoil at the postured talk about our "sacrifice" for our country.

Whatever the good intention, it's the wrong word. It makes me feel like a sap.

It is too primitive a concept, bringing to mind the sacrifices that ensured plentiful harvests, wealth, the defeat of one's enemies and so forth — all to the benefit of those who managed not to be sacrificed, of course. And it suggests finality — over and done, move on, even forget.

*n.* An act of slaughtering an animal or person or surrendering a possession as an offering to God or to a divine or supernatural figure. — first definition, "Oxford Pocket Dictionary of Current American Usage," 2009.

There is a particular implication for my generation, drafted by lot into jungle combat. It has even more meaning for my father's generation, piled up as cord wood on distant beachheads.

I once felt a sense of sacrifice — OK, self-pity — as a young man yanked from home and friends into the Vietnam War. It quickly waned. No, that's not right — it was eclipsed by the self-confidence, self-worth and reverence for liberty that comes with honor and duty.

Now those are the right words, honor and duty, describing the men and women who did their duty, who proved an honor to their fellow soldiers, their families and their hometowns (if not to the elites in that amalgam of power and privilege that has become Washington). And I have learned that such obligation, such heroism, has no finite moment; it must be renewed each day for a lifetime.

In an attempt to give this distinction more weight, try a crude experiment: A Google search of the keywords "Afghanistan," first with "sacrifice" and then with "honor and duty." The former results in 3.5 million hits, the latter less than 10 thousand.

So this Nov. 11 we will talk a bunch about sacrifice and only a little about honor and duty. Here is a theory about that: We don't mention honor and duty because the words drag us into reality — kicking and screaming, for we hate being reminded that a sense of obligation is not put in mothballs with a uniform.



*Tad DeHaven, formerly a deputy director of the Indiana Office of Management and Budget, is an analyst for the Cato Institute. He is a resident of Fishers, Indiana.*

Indeed, it has nothing to do with being a veteran.

We have a duty as citizens, albeit middle-aged and unfit, to elect democratic representatives who will honor their office. We have a duty to throw out those who don't, even when their dishonor awards us preference and privilege.

As fathers and mothers we have a duty to care for our children above all, to honor our own parents. We have a duty to protect the innocent. We (and not our bureaucratic proxies) have a duty to feed and care for the poor, the ill and the aged. It is our duty, not their right — an important point if we are to remain free in a Constitutional Republic.

And as office-holders we must honor the rule of law rather than of personality, to honor our state and national constitutions and their histories, including the politically testy sections on private property, the bearing of arms, states' rights, sanctity of contract and individual freedom. None of these are postures, please know, but all are principles, unfashionable perhaps, for which many volunteered to fight and for which many died.

We have a duty to defend our nation from enemies within and without. We have a duty to . . .

Yes, the list goes on and on. That's why it is easier to mumble something about extraordinary "sacrifice," toss a salute and get on with the day.

## Ex-IOMB Deputy: The Stimulus Is a 'Charade'

by TAD DeHAVEN

(Nov. 2) — I have been reluctant to engage in the squabbling over the accuracy of the stimulus figures because I believe it is more important to focus attention on the underlying "rob-Peter-to-pay-Paul" reality of Washington's endeavor.

As I have argued before, the government cannot "create" anything without also inflicting economic damage because the money ultimately comes at the expense of the private sector via taxation. There are countless other problems with government

*"In reality, we had no idea if the numbers state agencies gave us were accurate. There were no audits, and once the agencies figured out the whole effort was really a political gimmick they often just gave us self-serving nonsense. Nonetheless, the numbers were pawned off on the public because they served political ends."*

— Tad DeHaven, a former deputy director of the Indiana Office of Management and Budget.

*“Of the 48 states with gaming, Indiana ranks sixth in reliance on its revenues, according to a September report by the Rockefeller Institute on Government. When it comes to casino-related income, we rank second behind only Nevada.”*

— NEAL

job-creation efforts, including economic miscalculation, inefficiency, waste, etc. — not to mention the immorality of robbing poor Peter.

Last week, the White House issued a defense in response to an Associated Press finding that previously released numbers were overstated. The following sentence in that defense raised my eyebrow: “The reports are not from the government, but from the very people putting Recovery Act funds to work — governors, mayors, county executives, private businesses and community organizations across the country.”

Subsequently, the federal government released new job-creation figures Friday. I believe most of the numbers originated with state government officials charged with collecting and reporting jobs “created” with the stimulus dollars that passed through their states. Based on my own experience as an ex-state government employee responsible for collecting and reporting data purporting to show how well state programs were performing, I feel compelled to comment on the accuracy of these figures.

Not only will these late-reported numbers be impossible to prove, they will be flush with erroneous, deceptive and bogus claims, as *The Indiana Policy Review’s* Dr. Sam Staley has written for the Reason Institute:

“The numbers of jobs created or ‘saved’ are simply counts provided by state agencies spending stimulus money. They simply record the number of people hired under the contract or for the project. They are not the result of investigative follow up, or a consistent methodology for identifying real jobs created or saved. (Indeed, these methodological problems have plagued economic development program evaluations for decades as states have claimed jobs were created by various tax-incentive programs but with no real way to verify the accuracy of the numbers.)”

When I worked in Indiana’s state Office of Management and Budget, part of my job was to collect “performance measures” from state agencies. The idea was to offer Indiana taxpayers the appearance that the governor was holding state agencies accountable for how they spent money.

In reality, we had no idea if the numbers state agencies gave us were accurate. There were no audits, and once the agencies figured out the whole effort was really a political gimmick they often just gave us self-serving nonsense. Nonetheless, the numbers were pawned off on the public because they served political ends.

The Obama administration will continue to trumpet the number of jobs the stimulus package “created.” It will brag that the government’s efforts were not only successful but that they were conducted with unprecedented transparency and accountability. Taxpayers and citizens, however, should not buy into these claims. The stimulus jobs report is simply political theater: a charade intended to maintain public support for, or acquiescence to, Washington’s multiplying encroachments.

## 20 Years of the Lottery; Are We Having Fun Yet?

by ANDREA NEAL

(Oct. 13) —It was 20 years ago this week that easy money prevailed over traditional Hoosier mores. On Oct. 13, 1989 — one year after voters repealed the state’s constitutional ban on lotteries — the first scratch-off ticket was sold. Since that time, we have embraced the gambling culture. Indiana today has it all: pari-mutuel racing, casinos, racinos, off-track betting, pull-tabs, charity bingo.

Of the 48 states with gaming, Indiana ranks sixth in reliance on its revenues, according to a September report by the Rockefeller Institute on Government. When it comes to casino-related income, we rank second behind only Nevada.

Yet there are signs the gravy train is ending. Our lottery profits from ticket sales dropped 17.5 percent in fiscal 2009, more than any other state’s. Casino revenues rose but only because of 2,000 new slot machines at two horse tracks; profits mostly fell at the 11 riverboat casinos and a few are in danger of defaulting on debt.

At a recent legislative hearing, casino owner Don Barden made a plea for state assistance. Gambling is here to stay, he said. The industry is a major employer and source of state revenue. So shouldn’t



Indiana do all it can to maximize its assets?

Answering that question is the main order of business for the Gaming Study Committee, which will meet again Oct. 19 before preparing a report to the 2010 Legislature. Ideas on the table include lower taxes, tax abatements, changes in license fees and other proposals to protect Indiana's industry from competitors in nearby states.

There is perhaps no trickier issue. On the one hand, it is tempting to say enough is enough, let gambling businesses sink, swim or shut their doors.

On the other hand, Indiana needs the money. Riverboat, pari-mutuel and other gaming taxes totaled \$628 million in fiscal 2008. The lottery contributed \$217 million in profits to the state treasury. Altogether they represent the state's fourth-biggest revenue source.

Indiana is not alone in facing this dilemma. In most of the 48 states that depend on gambling income, the take is down. Revenue from commercial casinos to state and local governments fell 2.2 percent in 2008, according to the American Gaming Association. In a sampling of 20 state lotteries, 14 saw revenue drops, the Rockefeller Institute reported.

Because budgets are so tight, lawmakers in more than a dozen states have considered expanding gambling as an alternative to raising property or income taxes, according to the National Conference of State Legislatures.

Illinois recently passed a law to authorize video-gaming terminals. Hawaii, one of two states with no state-authorized gambling, is considering it. Colorado increased the limit on maximum bets, allowed casinos to stay open 24 hours a day and legalized new forms of gaming.

Helping the gambling industry will no doubt be an appealing option for the 2010 legislature. Yet there are still constituencies — churches, addiction-treatment providers, law-enforcement and traditional-value organizations — opposed to gambling for social reasons.

On this issue, lawmakers should let the majority rule. There is no way for voters to put an issue on the ballot in Indiana, but a scientific survey would suffice. Voters could be asked three questions: Should

legislative policy be used to maximize the profits generated by the gambling industry and distributed to taxpayers? Should no changes be made in state gambling laws? Should Indiana wean itself off its dependence on gambling income in favor of other tax sources?

After all, Hoosier citizens were the ones who voted in 1988 to repeal the 1851 constitutional ban on lotteries. The prohibition had been prompted not only by morality of the era but by the collapse of a plan to build a canal in 1818 using state-sponsored lottery money.

Hoosier citizens are the customers of these gambling enterprises. And though Indiana citizens made it possible for the legislature to authorize the lotto, they may not have realized the floodgates would open to all other gambling forms. It's time to find out if Hoosiers are satisfied with the direction lawmakers have taken us.

## Are Aspirations for Education Too Big for Our Pocketbooks?

by MARYANN O. KEATING

(Sept. 21) — In general, Americans love and respect traditions associated with their schools, public and private. Friday-night football, winter basketball games in cozy gyms, high-school graduation open houses, senior proms, etc., hold for the most part a warm place in our hearts. In Indiana, old school houses are preserved and enshrined at Connor Prairie and Chain O'Lakes State Park. Indeed, time fades the personal disappointments and embarrassments of school days such that we anticipate school reunions with joy.

Why then, according to a Hoover Institution poll, has public assessment of schools fallen to the lowest level recorded? And Paul Peterson, writing in *the Wall Street Journal*, notes a dramatic decline in the willingness of the public to spend more on education.

Recent data is unavailable, but Indiana school districts on average allocated \$8,793 per student for the 2005-2006 school year. This is below the national average of \$9,138, but certain Indiana districts exceeded \$13,000 per student. Clearly, the public values and is willing to subsidize primary and secondary education — up to a point.

*"Indiana school districts on average allocated \$8,793 per student for the 2005-2006 school year. This is below the national average of \$9,138, but certain Indiana districts exceeded \$13,000 per student. Clearly, the public values and is willing to subsidize primary and secondary education — up to a point."*

— KEATING

*"In Indiana, there were 127 workplace fatalities, 119 men and eight women. The imbalance in fatalities, as well as the correlative injuries, fall primarily on men. The riskier the job, it logically follows, the higher the pay."*

— McGOWAN

Have we reached that point? What are the alternatives?

Schools' money pots are filled with revenue from property taxes, sales taxes, federal and state income taxes, gambling revenues and dozens of other sources. Some advocate charter schools and vouchers to cut or contain taxes, to gain additional revenue and to offer alternatives and competition to existing schools. Evidently, it is assumed that additional revenue will flow from parents willing to pay some out-of-pocket tuition and private organizations willing to subsidize quasi-private schools.

Currently, less than 10 percent of Indiana students enrolled in primary and secondary schools attend non-public schools. In addition to volume, there are two primary reasons why private tuition is limited as a significant source of additional school revenue. In 2007, Indiana median household income was \$47,448 before taxes. Suppose student spending in private schools were 33 percent less than that in public schools. Even so, it is unlikely that families would be willing and able to pay in excess of 10 percent of yearly income in private tuition.

Looming down the road are college expenses. Complicating the issue is the fact that families sending their children to private schools are acutely aware that the savings of private education will not be passed on to them. In addition to paying coercive taxes to support children receiving better-financed programs in public school, certain families will be expected to voluntarily cross-subsidize scholarship students attending their private school. Families doing this must be strongly committed to certain values in addition to purely academic ones, or perhaps feel that they have no alternative.

Primary and secondary education, in the words of economists, provide positive externalities in the form of inculcating civil values and skills that increase the material and social well-being of society at large. Each student attending private schools as well as the public at large receives a subsidy from organizations sponsoring

private schools. Tuition and vouchers alone are not expected to meet the total expenses of a particular private school.

Why are religious communities and other organizations willing to pick up the tab? They do it gratuitously because they perceive it as part of their mission, and they do it in order to advance a particular way of life with specific values. It is an open question if vouchers assist or restrict private schools in preserving the core values of their sponsoring organizations. However, if parochial and other privately endowed schools fail in their mission, private contributions necessary for survival will decline along with any social benefits.

We may expect too much from our schools, public and private, given that personal, state and organizational income is limited. Educators need our cooperation in order to be effective teachers and guardians of civil and religious values. Nevertheless, as parents, taxpayers and members of private organizations, we continue to assess educational benefits received per dollar spent.

Still, it's a lot to ask that education be academically sound, and value-oriented, and safe, and inclusive. And by the way, we need school-day memories of what is good, true and beautiful to last a lifetime.

## Wages, Sex and Parity in Indiana

by RICHARD McGOWAN

(Oct. 6) — Several years ago at Butler University, feminist activists visited classrooms and handed out "Payday" candy bars to the students. The feminists were calling attention to the fact that women, collectively, earn less money than men. In addition to the candy bar, feminists gave us a diatribe about the situation.

Today, women still earn about 78 cents for every dollar a man earns and feminist activists continue to make a big deal about salaries on Pay Equity Day. In its 2008 report, our state's Indiana Commission for Women reported on an event it sponsored under the title,



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“Bridging the Gap: Reaching Pay Equity in Indiana.”

So not much has changed about the way the Indiana Commission for Women and many feminists approach the pay gap, namely, with old ideas, charges of injustice and a woeful lack of research. Were those feminists to change their ways, they would have a better grasp of the world.

A good start would be *Women's Figures*, a monograph published over 10 years ago by Diana Furchgott-Roth, an economist, and Christine Stolba, a historian. Their work showed that women are successful participants in the American economy. Also, they might read the Dec. 20, 1996, *Indianapolis Star*, which reported: “The National Longitudinal Survey of Youth compared people aged 27 to 33 who had never had a child and found that women earned 98 percent of men’s wages.”

But perhaps things have changed in the ensuing years. Perhaps, suddenly, women are not getting paid the same as men. What does the evidence say?

The General Accounting Office (GAO) examined the purported wage gap and here is what the GAO found: “The gender pay gap — the difference between men’s and women’s average salaries — declined significantly in the federal workforce between 1988 and 2007 . . . all but about seven cents of the gap can be explained by differences in measurable factors such as the occupations of men and women and, to a lesser extent other factors such as education and years of federal experience . . . the remaining seven-cent gap might be explained by factors for which we lacked data or are difficult to measure.”

One factor the GAO may have taken into account is the risk associated with jobs. The Bureau of Labor Statistics reported that 5,488 people died at work in the year 2007. Of that total, men suffered 5,071 workplace fatalities, or 92.4 percent. In Indiana, there were 127 workplace fatalities, 119 men and eight women. The imbalance in fatalities, as well as the correlative injuries, fall primarily on men.

The riskier the job, it logically follows, the higher the pay.

What about a field heavily associated with men, namely, engineering? Perhaps a pay gap exists there. The National Science Foundation (NSF) studied the field and

here is what it found: Analysis shows “that when controlling for years of experience . . . the estimated difference in salaries between men and women fell from 13 percent to 3 percent . . . when other variables . . . are added to the regression, the estimated difference is lowered only another 1 percentage point.” The NSF observed that “on average, women in engineering occupations had five fewer years’ experience than men,” “the rate at which salary increases with experience is the same for men and women,” and the analysis “showed that women with engineering degrees were working in occupations other than engineering more often than men.”

The report echoed what the NSF had found in 2002: “Women employed full time in science and engineering occupations earn less than men on average, but these salary differentials are due primarily to differences in age, length of experience, occupations and highest degree attained.” Were it not for those factors, “the median salaries for men and women are generally more similar.”

When I offered that sort of analysis to my class, one of my best students just glared at me. The next day, however, she wrote a list of resources on the board and told the class, “He’s right.” When activists handed her a Payday, the student responded, “No, thank you.”

That’s what our legislators should say to feminists who don’t do their homework.

## Responsibility Means More Indians, Fewer Chiefs

by MARYANN O. KEATING

(Sept. 20) — Our obsession with leadership misses the point. When an increase in accepting responsibility is really needed, leaders, who believe themselves gifted with particular insight on what others should be doing, are generally not in short supply.

It is amusing to read the comments of those who know precisely what is needed, for example, in how to revitalize town centers. Cute sandwich shops, boutique grocery stores and fashion outlets . . . the list goes on. One wonders if they or theirs would be willing to assume

*“This year’s economics Nobel laureate, Elinor Ostrom of Indiana University, suggests that based on her research some individuals are predisposed to freely contribute to the common good. This initial tendency to cooperate is conditional, however, and decays rapidly if others are not forthcoming.”*

— KEATING



*“Roadblocks are hardly the worst of our constitutional worries. But in this case denial failed, and I got surprisingly angry. Had I personally faced the polite but intimidating force, flashlights and “your papers, please” gestalt, I might have reminded the officers of their oaths to both state and federal constitutions.”*

— HORNING

the overwhelming financial, legal and employer responsibilities of setting up such shops.

Does today’s society reflect a decrease in individuals’ sense of responsibility along with stronger opinions on what should be?

It is relatively easy to make the case that we have become more hedonistic. Our ancestors would be horrified to learn that children seldom walk to school, parents expect them to be fed up to two meals a day there, and most of us are clueless about hemming a garment or making an automobile repair. Adolescence extends through the 20’s. Elders are horrified at the extent to which we eat out, hire lawn services and go to the mall for pedicures.

Responsibility is not completely lost. Indiana ranks 10th among states in the total number of military recruits; over 3,300 Hoosiers have recently volunteered. Regardless of age, about one in every two Hoosiers holds a job, and each Indiana household provides on average a home for 2.3 persons.

Actually, our ancestors may have had it easier. Air travel is less pleasant and trains are virtually nonexistent. Seriously ill folks are released to be nursed at home after short hospital stays. Neighborhood play has given way to 24-7 parenting. Utility bills take increasingly higher percentages of net income.

Nor is personal irresponsibility necessarily a generational thing. Young persons expect to cover two shifts: one at work and one at home. In addition, many have to come to terms with the fact that abandonment and negligence, experienced through the behavior of their parents, does not entitle them to act likewise.

About 13 percent of Hoosiers are over 65 years of age and for most their days of earning a paycheck are over. Nevertheless, they continue to maintain households and do as much as possible for themselves and others. They minimize the expense inflicted on family members and society by caring for themselves. Many

volunteer care for the million-plus disabled Hoosiers and others in need. The value created by these responsible ones is not included in the Gross Domestic Product but is real and significant.

Each person in every age has to come to terms with his or her responsibilities, and society is better off if the number of free riders is minimized. Responsible behavior, however, cannot be taken for granted.

Why don’t we observe more shirking? For many, belief in a final reckoning at death is a powerful motivator. Others make a personal commitment to themselves to honor all contracts freely entered into and to accept duties imposed by the state. Some say, “What goes around comes around.” This last reason is somewhat weak, because not everyone reaps what he or she has sown. This year’s economics Nobel laureate, Elinor Ostrom of Indiana University, suggests that based on her research some individuals are predisposed to freely contribute to the common good. This initial tendency to cooperate is conditional, however, and decays rapidly if others are not forthcoming.

It is in the public interest that individuals, willing to establish enterprises and form households, not be made to feel like saps. These are not “leaders” as such, but rather those who create the environment for others to assume responsibility.

Of course, honoring commitments and leaving only footprints is less ego-boosting than leadership.

## Thoughts at a Hoosier Roadblock

by ANDY HORNING

(Sept. 17) — Like most people, I deny much of what’s happening today. As long as we don’t personally run afoul of the rapidly increasing militarization, authoritarianism and deceit, it might as well occur in far-away North Korea or long-ago Germany. But it was a good thing my wife was driving when we were stopped at a “sobriety checkpoint” three



Andrew Horning, an adjunct scholar of the foundation, was asked to write this article in observance of Constitution Day.

weeks ago in Cloverdale, Indiana, The Land of The Free.

Roadblocks are hardly the worst of our constitutional worries. But in this case denial failed, and I got surprisingly angry. Had I personally faced the polite but intimidating force, flashlights and “your papers, please” gestalt, I might have reminded the officers of their oaths to both state and federal constitutions. I might have asked them to look up the “Oath Keepers,” a tiny minority of police and military personnel who take those oaths literally. I might have mentioned some key parts of the state and federal constitutions. I might have gotten tasered and cuffed in front of my children.

Who can deny that our government is ungoverned? Former President George W. Bush called the U.S. Constitution “just a [expletive deleted] piece of paper.”

Don’t get me wrong. I don’t idolize either the Constitution or our nation’s founders. The “Articles of Confederation and Perpetual Union” was good enough to push off Britain, the global superpower of the day, and to create a new nation, conceived in liberty and dedicated to the proposition that politicians should be on a leash.

Yet Thomas Jefferson wrote, “. . . experience hath shewn, that even under the best forms [of government], those entrusted with power have, in time, and by slow operations, perverted it into tyranny.”

In 1787, state delegates were authorized only to amend the Articles of Confederation. But in secret, many contrived to erect a more powerful, federal government. So the Constitutional Convention was no high-minded meeting of visionaries; it was America’s first power grab.

Jefferson’s prescience notwithstanding, after 11 score years of incremental perversions, the constitutions’ written restraints remain largely intact. Here is the U.S. Constitution’s Amendment X which is still the Law of the Land:

“The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.”

Similarly, the Indiana Constitution still limits state authority with Article I, Section 25: “No law shall be passed, the taking effect of which shall be made to depend

upon any authority, except as provided in this Constitution.”

Laws cannot not create authority; they depend upon authority granted solely by constitutions. If authority isn’t specifically granted in a constitution, it’s specifically denied.

No judges or executives were ever granted any power over the constitutions. Only legislators, by a deliberately difficult process, can amend or abolish the constitutions, and they’ve rarely done it.

So there is no legal authority to lay speed or sobriety traps for citizens, or tax them for the benefit of bankers. Since the repeal of the 18th amendment, there is no federal authority to regulate the sale or consumption of anything. In fact most of what all levels of governments do is not only unconstitutional it is literally, according to the constitutions themselves, criminal if not treasonous.

But these lawbreakers aren’t the problem. Voters have approved every problem with a 98-percent reelection rate. Few of us have read the U.S. Constitution, though it’d take only a lunch hour to do so. Even fewer have read their state’s constitution, which should take only the span of a movie.

Read your constitutions. Ignorance won’t be bliss for much longer, and the truth just might set you free.

## The Townhalls: They’re not Waving, They’re Drowning

by CRAIG LADWIG

(Sept. 13) — There’s a moment in the movie “As Good as it Gets” when the character played by Jack Nicholson explodes in frustration at his therapist. “Look you. I’m very intelligent. If you’re gonna give me hope you got to do better than you’re doing. . . . I mean I’m drowning here, and you’re describing the water.”

Some who attended a recent Indiana townhall meeting felt like that. The presiding congressman spent the evening alternately detailing the hopelessly complex remedies and then the equally hopeless failings of government-controlled health care.

*“Voters have approved every problem with a 98-percent reelection rate. Few of us have read the U.S. Constitution, though it’d take only a lunch hour to do so.”*

— HORNING

*"So why, other than the casting of an insignificant vote on the House floor and an obvious desire to remain employed in indoor work, should we find this congressman's opinions interesting?"*

— LADWIG

Was the congressman a doctor or a nurse or a hospital administrator? No, he had always held a public office. Was he an expert on health insurance or healthcare economics? Far from it, he could not have read all the thousands of pages of competing legislation, let alone the alternative reforms judged politically infeasible in this particular Congress. Was he even a patient in the U.S. healthcare system? No, members of Congress have their own system.

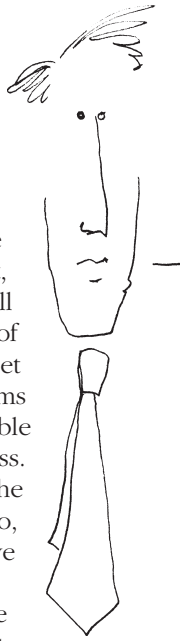
So why, other than the casting of an insignificant vote on the House floor and his obvious desire to remain employed in indoor work, should we find his opinions interesting? Why should we listen to his description of the water in which the rest of us may drown?

Those may be the questions of our age. To answer them, you must consider what the congressman might have said instead:

"I see many of my constituents here tonight — men and women of mature judgment who have raised fine families and have lived worthy lives. I trust them — not only in regard to their own health care but more generally on the proper relationship between citizens and their government. It is obvious that this proposal sends us in the wrong direction, away from rule by law and toward rule by men. It threatens our freedom. My instructions therefore are clear. Good night."

The congressmen didn't say that because he doesn't believe it. As most in his generation of politicians (Republican and Democrat), he believes that his opinion and the opinion of others in government are the most considered in any room, even to the point of shutting out the opinions (and choices) of others.

But this is a truth that officials think us incapable of handling (to pull from another Nicholson line). So they schedule townhall meetings and make a show of gathering our views but in fact lecture us on how healthcare economics is too



complex for any individual citizen to grasp. They inevitably conclude that government must step in — perhaps just a little and under their personal supervision. They assure us that healthcare isn't a free market anyway, that we don't choose healthcare as we choose, say, a cell phone.

Ah, but we do . . . or at least we could.

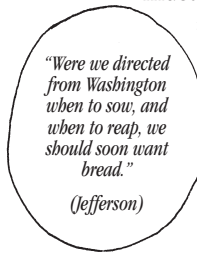
Dr. Regina Herzlinger, a Harvard business professor and an actual expert on health care, was in Indianapolis a few weeks earlier speaking at an Indiana Policy Review seminar. She took a cell phone from her purse to illustrate why transparency and consumer choice — factors scarce in any government-controlled operation — are important to keeping prices low and quality high.

She recalled that her doctoral dissertation required the use of a room-sized computer whose operators had to wear dust-free uniforms for fear of fouling its sensitive workings. The cell phone in her hand, pulled from the "hostile" environment of a purse, was a million times more powerful.

The presence of free individuals made the difference. It is not important that consumers understand computer electronics. They need only be able to choose the progressively more amazing products developed with them in mind.

This "I'll-know-it-when-I-see-it" attitude is the carrot for innovation. The consumers of insurance and healthcare services need not know a catheter from a crutch or an exemption from a premium. Others who do know the difference, given a free market, will knock themselves out trying to make something that the consumer finds useful — life-saving even.

Not proactive enough for you? Still believe that government, properly tuned, has a useful role to play in keeping you healthy? Well, jump in. Beginning with the president's address to Congress next week, there is an ocean of townhall meetings awaiting you — all presided over by politicians describing the water in which they would let you drown.



## A HOOSIER CONSERVATIVE SURGE?

*Maybe, but who's leading it?*

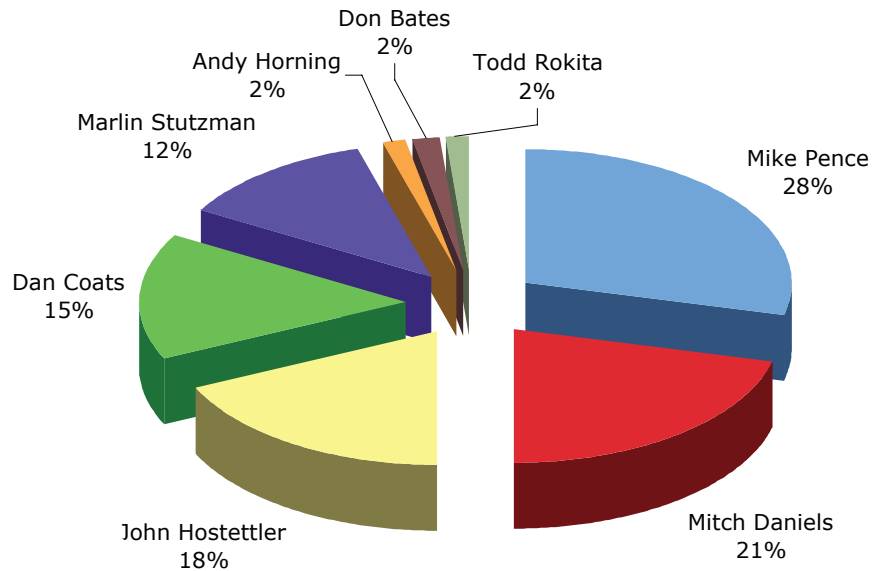
People who know about opinion polls don't think much of ours. The sample is inherently biased and so small as to be little more than a focus group. The questions are casually worded and transparently drive at one point or another.

That said, we have learned to trust our membership. In any case, we think the quarterly "Reality Check" is useful so long as it is taken *cum grano salis*, with a grain of salt — or "with a little bit of intelligence," as the phrase is used in Italy.

And that, come to think of it, is how all opinion polls should be taken, including elections. This particular one can be read to reflect two things:

1) There is malaise among those who might be most enthusiastic about conservative chances or, to the degree they are the same thing, GOP chances. About 10 percent of our 613 correspondents responded (20 percent is the norm).

2) The supposedly heavy hitters, Dan Coats and Mitch Daniels, don't carry much weight with this group. The numbers of John Hostettler and Marlin Stutzman, on the other hand, are respectable. And given the same resources, it is easy to imagine the two giving the big boys a run for their money. Mike Pence, who has withdrawn



his name from consideration, beat all — and that doesn't say much about GOP tactical application. — *tcl*

### Selected Respondent Comments

**Mike Pence** — "It's time for Mike to move up to the Big House. He doesn't need to be one of those lifers who eventually becomes Speaker."

**Mitch Daniels** — "He has been a very good governor and would be an experienced voice for fiscal soundness in the Senate."

**John Hostettler** — "He has Washington experience without

having been seduced by the atmosphere. I agree with most of his stands, *i.e.*, abortion, war, firearms, spending."

**Dan Coats** — "He is a fairly strict fiscal conservative."

**Marlin Stutzman** — "He lives in Indiana. He is young and energetic. He appears tough and ready to lead."

**Don Bates** — "He is an outsider with a passionate vision for advancing freedom and free-market ideas."

**Andy Horning** — "He doesn't consider the Constitution a 'living' document."



*"(The Bayh decision) makes the internal debate about Dan*

*Coats' late entry into an already crowded field more important, not less. The GOP was trying to choose the candidate most likely to beat Bayh. Now it has to actually choose a candidate who would be the best senator to carry out the Republican philosophy. That is a much better choice to have, but it is a much tougher one to make. "*

— Leo Morris in the Feb. 16 Fort Wayne News-Sentinel

*The foundation surveyed its 613 correspondents (persons on its monthly newsletter list between Feb. 11 and Feb. 13) using SurveyGizmo. There were 66 completed questionnaires for a response rate of less than 10 percent. (See chart above for percentage break-down.)*



# THE DESTINIES OF THOSE WHO SIGNED

*From an essay on the signers of the Declaration of Independence by Rush H. Limbaugh Jr., distributed by the Federalist Magazine*

• **Francis Lewis** — A New York delegate saw his home plundered and his estates, in what is now Harlem, completely destroyed by British soldiers. Mrs. Lewis was captured and treated with great brutality. She died from the effects of her abuse. • **William Floyd** — Another New York delegate, he was able to escape with his wife and children across Long Island Sound to Connecticut, where they lived as refugees without income for seven years. When they came home, they found a devastated ruin. • **Phillips Livingstone** — Had all his great holdings in New York confiscated and his family driven out of their home. Livingstone died in 1778 still working in Congress for the cause. • **Louis Morris** — The fourth New York delegate saw all his timber, crops and livestock taken. For seven years he was barred from his home and family. • **John Hart** — From New Jersey, he risked his life to return home to see his dying wife. Hessian soldiers rode after him, and he escaped in the woods. While his wife lay on her deathbed, the soldiers ruined his farm and wrecked his homestead. Hart, 65, slept in caves and woods as he was hunted across the countryside. • **Dr. John Witherspoon** — He was president of the College of New Jersey, later called Princeton. The British occupied the town of Princeton, and billeted troops in the college. They trampled and burned the finest college library in the country. • **Judge Richard Stockton** — Another New Jersey delegate signer, he had rushed back to his estate in an effort to evacuate his wife and children. The family found refuge with friends, but a sympathizer betrayed them. Judge Stockton was pulled from bed in the night and brutally beaten by the arresting soldiers. Thrown into a common jail, he was deliberately starved. • **Robert Morris** — A merchant prince of Philadelphia, delegate and signer, raised arms and provisions which made it possible for Washington to cross the Delaware at Trenton. In the process he lost 150 ships at sea, bleeding his own fortune and credit dry. • **George Clymer** — A Pennsylvania signer, he escaped with his family from their home, but their property was completely destroyed by the British in the Germantown and Brandywine campaigns. • **Dr. Benjamin Rush** — Also from Pennsylvania, he was forced to flee to Maryland. As a heroic surgeon with the army, Rush had several narrow escapes. • **William Ellery** — A Rhode Island delegate, he saw his property and home burned to the ground. • **Edward Rutledge** • **Arthur Middleton** • **Thomas Heyward Jr.** — These three South Carolina signers were taken by the British in the siege of Charleston and carried as prisoners of war to St. Augustine, Fla. • **Thomas Nelson** — A signer of Virginia, he was at the front in command of the Virginia military forces. With British General Charles Cornwallis in Yorktown, fire from 70 heavy American guns began to destroy Yorktown piece by piece. Lord Cornwallis and his staff moved their headquarters into Nelson's palatial home. While American cannonballs were making a shambles of the town, the house of Governor Nelson remained untouched. Nelson turned in rage to the American gunners and asked, "Why do you spare my home?" They replied, "Sir, out of respect to you." Nelson cried, "Give me the cannon!" and fired on his magnificent home himself, smashing it to bits. But Nelson's sacrifice was not quite over. He had raised \$2 million for the Revolutionary cause by pledging his own estates. When the loans came due, a newer peacetime Congress refused to honor them, and Nelson's property was forfeited. He was never reimbursed. He died, impoverished, a few years later at the age of 50. • **Abraham Clark** — He gave two sons to the officer corps in the Revolutionary Army. They were captured and sent to the infamous British prison hulk afloat in New York harbor known as the hell ship "Jersey," where 11,000 American captives were to die. The younger Clarks were treated with a special brutality because of their father. One was put in solitary and given no food. With the end almost in sight, with the war almost won, no one could have blamed Abraham Clark for acceding to the British request when they offered him his sons' lives if he would recant and come out for the King and parliament. The utter despair in this man's heart, the anguish in his very soul, must reach out to each one of us down through 200 years with his answer: "No."



Emanuel Gottlieb Leutze, oil on canvas, 1851



Thomas Hoepker, photograph, Sept. 11, 2001

## Please Join Us

In these trying times, those states with local governments in command of the broadest range of policy options will be the states that prosper. We owe it to coming generations to make sure that Indiana is one of them. Because the foundation does not employ professional fundraisers, we need your help in these ways:

- Annual donations are fully tax deductible: individuals (\$50) or corporations (\$250) or the amount you consider appropriate to the mission and the task ahead. Our mailing address is PO Box 5166, Fort Wayne, IN 46895 (your envelope and stamp are appreciated). Be sure to include your full street and e-mail address. You also can join at the web site, <http://www.inpolicy.org>, using your credit card or our PayPal system.
- Bequests are free of estate tax and can substantially reduce the amount of your assets claimed by the government. You can give future support by including the following words in your will: "I give, devise and bequeath to the Indiana Policy Review Foundation (insert our address and amount being given here) to be used to support its mission." A bequest can be a specific dollar amount, a specific piece of property, a percentage of an estate or all or part of the residue of an estate. You also can name the foundation as a contingency beneficiary in the event someone named in your will no longer is living.



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*An Indiana Journal of Classical Liberal Research and Opinion  
Observing its 21st Year*