



WILL INDIANA ACCEDE TO SOCIALISM?

Hoosier families face years of fast-moving, intractable, even threatening political and economic events. The most recent of these are the result of conflicted policies and gross official misjudgment — the “change” that some believe the November national elections mandated. At the same time, our state political leadership appears to have acceded to a related and massive reordering of the relationship between state and federal, public and private — an acquiescence in contrast to heroic stands taken by officials in other states. Thoughts on this and more are included in a collection of essays by adjunct scholars and assorted friends. It is a collection of facts and suspicions that something has gone horribly wrong with our state and nation. One contributor concludes: “It’s time to admit that politics is your mess in both cause and effect, and that you, personally, must do what you can to clean it up.”

• HORNING
• SCHANSBERG
• BOHANON
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• REINKING
• MORRIS
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THE ‘COMMON’ WAGE AND THE COST OF PUBLIC CONSTRUCTION

The Statehouse professes interest in controlling property taxes but the author, the president of a group representing Indiana building contractors, wonders why nobody is interested in controlling that on which the taxes are spent. Indiana property taxes for school debt and capital projects increased over eight percent per year during the last two decades. Indiana schools cost 40 percent more to build than schools nationally. The cause, some might argue, is an arbitrary but politically sacrosanct process of setting the state’s public-construction wages.

• GAYLOR
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ISTEP TESTING: IS IT WORTH A QUARTER-BILLION DOLLARS?

The author asks two straightforward questions: 1) Are Indiana taxpayers getting their money’s worth on the \$23-million annual expenditure for ISTEP+; and 2) is this testing something that absolutely has to be done to have a quality K-12 public education system? The research answers both with a definitive “no” while uncovering a serious flaw in how testing is applied to policy.

• ABBOTT
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WHY YOUR CITY HALL CAN’T MAKE DECISIONS RATIONALLY

When your council or school board blithely asks for public “input” it knowingly or unknowingly loads the dice in favor of those with the biggest stake in a policy outcome. Thus the term *stakeholder* replaces the more pedestrian *citizen* and we end up with the worst in public policy. The alternative, however, requires thoughtfulness and leadership, commodities in short supply on the public square.

• O’NEILL
• PAGE 28

‘WE WILL NOT REJECT REAGANISM’

The governor has backed away from a remark to a Washington, D.C., group that sounded to some listeners as if he thought it was time for the Republican Party to let go of Ronald Reagan. Even so, the question posed by the host of a national talk radio show stands: “Have you ever heard a Democrat go to a microphone at a liberal conference and say, ‘You know what? We gotta move past FDR; we gotta leave the past behind?’”

• DIM BULBS
• & BRIGHT
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*With or without leadership
from Indiana's office holders,
the public discussion moves
beyond politics to the ultimate
question every generation
must try to answer — what
is right, what is wrong.*

We Were not Warned, Were not Protected and Were not Represented

The state of the union, Barack Obama has made clear, is socialist.

Oops, that would be scaremongering, admonishes *the Fort Wayne Journal Gazette*.¹ So let's just say that the majorities in Washington believe government is the solution, and are happy to apply its crushing power without constraint.

In any case, Wall Street has lost its place in world commerce. America's largest banks and key industries are in effect nationalized. They mean to make the U.S. Census Bureau a clearinghouse to reward factions, regions and classes. And while the right to work free of a unionized mediocrity is in doubt, the "common" wage is not (*Gaylor, p. 21*).

Thus the public discussion moves beyond politics to the ultimate question every generation must try to answer — what is right, what is wrong.

It is wrong, the members of this foundation believe, for certain Americans to be allowed to miss mortgage payments

without penalty, or for the salaries of others to be subsidized because they belong to a powerful group, or for interest rates or monetary policy to be set for political convenience.

We are not alone. Rep. Jeff Flake of Arizona, in an article for *the Washington Post*, argues that it is wrong to "substitute political incentives for economic incentives" in the name of economic recovery. How true.

A handful of governors are as outspoken in support of free markets and the Rule of Law. They are Mark Sanford of South Carolina, Rick Perry of Texas, Haley Barbour of Mississippi and Bobby Jindal of Louisiana.

And there is the former president of our foundation, Rep. Mike Pence of the Sixth District, leading House Republicans in principled opposition to the extremism of a Nancy Pelosi and a Barney Frank.

In sad contrast, Indiana's political leaders, from council to Statehouse, have fallen into the role of mandarins, acceding to the rules of the New Socialism and then lecturing us on their gravity.

A columnist for *the Wall Street Journal* captured the mood in this Feb. 13 observation: "Our political leaders are like a doctor who rushes to the scene of a terrible crash, bends over a hemorrhaging woman and says, 'This is serious, lady, you can't take it lightly.'" ²

Thus a high-ranking state official tells reporters that his job is not to oppose or question federal changes but "to simply use these ('stimulus') funds, which are a fact of life, for the best interest of our state and its future."³

What an odd position to take in a constitutional republic.

The office of another, asked by a Fort Wayne radio station to comment on his votes for the administration's economic policies, refuses, saying its man "does not communicate with his constituency through local radio."⁴

What arrogance.

And there is the sorry example of state Senate Republicans. They spent the first weeks of this economic downturn inside an incongruity wrapped in a posture — working to undermine the layers of representation closest to the electorate, beginning with township trustees.

What a waste of political will.

In sum, with no court willing to stand up for us and ensure what is right, we can only pray that democracy by itself is strong enough to correct what is wrong.

Before that can happen, though, we must let go our allegiance to an effete class of professional politician, men and women who grossly misread the times. For we were not warned, were not protected and were not represented. — tcl

"INDIANA NEEDS no guardian and intends to have none. We Hoosiers — as the people of our sister states — were fooled for quite a spell with the magician's trick that a dollar taxed out of our pockets and sent to Washington will be bigger when it comes back to us. We have taken a good look at said dollar. We find that it lost weight in its journey to Washington and back. The political brokerage of the bureaucrats has been deducted. We have decided that there is no such thing as 'federal' aid. We know that there is no wealth to tax that is not already within the boundaries of the 48 states. So we propose henceforward to tax ourselves and take care of ourselves. We are fed up with subsidies, doles and paternalism. We are no one's stepchild. We have grown up. We serve notice that we will resist Washington, D.C., adopting us."

— House Concurrent Resolution No. 2 of the 85th General Assembly of the State of Indiana, passed by that state's House and Senate in January 1947.

1. Tracy Warner. "Obama's Policies Are Not Socialist." *The Fort Wayne Journal Gazette*, March 8, 2009.

2. Peggy Noonan. "Declarations." *The Wall Street Journal*, Feb. 13, 2009.

3. Editorial. "Daniels Sets Moderate Tone Before Nation." *The Fort Wayne Journal Gazette*, Feb. 24, 2009.

4. "The Charly Butcher Show." WOWO Radio, Feb. 24, 2009.



A Fort Wayne crowd lines up on Oct. 22 to hear Sarah Palin (see "Two Lessons for the Price of a Single Political Event," p. 17).

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THE NEW POLITICAL MATRIX

'It's time to admit that politics is your mess in both cause and effect, and that you, personally, must do what you can to clean it up.'

As is the case with all Hoosiers, the adjunct scholars and other friends of the foundation are having to spend a great amount of time these days trying to make sense out of fast-moving, even terrifying, political and economic events — "change" it is called. Their articles, an inchoate collection of fact and suspicion that something has gone horribly wrong with our state and nation, represent thoughts and observations too strong for polite political conversation. For that reason alone, they are recommended to the membership.

by **ANDREW HORNING**

(March 12) — A man about my age stopped me and got my name right, but he couldn't remember how he knew me.

With uncharacteristic optimism I offered that I had just run for governor of Indiana. That should make me recognizable, I reasoned.

"Nah," the man said with apparent disdain, "that's not it." Only slightly

chagrined, I said that I had also been a candidate for U.S. Congress, and for mayor of Indianapolis. No and no, he replied; he couldn't know me from such nonsense.

Now annoyed, I noted that my political columns, warnings and prognostications for the Indiana Policy Review Foundation have appeared in newspapers all over the state. Other work has even been published in *USA Today* and *the Wall Street Journal*, demonstrating for the public record that I am always right in all important matters. He laughed.

"Wait, I've got it," said the man, "You used to race bicycles; man, you got fat."

Guilty, I thought. But my weight is but a feather compared to the gravity of that man's transgressions.

Let us all honestly look at ourselves. Because, whether by voting or not, civil

"I apprehend no danger to our country from a foreign foe . . . Our destruction, should it come at all, will be from another quarter — from the inattention of the people to the concerns of their government, from their carelessness and negligence."

— Sen. Daniel Webster



Andrew Horning, an adjunct scholar of the foundation, writes regularly on the issues of politics and constitutional law.

*"The most principled stand
(for Indiana) might have
been to refuse the money."*

— SCHANSBERG

action or inaction, those such as he have chosen every lie, corruption, injustice and catastrophe that we now endure.

Right before our eyes, all of the most glorious, banner-waving political promises of the past hundred years are proving to be bunk. Even the politicians, lobbyists and Central Banksters whose lives are based upon this bunk are sounding alarms.

Of course bankers say we must save banks. Unions say we must save unions. Every entity big enough to make fat campaign donations is getting a special deal at your expense and by your assent. Politicians say they need more power, police say they need more force, and obviously we need more jails. Your assets are collateral for political debts, and your money is becoming worthless paper. Your rights are gone, and human life is just another commodity. All the preceding is unconstitutional, but we have, by our own choice, rejected liberty and justice, and are devolving to an ancient, brutish default state.

Forget terrorists with their box cutters and exploding shoes. Lincoln was right. When this nation goes, it will be by suicide, apparently.

There is no excusing those who allege that "no one could have predicted . . ." To the contrary, today's troubles have been accurately predicted by prominent people for thousands of years. Our written constitutions are steeped in their proven wisdom, yet I know very few people, including experts in "constitutional law" who've even read these contracts. We have spurned truth, and have chosen fibs and folly instead.

Heaven help us. History proves there's no such thing as "too big to fail."

Yet we can no longer pretend to be powerless. I have personally felt the power of your votes, and with shaking hands I've held megaphones before angry mobs. Change isn't Obama's realm. It's all yours.

Ordinary folks have innumerable, unstoppable means to topple titans. Surely you know that it is high time to leash the monsters we have created, and to restore the order and justice we are owed by law. So quit screwing around and do it.

Look up the tiny band of elected heroes that are trying to do the right thing. I'll

name names and ask that you look into the efforts of State Senators Greg Walker, Dennis Kruse and Mike Delph (among others) to promote sound monetary policy, reassert federal government and re-establish your constitutional rights. Good politicians need your help far more than you need theirs. And quit numbly voting for entrenched powers as if you have no other choice. If you insist you have no choice but to vote as you're told, then stay home on Election Day.

Most importantly, it's time to admit that politics is your mess in both cause and effect, and that you, personally, must do what you can to clean it up. That should motivate you to learn more about this mess than you know about celebrity marriages or sports.

I don't recall what I said to the man who called me fat. But I should have punched him. After all, if ever there was a time to stand for liberating truth and against oppressive ignorance, it's now.

Indiana's Share of the 'Stimulus': Will Lemons Become Lemonade?

by ERIC SCHANSBERG

(Feb. 2)—How do you respond when people make bad decisions that affect you directly?

Your child lies to you. Your boss implements an oppressive policy. Your president comes to town with an offer of a lot of money for you to spend.

For Gov. Mitch Daniels and the Indiana Legislature, the most principled stand might have been to refuse the money. On the other hand, if the federal government is going to take billions of dollars from us (in the future, through higher taxes), then perhaps receiving \$5 billion or so isn't much of an ethical problem. In any case, it's difficult to imagine politicians refusing money.

The "stimulus package" is almost certainly an unwise public policy — as Obama walks in the unimpressive economic footprints of George W. Bush. Borrowing more money to finance current



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teaches economics at Indiana
University New Albany.*

spending undermines the dollar and lowers confidence in the economy (for consumers and foreign investors). And since the proposal is political, it is sure to be larded with monies to benefit special interests at the expense of the general interest.

Even without those considerations, the stimulus is unlikely to be stimulative. Fiscal policy is notoriously slow — will it have its impact before the economy turns upward? And it's imprecise (I love how they pretend to know how large it should be).

In addition, history does not look favorably on this sort of thing. Beyond the failed attempts at stimulus over the last year or so, Hoover and then FDR used public policies like this to help turn a severe recession into a decade-long depression.

But in promoting the Hoosier economy, and in our competition with other states and nations, what should Indiana do if offered the money?

The first thing to note is that the money will probably come with strings attached: some funding for infrastructure, some for education, *etc.* And with legislation like this, we can confidently predict that lobbying will continue to be a growth industry.

Even so, four principles should be observed:

First, consider the long-run implications of the short-term decisions. Given one-time monies, one-time projects make more sense than long-term commitments. For example, if we're forced to spend 20 percent of the stimulus money on education, then most of it should be devoted to capital projects or other one-time investments. In any case, we already spend more than \$10,000 per student. More spending is probably not going to accomplish what we hope.

Second, if we're talking about infrastructure, then we have to be concerned about quality. We can "create" jobs by paying people to dig holes in the ground and fill them back up — or building bridges and road improvements for fun. But ideally, new infrastructure will significantly improve the overall economy.

Third, the funds should be disbursed sooner than later. The problem with this? Politicians might value "sooner" so highly that they sacrifice quality or saddle us with additional long-term problems. Or in general, a rush to judgment is often a

sprint into unanticipated problems and an invitation to hand out money to the politically connected.

Fourth, politicians should consider lowering taxes. Putting more money in the private sector is attractive philosophically and practically. Ideally, the government would reduce marginal tax rates since this encourages productive behavior. But without a reduction in the size of government, this may be difficult to finance with one-time monies. One-time tax refunds are fun, but don't do much to stimulate the economy.

We can hope that the federal government will quit trying to manipulate the macro-economy. If it does not, however, we can hope that Indiana's elected officials will do the best they can with the resources that come our way.

Political Labeling

(Nov. 25)—One of the most frustrating things about politics is the use of simplistic labels to categorize political beliefs — in particular, the terms "conservative" and "liberal."

Instead of a "left-right" political spectrum, libertarians are quick to note that people embrace various degrees of freedom (or government) in two separate realms: economic markets and personal or social behaviors. A popular and useful "two-dimensional" quiz is available at www.theadvocates.org/quiz.

A two-dimensional quiz results in four categories. Conservatives are described as those who prefer a large degree of economic freedom, but significant limits on personal freedom.

Liberals are those who prefer a large degree of personal freedom but significant limits on economic freedom. "Statists" want lots of government intervention in both realms.

Libertarians favor minimal government involvement in both realms.

While a two-dimensional quiz is preferable to a one-dimensional spectrum, it still falls short in that it reduces complex policy preferences into relatively narrow categories.

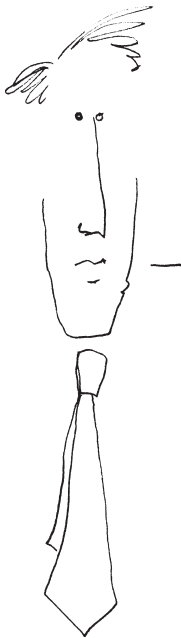
In particular, the terms "conservative" and "liberal" are immediately complicated by the fact that there are various types of each. At the end of the day, unless

"The terms 'conservative' and 'liberal' are immediately complicated by the fact that there are various types of each. At the end of the day, unless adjectives are added to these one-word labels, they are not particularly helpful for drawing lines in shifting political sands."

— SCHANSBERG

"Labels will be more prevalent when politics are not likely to solve much in terms of policy. Quick labels allow politicians to distract the general public from the inability of politics to address certain problems."

— SCHANSBERG



"If I want to do good with other people's money, I first have to take it away from them."

(Milton Friedman)

adjectives are added to these one-word labels, they are not particularly helpful for drawing lines in shifting political sands.

Some pundits are quick to make such distinctions. And so, for example, they commonly make references to more specific groups like fiscal conservatives and environmentalists.

But many others use simple but muddy terms, adding to the confusion. Perhaps it is a desire to unify things under a single label. Perhaps it is driven by a desire to make politics into an "us *vs.* them" (conservative *vs.* liberal) contest. In any case, the tendency to use simplistic labels is more tempting under three circumstances.

First, when the general public does not pay much attention to politics (as is common), the labels are a convenient though flawed way to communicate about politics with most people. At some level, this is as unavoidable as the 30-second "sound bite." 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. Thankfully, we live in a country where this is possible.

Second, labels will be more prevalent when politics are not likely to solve much in terms of policy. Quick labels allow politicians to distract the general public from the inability of politics to address certain problems.

Third, when much is at stake in terms of political power, labels allow a political party to shore up its base and demonize its opponents. When combined with a general inability of politics to address our problems, the result will be more demonization — and shoring up the base indirectly by criticizing "them."

As such, labels often encourage people to focus on who (or what) they oppose instead of who (or what) they support. We see a lot of this today. For example, people routinely vote for "the lesser of two evils" — rather than avidly supporting a certain candidate.

Given all of that, I'd like to bring some clarity to our political categories by describing the three primary labels used today. I'll describe "libertarian"

in the remainder of this essay because it is relatively easy to do. And in two essays to follow, I'll describe the terms "conservative" and "liberal."

Libertarians are easiest to describe because their political philosophy is well-defined. They believe that people should be allowed to do what they want — as long as they don't cause significant harm to other parties. The role of government is, thus, easy to define. It should be ready to intervene in preventing or punishing those who do significant harm to others.

This worldview results in a small but strong government — along the lines described in the Constitution. The government should aggressively protect the people from external threats and internal thieves. But it should not protect people from themselves. So, for example, if people want to gamble, that should be their prerogative. Likewise, the government shouldn't be used to help some at the expense of others — for example, by restricting markets for goods through trade protectionism or redistributing income to all sorts of people.

There are different types of libertarians — or at least, significant differences between libertarians on key policies. For example, many libertarians are pro-choice on abortion. If life does not begin early-on in the womb, then libertarians adamantly defend the rights of the woman. But many libertarians are pro-life. Since they believe that life begins in the womb, they adamantly defend the rights of the baby.

There is room for additional disagreement between libertarians in other policy areas — for example, the extent to which illegal immigrants are prosecuted and the ways in which one would best try to prevent a terrorist attack. But such disagreements are relatively infrequent.

The term *libertarian* is relatively clear. To describe conservatives and liberals, I'll need two more essays.

Markets and Gas Prices?

He Told You So — \$1.80 Ago

by CECIL BOHANON

(Dec. 9) — I love saying I told you so. But setting aside my sinful pride, I hope the turmoil in the retail gasoline market

teaches all of us in Indiana at least one simple yet profound lesson: Gasoline prices follow oil prices.

Eighteen months ago retail gasoline prices surged to around \$3.50 a gallon. At the time I argued that high gasoline prices were the byproduct of supply and demand and not a result of producer greed.

Earlier that spring a refinery in Indiana had suffered a fire, crimping gasoline supplies and increasing price. Refiner markups were high, around \$25 per barrel of oil. The difference was showing up in the price Hoosiers paid at the pump, but I contended that the high prices were temporary and not the byproduct of a wicked conspiracy.

Responses to my column were predictable:

"What hogwash . . . This is called getting ripped off," said one.

"Wrong," said another.

"Gas prices being high are a direct result of the greedy oil companies . . . when Bush and Dick Cheney control 75 percent of the world's oil you know darn well that they are jacking up the price to make themselves rich and the rest of us poor," said another.

"Supply and demand is no excuse for wanton disregard for the idea of a fair price for a product or service; supply and demand has no corrective agent with gasoline because the oil companies own the oil from cradle to grave and thus can manipulate the pricing as they wish," said yet another.

At the time, I predicted the profits associated with high refiner markups would attract new refining capacity (even as regulatory barriers made refinery expansion problematic) which "will inevitably increase available gasoline supplies, put downward pressure on gasoline prices and reduce refiner margins." Sure enough, 18 months later gasoline prices hover at \$1.70 per gallon in Indiana. And the Nov. 21 *Wall Street Journal* reports that "refiners are getting squeezed because gasoline prices have been falling faster than prices for crude oil."



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So much for the absence of "corrective agents" in the price system or for the power of Bush and Cheney to "jack up" prices for their own profit "as they wish." The greed

theory of prices so dear to the heart of the populist left was a curious theory then and it is now. "If higher gasoline prices are a byproduct of business greed, are lower gas prices a byproduct of business generosity?" Do any of the critics want to answer that now? Has human nature mutated so radically in the last 18 months so as to eliminate greed from the gasoline market? I think not.

Not that Friday's crude decline will show up in Saturday morning's pump prices, but inevitably both oil-price increases and declines do show up at the pump. The laws of supply and demand and the power of competitive market forces ensure that retail gasoline prices are, on the whole, reasonable reflections of the costs of refining and delivering gasoline.

And finally, private ownership, unregulated prices and free enterprise work better in providing gasoline than any design offered by aspiring politicians or government bureaucrats. Economic turmoil may be maddening, but it can also be educational — if we are willing to learn.

Wages, Sex and Parity

by RICHARD MCGOWAN

(March 3) — In 1992, I left my position as professor, departmental chair and director for a school-wide course to become the principal care-giver in my family. The decision meant lost wages, *i.e.*, about \$300,000 so far. It also meant that my occupational skills would deteriorate and that I might have to start at lower-paying positions were I to resume my career.

In other words, people with consecutive years of employment would earn more than me.

Less income is the lot for those who have non-consecutive years. If men or women choose to raise children, they can



Richard J. McGowan, an adjunct scholar with the foundation, teaches ethics at Butler University.

"If higher gasoline prices are a byproduct of business greed, are lower gas prices a byproduct of business generosity?"

— BOHANON

"If women are earning wages equal to men, and if men are the ones losing jobs (in this economy), then more pressure will be brought upon women to be both reproductive and economically productive."

— MCGOWAN

expect lower wages but the lower wages, which get factored into the 72 cents to \$1 differential between the sexes, reflect personal choices, not injustice.

In fact, more than 10 years ago, *the Indianapolis Star* printed this sentence: "The National Longitudinal Survey of Youth compared people aged 27 to 33 who never had a child and found that women earned 98 percent of men's wages." Other studies corroborate the equality, even in such male-dominated jobs as engineering.

Similarly situated, equally credentialed women and men make the same wage.

Yet, people persist in thinking that women's 78 cents to men's dollar nationally — in Indiana, it's apparently 72 cents — somehow reflects adverse discrimination instead of individual choice.

One explanation, in addition to consecutive years of employment and particularly relevant to Indiana, involves the sort of work men and women do. Because of men's secondary sex characteristics and because a lot of work still produces physical hardship, men do dangerous work.

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 8 women. So, men represented 93.7 percent of workplace fatalities, higher than the national percentage.

Men do the lion's share of dangerous work and dangerous work demands higher wages. The data on workplace fatalities alone can go a long way to account for male-female pay discrepancies.

The data on workplace fatalities and on consecutive years in employment, I suspect, can account for all but one percent of any differential in wages.

Nonetheless, there are two equal-pay bills before Indiana's legislators. The bills appear to be fixing a problem that does not exist. Instead, the bills ignore individual choices men and women make with regard to their jobs. The bills appear to ignore the sort of data, *e.g.*, fatalities on the job, which suggest that men and women are paid fairly, given the hazards of the workplace.

Perhaps legislators could be thinking that in this day and age, women are still

incapable of choice (and the corollary is that men are incapable of choice, too). That thought might make sense were legislators to ignore also the fact that more women than men applied to medical school in the last several years. It could be that women are incapable of choice, but then law schools would not have more female applicants than male applicants.

If those data suggest anything, they suggest that the world is more open to women than men.

It gets worse for men as compared with women: in these meager economic times, 82 percent of the people losing jobs are men, according to the Bureau of Labor Statistics.

Are there social pressures that bear upon the wage differential? Absolutely. Women are encouraged and men are discouraged from being the care-givers in families — or so my experience leads me to believe. But if women are earning wages equal to men, and if men are the ones losing jobs, then more pressure will be brought upon women to be both reproductive and economically productive.

Maybe the best thing legislators can do is pass laws that provide benefits to men who stay at home and raise their children.

For the record: I am a big fan of equality. The reason my family could afford to live on a single income, besides doing without, is that my wife makes the sort of salary that top-notch scientists make. You know, the kind of salary men make if they are good scientists, too.

Capped and Gowned CEOs

by CLARENCE R. DEITSCH
and T. NORMAN VAN COTT

(*March 2*) — American colleges and universities feed big time at the public trough. "Big time" means billions upon billions of taxpayer dollars end up in college and university coffers.

Public colleges and universities receive direct legislative appropriations. This puts them first in line at the trough. But there are indirect methods of sopping at this trough — methods open to all institutions of higher learning, including private institutions.

Tax-subsidized student loans and tax-funded faculty research are two of the better-known indirect methods.

In the continuing hubbub surrounding capping salaries of commercial bank CEOs at

\$500,000, salaries of college and university presidents have been flying under the radar. What's going on? These guys obviously benefit by having a portion of their customer base (taxpayers) coerced into buying their "services." If the goal is to prevent tax dollars from finding their way into bank CEO salaries, what about the salaries of their college and university counterparts? Not important, you say? Let's look at some numbers.

Higher education's biweekly bible, *the Chronicle of Higher Education*, publishes a survey of college and university presidents' compensation packages each year. The most recent appeared Nov. 21 of last year. Presidents were grouped by types of institution to promote comparability—for example, presidents at public research universities with at least 10,000 students (like The Ohio State University) were distinguished from presidents at private universities with high research activity (like the University of Chicago). In university lingo, "research" means lots of "government-research grants."

The 184 public-research universities had 59 presidents with 2007-2008 compensation packages worth more than \$500,000. The average for this \$500,000-plus club was \$654,000. Of the 32 research-intensive private universities, 31 had 2006-2007 presidential compensation packages worth more than \$500,000, the average being \$895,000. In case you're wondering, the "missing" president in this second presidential group was Notre Dame's Rev. John I. Jenkins. His package was worth \$480,000.

These compensation packages include salary,



Clarence R. Deitsch (left) and T. Norman Van Cott, adjunct scholars with the foundation, are professors of economics at Ball State University.

use of car (are you listening, Tom Daschle?), use of house, deferred compensation, retirement and performance bonuses. Note that data for the first group refer to the 2007-2008 academic year,

while the second group's packages were for the 2006-2007 academic year. Current year (2008-2009) packages for presidents are undoubtedly larger — the president of our university, for example, received a 9.9 percent salary bump for the current year.

Higher education has long occupied the role of scold, with its *de facto* CEOs being the high priests and priestesses of rebuke. Most of the rebuke has been little more than the promotion of class envy and covetousness shielded by layers of political correctness. Needless to say, corporate CEO compensation levels have been easy targets for this envy and covetousness.

The priests and priestesses have been ensnared in their own words. Have any offered to drop membership in their \$500,000-plus club? Not to our knowledge. Nor are we holding our breath

What's good for banking CEOs should apply equally to their university counterparts. The 184 public-research universities had 59 presidents with 2007-2008 compensation packages worth more than \$500,000. The average for this \$500,000-plus club was \$654,000.

— DEITSCH and VAN COTT

Not only is the revenue derived from the high rates levied on large incomes, particularly in the highest brackets, so small compared with the total revenue as to make hardly any difference to the burden borne by the rest; but for a long time . . . it was not the poorest who benefited from it but entirely the better-off working class and the lower strata of the middle class who provided the largest number of voters. It would probably be true, on the other hand, to say that the illusion that by means of progressive taxation the burden can be shifted substantially onto the shoulders of the wealthy has been the chief reason why taxation has increased as fast as it has done and that, under the influence of this illusion, the masses have come to accept a much heavier load than they would have done otherwise. The only major result of the policy has been the severe limitation of the incomes that could be earned by the most successful and thereby gratification of the envy of the less well-off.

— Friedrich A. Hayek in "The Constitution of Liberty" (1960), on the myth that progressive tax rates are necessary to fund large increases in government spending

“People pay twice for the stimulus initiatives. Once, when they pay taxes on exchanges that continue despite the confiscation, and a second time when otherwise productive exchanges are eliminated.”

— VAN COTT

until even one does. Nevertheless, what’s good for bankers should apply equally to their university do-alikes. Maxims about “putting your money where your mouth is,” “walking the talk,” “practicing what you preach” and “put up or shut up” all apply. The irony in the contradiction is delicious, but taxpayers haven’t yet figured out a way to eat irony.

Stimulus Delusions

by T. NORMAN VAN COTT

(March 21)—Media reports on Barack Obama’s stimulus package have been euphoric to say the least. Sometimes I think I’m reading and hearing about an economic miracle of epic proportions — you know, something akin to the manna that God provided the Israelites during their 40-year journey to the Promised Land. But then I come to my senses and remember that manna was a net *addition* to the Israelites’ food supply. It was not pilfered from a subset of the Israelites to be “given” to their compatriots.

Not so for Obama stimulus dollars. All the dollars, and then some, will be taken (that is, confiscated) from Americans. Does it matter whether the dollars come from taxes, government borrowing or the government’s printing press for new money? Not at all. These are just three of the ways governments confiscate private wealth.

Income, sales and a myriad of other taxes forcibly tap the government into the gains that buyers and sellers reap from goods and services flowing through the marketplace.

Exchanges for which the tax wedge exceeds these gains don’t occur — the power to tax really is the power to destroy. Lost exchanges don’t yield any tax revenue but their disappearance still harms buyers and sellers. Economists call this latter harm “deadweight loss.”

More problematic, at least for some, is the fact that government borrowing also confiscates private wealth. This is because, on the surface at least, no one forces people to lend to Uncle Sam. But Uncle Sam’s ability to borrow hinges ultimately on his ability to repay at some future time. How? By levying future taxes. Government borrowing is delayed tax confiscation.

The inflation that results when the government fires up its printing presses to finance its spending initiatives also confiscates private wealth. In this case government taxes peoples’ desire to hold or use money. For example, suppose I want to maintain a money cushion equal to \$1,000 of goods and services at current prices. A 10-percent inflation confiscates \$100 of that cushion just as surely as if Uncle Sam snatched \$100 out of my wallet. Economists have a word for confiscating private monetary wealth via inflation: *seigniorage*.

So am I saying the Obama stimulus initiatives merely “reshuffle the economic deck?” To wit, some people get more, others less, and that’s the end of the story? Nope. To think the story stops here is perhaps less delusional than the euphoria mentioned at the outset. There’s more to the story, and it’s not pretty.

Confiscating private wealth — be it current production, future production or money itself — reduces peoples’ incentive to generate wealth. Hey, when Robin Hood stole from people going through Sherwood Forest, fewer people made the trip. So people pay twice for the stimulus initiatives. Once, when they pay taxes on exchanges that continue despite the confiscation, and a second time when otherwise productive exchanges are eliminated. In other words, what the government spends costs people more than their tax payments.

Some diehards might be thinking, “Whoa, professor, you’re ignoring what Uncle Sam buys with those stimulus initiatives.” Am I? No. There are things that are best done collectively — things that would not otherwise have been produced such as national defense, flood control and secure private-property rights. But one would have to suffer from yet more delusions to think that such goods and services are what the stimulus initiatives are about. Indeed, the government’s concomitant wealth confiscations are the polar opposite of securing private-property rights.

Milton Friedman observed that spending someone else’s income for the benefit of someone else dulls one’s incentives to be concerned about how the money is spent — in terms of both

how much and on what. Whatever the two-fold dollar cost of stimulus initiatives, it follows that one should be skeptical about the usefulness of what ends up on our collective plates. In other words, a smaller bang for a bigger buck.

What a deal, huh? Yes, if you're delusional.

Harrison Square Doubts Were Well-Founded

by **RON REINKING**

(March 10) — In the ongoing discussion in the press and the chatter on local talk radio regarding Fort Wayne's Harrison Square being a prime "bailout" candidate, there's a line of reasoning that goes like this:

"Nobody could have foreseen these economic times . . . city officials did their very best with our money . . . they should not be blamed for having the courage to bring a vision to reality a plan that could have worked, something good for the entire community."

That is a defense, however, against accusations never made.

No one believed that those involved in the planning of Harrison Square were careless or insincere. It became obvious, however, that while promoters initially may have wished good for the community, human nature inevitably took over and self-interest began to drive public policy.

As a result, Fort Wayne now must be counted another victim of well-intentioned visionaries with the power to tax.

The Nobel laureate Milton Friedman in his award-winning book and television series, "Free to Choose," describes such a situation in the context of one of four different ways people spend money, *i.e.*, "spending other people's money on other people."

Thus the well-meaning fellow with a fuzzy civic vision places himself in the position of spending others' money for community "good." Classically, it means serving on a not-for-profit board or assuming the position of "public servant." In many of these positions, Friedman wants us to know, there are virtually no restraints on spending and, if your

intentions are deemed worthy by the media, honor and esteem to boot.

And when, as is the case of Harrison Square, the wheels begin to fall off, there is no personal punishment or accountability. Indeed, failure itself is often used to justify even more money, *i.e.*, the Obama "stimulus" dollars.

Dr. Friedman continues: "If I want to do good with other people's money, I first have to take it away from them. That means, at its very bottom, a philosophy of violence and coercion. It's against freedom, because I have to use force to get the money. In the second place, few people spend other people's money as carefully as they spend their own."

The citizens of Fort Wayne, if they hope to prevent future debacles, must hold the boosters of Harrison Square accountable to the Friedman dictum, and for a number of reasons.

First, we must question how much civic courage it takes to pursue a vision of "good" with money taken from other people. Was it ethical, appropriate and even legal to expropriate the taxpayers' resources for condominiums and baseball stadiums? If the answer is "yes," then we are little more than indentured servants of a government granted unrestrained power to tax and spend.

Second, we must ask if it is true that nobody could have foreseen this outcome. Eighty percent of the public saw it coming, according to opinion polling. And 100 percent of private investors refused to risk their own capital on the government's vision. The politicians, with no skin in the game, proceeded anyway, calculating they could make excuses if the bag (which we now hold) turned up empty.

It is a good guess that the Atlanta "investors" in Harrison Square still retain benefits in the form of tax abatements, forgiven leases of the old stadium and probably cash.* Fort Wayne citizens wish they could say the same.

On this last point it is interesting to note that practically all construction contracts contain performance bond requirements and set dates for completion of a project, thus placing risks on the developers. In the case

"We must question how much civic courage it takes to pursue a vision of 'good' with money taken from other people."

— REINKING



Ron Reinking, CPA, owns an accounting firm in downtown Fort Wayne. He is an adjunct scholar with the foundation writing on economic development and urban public policy.

"The money Columbus is getting from the stimulus package is just enough to pay those (police) officers through the rest of this year.

At the beginning of next year, the city either has to let the officers go or find another way to pay for them. And so it goes if you look at a lot of the 'saved' or 'created' jobs in the package."

— MORRIS



"Government can do something for the people only in proportion as it can do something to the people."

(Thomas Jefferson)

** Author's note: A good part of the obligation of the lone "private investor" in Harrison Square, a company of unknown assets and financial accountability, was apparently guaranteed by various agreements and legal devices.*

What Is it That the Stimulus Bill Really Stimulates?

by LEO MORRIS

(March 9) — How many of the jobs, such as the 24 in Ohio, are just temporary?

Barack Obama was in Ohio on Friday, touting the 24 police jobs his stimulus package had "saved" in Columbus. Mr. Obama's spokesman, Robert Gibbs, told reporters that trips like this one "show the concrete ways the stimulus is working," as *the New York Times* put it.

But if you look just a little deeper, this isn't such a great example. The money Columbus is getting from the stimulus package is just enough to pay those officers through the rest of this year. At the beginning of next year, the city either has to let the officers go or find another way



Leo Morris is editorial page editor of the Fort Wayne News-Sentinel, in which these essays first appeared as editorial comment. They are reprinted here with permission. Copyright © the Fort Wayne News-Sentinel; all rights reserved.

to pay for them. And so it goes if you look at a lot of the "saved" or "created" jobs in the package. They are either temporary or are really designed to stimulate more government or, at the least, let government continue without too much pain.

Consider an option being considered in Indiana for our stimulus money. Senate Appropriations Committee Chairman Luke Kenley, R-Noblesville, wants to use \$683 million in stimulus money to increase basic funding for schools by an average of between one percent to two percent. Then, he said, the state could put some state dollars that would have gone into funding schools into a reserve fund.

Kenley is usually one of the smartest legislators in the state, especially when it comes to fiscal matters, but exactly how does this stimulate the economy? If we're going to accept the money, we ought to at least try to use it for its intended purpose.

Granted, that's a tall order. There is a general feeling today that any government spending will "stimulate the economy." If that's really true, maybe everybody should quit complaining about the "pork-barrel" spending involved in the millions of dollars of earmarks Indiana would get from the omnibus spending bill. This isn't pork. We're just doing our patriotic duty to resurrect the economy.

But it's not true. Only specific, targeted spending of a narrow kind really has any potential stimulus effect. And even that is debatable — there is a school of thought saying that all government spending does is make capital less available to the private sector and that the only effective stimulus plan is to cut taxes.

It's always hard to think clearly about money. When there is so much being tossed around, it's downright impossible.

Farmers Can Be Responsive To Market Forces, Too

(Feb. 11) — You probably know the big news about agriculture, right? Family farms are continuing the decline that started decades ago, and only about a third of the two million or so farms left will be passed to the next generation. Agribusiness is the norm today, with a handful of giant operations providing

most of our food and getting the biggest benefit from government subsidies.

Well, if that's all you know, then you are a little behind the times.

Consider these two trends in Indiana:

The loss of Indiana farmland has slowed, from 90,000 acres a year from 1997 to 2002 to 70,000 acres a year in the following five-year period.

The number of farms in Indiana has actually increased, going up 1.1 percent since 2002 to 60,938 after a decades-long downward trend.

The reasons for our mini farm boom are interesting.

Farmland isn't being lost as fast because developers aren't gobbling it up as fast. First there was the rising price of corn (remember the joys of ethanol?) and soybeans, which made some farmland too profitable to sell. Then grain prices dived, but there came this little recession, which has slowed housing and commercial development to a crawl.

The increase in farms comes from small-time farmers getting into the business. (The Department of Agriculture defines a farm as any land producing \$1,000 or more a year of agricultural products.) Those farmers, many of them newly retired folks, are meeting a rising demand for locally grown, organic produce.

Both trends are the predictable result of market forces. There are winners and losers, and things may not stay the same. The economy might rebound, for example, and farmland will be gobbled up again. Or the recession might linger, which will dampen the demand for "local" and increase it for "cheap."

That's real life for you — that's how it operates.

Government, on the other hand, operates in a nebulous fantasyland in which billions are tossed around indiscriminately, creating an entirely separate reality. The \$307-billion farm bill signed by President Bush last year was just a giveaway to those with the most political clout.

And nothing changes. Dairy producers, faced with excess milk and plummeting prices, want the government to pay them to kill some of their cows. Now there's a stimulus package.

The Lessons of the Indy Dome: What's Next and for How Much?

by FRED McCARTHY

(Feb. 4) — The Indianapolis Capital Improvement Board (CIB) realized a few months ago that operation of its new Colts football field would run an estimated additional \$10 million annually. Now we hear another shoe drop — an extra \$10 million for the field itself.

Considering this and other CIB shortfalls, including those of a basketball palace, the "unexpected" costs total \$43 million. It's a good time to review the history of the board's operation. There are lessons here for many Indiana communities, and they begin with this headline from the April 1, 1984, *Indianapolis Star*:

"City to Make \$1.39 Million Annually from Colts' Move."

An April Fool's joke? No, the history of the CIB and its media coverage is so full of exaggerated revenue estimates and general misinformation, disinformation and downright deception that multi-million dollar "surprises" are almost expected.

The Indianapolis Food and Beverage Tax, originally set to expire in 2013, was levied exclusively to build the RCA Dome. In 1991, however, with little publicity, the tax was extended (William Hudnut, then mayor, said it was hard to tell whether it would ever expire).

At about the time the decision was made to raze the Dome, Indianapolis citizens were belatedly told that 25 years worth of the Food and Beverage Tax had been spent not on the construction cost of the Dome but on something else entirely. In April of 2005, then-Mayor Bart Peterson informed them that the tax was being used instead to pay off a debt of "about \$496 million" (public participation in the original cost of the Dome was supposed to be only about \$50 million).

The original Dome debt apparently had been rolled into the debt for the Colts' new stadium. But the agreement between

City To Make \$1.39 Million Annually From Colts' Move

— *Indianapolis Star*, April 1, 1984

"An April Fool's joke? No, the history of the Capital Improvement Board and its media coverage is so full of exaggerated revenue estimates and general misinformation, disinformation and downright deception that multi-million dollar 'surprises' are almost expected."

— McCARTHY



Fred McCarthy, formerly a Statehouse lobbyist and official of the Indiana Manufacturers Association, is editor of the blog, *Indy Tax Dollars*. He wrote this at the request of the foundation.

"Mine is a generation with a perpetual adolescent vision, one where there are only attractive, win-win 'solutions' instead of, in the words of Thomas Sowell, 'those ugly trade-offs that the rest of the world must live with.'"

— LADWIG

the state, the CIB and the Colts back in September 2005 called for financing to be in part "the one-percent food and beverage tax increase in Marion County." Apparently, that original one percent is still a long way from being applied as intended.

A large share of the blame can be put on the Indianapolis news media. The editors and news directors, accepting press releases as fact, have been unable or unwilling to investigate the CIB operations or even to ask serious questions about the expensive and frequently secretive operations of the board. Indeed, Mayor Peterson for years was able to deny any plans for a new stadium.

In September 2002, the head of the CIB, questioned by a reporter about the purchase of land now a part of the new venue, "refused to discuss any long-range plans for the land his agency owns." And that was the end of it. As was the rule, there was no follow-up question or investigation. This incident was unusual only in that a meaningful question had been asked in the first place.

Now the basketball team, having a bad year, wants to reopen negotiations on its lease for the field house. The team pays \$1 per year rent and keeps all revenues from all activities at the venue. One can only assume that the owners hope to begin renegotiation with a demand to be paid to play here.

The football team pays the same as its lease of 25 years ago and keeps all football revenue, all naming rights and signage income plus \$3.5 million of non-football revenue. Understandably, the team does not want to renegotiate; its deal could hardly be fatter.

All told, it is difficult to find an independent observer following these events who believes general circumstances justify such massive additional public support for what are profitable private ventures. Rather, sentiment is growing that the owners of the teams need to face the reality of a new economy and "ladle back some of the gravy" they have been living on all these years.

I will repeat a suggestion I have made previously: Indianapolis, while continuing to pay off the bonded indebtedness on these projects, should make an outright gift of the two properties to the respective

teams. Let them assume operational and maintenance cost as any ordinary business would be expected to do.

In addition to ending a seemingly endless draw on the public treasury, the move would add about a billion dollars worth of real estate and improvements to the property-tax rolls. You would think that might make a news story.

The Year of the Narcissist

"Several psychologists interviewed one day after (Gov. Rod Blagojevich's) arrest agreed that he might be suffering from an affliction known as Narcissistic Personality Disorder." — Dec. 11, Chicago Sun-Times

by CRAIG LADWIG

(Jan. 10) — A few of us will sit out the inauguration festivities. We have seen and heard enough. There's no fun in pretending to celebrate the transition of one failed generation to another.

My daughter's ballet instructor has put her finger on it. "There are dancers who love to dance and dancers who love themselves dancing," she tells the youngest girls. "We want dancers who love to dance."

Members of my generation, like the self-absorbed characters in a Jules Feiffer cartoon, love themselves dancing.

Peggy Noonan, 58, the political commentator, has another way of saying it. She acknowledges a view that sees the chairs of authority filled with a generation of "empty suits" — persons who were thought to be taking care of things but, to use the ballerina's formulation, merely liked themselves managing or governing.

"It's a void that's governing us," Noonan warns.

The economist Dr. Thomas Sowell, 79, describes mine as a generation with a perpetual adolescent vision, one where there are only "attractive, win-win 'solutions' instead of those ugly trade-offs that the rest of the world must live with."

Earlier generations of Americans learned from "experience," which, Dr. Sowell reminds us, is a fancy word for



T. Craig Ladwig
is editor of the journal.

the mistakes we belatedly realize we make when reality forces us to pay the price of being wrong.

Sowell goes on: "Those who are insulated from that pain — whether by being shielded by the welfare state or insulated by tenure in academia or in the federal judiciary — can remain in a state of perpetual immaturity."

The social scientist Charles Murray, 65, sees all of this in the collapse of those societal mores that once defined adulthood, particularly in the loss of a gentleman's code: "To be an American gentleman meant that one was brave, loyal and true. When one was in the wrong, one owned up and took one's punishment like a man. . . . These used to be rules. Now they are jokes."

It seems, then, that six decades of peace, prosperity and liberty, all inherited from two centuries of heroes, have produced just this: A generation grown to middle age without ever having met an absolute or, indeed, ever having had to grow up.

So what about the next generation?

In the recent presidential campaign, the two examples of arrested development we call the Me Generation and Generation X merged with the real-time adolescence of Generation Y to blithely enlist in a political movement without definition or coherence.

The result was a narcissistic mob — a democratic one, to be sure, but one oblivious to economics, history or constitutional constraint.

Let us now consult the political writer's best friend, "the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders":

The symptoms of Narcissistic Personality Disorder include a feeling of superiority and self-importance, a sense of entitlement; fantasies of unlimited success, fame, or power, belief that he or she is special or superior in some way and can only be understood by, or should associate with others who are like them, use of others to achieve own ends, lack of empathy, seeks to hurt or destroy the objects of his or her frustration, behaves arrogantly and haughty, 'above the law.'

Without causing undue alarm, it is important to know that both Adolph Hitler and Joseph Stalin were diagnosed with the disorder. A recent study shows that people who score high in narcissism tend to take

charge in confused times — the narcissist, ever focused on self, being incapable of confusion.

And finally, researchers tell us that narcissists tend to marry other narcissists. It is possible, please know, for a generation to fill with these troubled souls.

But as Dr. Sowell hinted, there's a cure. It involves the experience of watching powerless as one's family, friends and neighbors are brought to their knees economically, socially and spiritually by the consequences of a failed leadership, of too many half-formed minds in positions of unchecked authority.

Poverty and strife, God willing, can shock a people back to reality and eventually sanity. We can be forced to grow up. There will be the opportunity to rethink what exactly it is about dancing that we love.

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4. "Prole Models: America's Elites Take Their Cues from the Underclass." *The Wall Street Journal*, Feb. 6, 2001.
5. "Malignant Self-Love: Narcissism Revisited." <http://samvak.tripod.com/thebook.html> (Last visited Jan. 2, 2009.)

"There's a cure for social narcissism. It involves the experience of watching powerless as one's family, friends and neighbors are brought to their knees economically, socially and spiritually by the consequences of a failed leadership, of too many half-formed minds in positions of unchecked authority."

— LADWIG

Raising a Childish Citizenry

That (tyrannical government) power is absolute, minute, regular, provident and mild. It would be like the authority of a parent if, like that authority, its object was to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood: it is well content that the people should rejoice, provided they think of nothing but rejoicing. For their happiness such a government willingly labors, but it chooses to be the sole agent and the only arbiter of that happiness; it provides for their security, foresees and supplies their necessities, facilitates their pleasures, manages their principal concerns, directs their industry, regulates the descent of property and subdivides their inheritances: what remains, but to spare them all the care of thinking and all the trouble of living?

— Alexis de Tocqueville

"Barack Obama's reference to Gen. Robert E. Lee was a reminder that American history has been taught only selectively these past 20 years, especially to the Harvard elite."

— LADWIG



The first principle: The guarantee to everyone the free exercise of his industry and the fruits acquired by it.
(Jefferson)

6. "Narcissism Guides Mate Selection." *Evolutionary Psychology*, Vol. 2, 2008.
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The 'Confusion' of Robert E. Lee

(Feb. 2) — In the first weeks of "Change," Barack Obama joked that the sight of himself representing the presidency at an exclusive Washington club would leave Gen. Robert E. Lee "very confused." It was a reminder that American history has been taught only selectively these past 20 years, especially to the Harvard elite.

General Lee never expressed the view that blacks would not achieve equality. Nor is it recorded that he ever spoke disparagingly of blacks (something that cannot be said of his Union counterpart, Ulysses Grant, or even the beloved Abe Lincoln).

General Lee was emphatic that slavery was "a moral and political evil." He believed that American slaves would be free one day, and a decade before the Civil War he freed the slaves inherited by his wife. His decision to join the Confederacy was based on his and the founders' conviction that states should be sovereign.

So, what would confuse Lee about modern life? My guess is the loss of liberty for even free men and women living in this reconstructed nation — blacks, whites and all others.

Who, for instance, would like the job of explaining to the general that equality of opportunity had been sacrificed in the pursuit of equality of results? Or that application of the Rule of Law was a point of great controversy?

Or that it is common in 2009 for a middle-class professional, black or white, to work without owning real property or savings, indentured to a hopeless mortgage, sending her children to schools and buying groceries on credit that will never be repaid? General Lee would want to know how such a situation came about. He would have to be told that taxes and regulations now take as much as half of an average worker's payroll allowance.

At this point one could only pray that the general did not ask the obvious

question: "Where does all that money go?" The answer — that spending measures had become so large that nobody really could know — would be too much for his noble soul to bear.

Even so, it would be necessary to go on — taxes on income on capital gains and even on savings, abortion rights, federally mandated state and municipal regulations, socialized medicine, restrictions on gun ownership. Oh, and let's not forget Indiana's euthanasia law. The poor man's heart would surely break.

Nonetheless, he would have to know that Congress had in effect ordered banks to issue loans expressly to those who could not afford to pay them back and that Wall Street now invests in enterprises not on the basis of their productivity but on their political standing.

But who would tell him that the taxes on a man's property had made private ownership only theoretical? Or that the U.S. Secretary of the Treasury took office even though he made tens of thousands of dollars in "mistakes" on his own tax returns? That a nominee for Secretary of Health thought his limousine was tax-exempt? That there is a Secretary of Health? That there are limousines?

Who, finally, would want to introduce the general to Barney Frank? Nancy Pelosi? Rod Blagojevich? Or explain partial-birth abortion?

Confused? That might not be a strong enough word, Mr. Obama.

What Do Politicians Mean by 'Courage'?

(Nov. 11) — Some of us spent Veteran's Day this year restoring the word "courage" to its proper meaning. It took a beating in Indiana's political campaigns.

Starting with the military definition makes sense. But that is not as simple as you might think. Even on the battlefield, let alone in the political salon, there is disagreement as to what qualifies as "courage."

In the Vietnam War, for example, an award of a Purple Heart or a Combat "V" did not imply a standard measure of courage. One soldier lost a leg while another suffered a nick from a spent round. One defended an isolated outpost while another was stationed in an area

where hostile fire was only possible, not actual.

The slicing can get thinner: Did the Medal of Honor nominee fall on the grenade to protect his fellow soldiers or by accident or injury? Was the general in the combat zone long enough to qualify for the medal he so proudly wears? Did the aviator eject from the burning fighter before his navigator could get free? The military takes these distinctions seriously and so should we.

Similarly, there are civil professions such as law enforcement and firefighting that carry the presumption of courage. Comparing statistical risk, however, they fall below roofers, farmers, ranchers and garbage haulers — professions that do not enjoy a correspondingly heroic reputation.

So by the time we get to the “courage” exhibited by politicians, the claims can get decidedly weak.

Whatever Indiana politicians might imagine in assuming this or that political stance, their risks appear to be to ego and hubris only. And a zeal for continued government employment (or the search for such employment) is not the same as “fighting” for us.

That there are exceptions is a fact for which Hoosiers should be grateful. In all, though, the evidence of true grit in today’s political class is sparse. That is so even in those rare instances when politicians can be held accountable to their words or votes.

A donor to many an Indiana political campaign always asks himself whether the candidate in front of him describing himself as “courageous” is the kind of person he would have picked for his fifth-grade dodge-ball team. It becomes clear that the great number of these people, with re-election rates approaching 80 percent, are in danger only of hyperbole.

Indeed, considering the political correctness of the American work environment, two janitors at lunch are more at risk simply speaking their minds.

That last suggests another view of political courage. Edmund Burke, in his reflections on the French Revolution, mentioned the courage needed to form ourselves into “little platoons.” Today that

would mean a willingness to gather with like-minded co-workers, church members and neighbors to right a wrong — or at least talk about it. This is a quality not found in all countries or in all societies.

A friend of our foundation, Dr. Alan Keyes, offers an example. When Dr. Keyes was a deputy ambassador to India, an aide came to him with a problem in a Calcutta neighborhood: Children there were being injured in traffic at an unregulated intersection.

Keyes put forward what to him was an obvious solution — that the aide get together with his neighbors and petition for a stop sign. The aide demurred, explaining that it was not something then in the nature of his countrymen. “We must wait for the officials to decide and to act,” the aide said in effect. “That’s because some of us are Hindu, some Muslim, some Christian and others Sikh.”

The concern of Keyes was that America not devolve into such a place, that we continue to find the courage to form our little platoons — across all sociological lines, and on principle rather than personality or class. That is the way Americans have always corrected government neglect, abuse, dereliction or usurpation, making sure to identify and punish the officeholders responsible.

You can bet that is not the courage our politicians are talking about.

Two Lessons for the Price Of a Single Political Event

(Oct. 26) — Fort Wane Republicans attending an address by Gov. Sarah Palin during the presidential campaign experienced more than an inspiring speech. They experienced firsthand an example of perverse and detached government incentives sprinkled with official vanity.

Inside the Allen County Memorial Coliseum, the GOP vice-presidential candidate was preparing to give a convincing and plain-spoken explication on the evils of government intrusions. Outside, the Secret Service was giving a live demonstration of those very intrusions.

Crowd “facts” are always difficult to determine, but most agree that this is what happened:

“By the time we get to the ‘courage’ exhibited by politicians, the claims can get decidedly weak. Whatever Indiana politicians might imagine in assuming this or that political stance, their risks appear to be to ego and hubris only.”

— LADWIG

THE COVER

"There are real costs, serious inconveniences and illogical procedures that must be endured whenever government is asked to 'help.' That is so even in a cause as justified and reasonable as the protection of the Secret Service."

— LADWIG

- The Secret Service routinely took control of the quasi-public Coliseum from private-sector managers more experienced in handling capacity crowds at this particular venue — or at least more experienced at handling them in ways that made it likely they would return.

- It was decided that an estimated 10,000 people would be pressed into a single line, a line snaking back through the Coliseum parking lot until it was literally out of sight — and in cold weather and failing light.

- As the time for Governor Palin's speech neared, several additional Coliseum entrances were opened only to be closed soon afterward for lack of Secret Service personnel to manage the extra security checkpoints.

- This produced multiple lines: One "official" line (whose members had been there for two or more hours) and several new surrogate lines (whose members had only just arrived). Needless to say, sheriff's deputies had to be called to manage the predictable verbal clashes.

- In the end, whoever was by then in charge realized that Governor Palin was about to speak while thousands of loyal — albeit testy — Republicans stood shivering outside in the parking lot.

The Secret Service abruptly shut down its checkpoints and let the crowd pour inside.

This last moment, the very picture of government collapse, frightened even this seasoned political observer — thousands of cold, tired Republicans in full stampede.

Certainly, the Secret Service was just doing its job (and then seemingly deciding not to do it). An economist would make the equally obvious point, however, that the Secret Service lacked the incentive, in contrast to that of Governor Palin, the local GOP and the Coliseum management, to "put the customer first."

Rather, it was to ensure at all costs that no incident occurred that would in any way endanger the candidate — that and to avoid any outcome embarrassing to the officials in charge or their ability to assert control.

And it was true that individual officers, deputies, agents and GOP officials demonstrated saintly patience and the kindest forbearance in the conduct of their difficult if not impossible assignments. Even so, an unlimited authority to direct, cajole and bully usually results in at least some directing, cajoling and bullying, to wit a decision to line people up by the thousands in the cold and the dark.

The attendees were reminded above all that power corrupts and petty power corrupts in petty ways. It was as Governor Palin would later explain to the crowd, one perhaps more receptive than it otherwise would have been: There are real costs, serious inconveniences and illogical procedures that must be endured whenever government is asked to "help." That is so even in a cause as justified and reasonable as the protection of the Secret Service.

As it disbanded in mere minutes compared with the hours it took to assemble, many in the Fort Wayne crowd understood why the Founders so sternly warned that government should be used sparingly, if at all.

Consolidation 'Embarrassment'

(March 17) — Strip away a multi-year, bigwig publicity campaign, complete with unctuous news coverage and a last-minute

The Kingfish Was Ahead of his Time

The Great Depression of the 1930s created hardship and suffering among millions of Americans. It also created populist resentment of elites. Among the many signs of this anger was the astonishing popularity of Huey P. Long, governor of Louisiana and then U.S. senator, a figure so dominant in his own state that his enemies called him a dictator. But to the ordinary people of Louisiana — and later to millions of ordinary people across the U.S. — Mr. Long was a heroic figure, fighting for the 'common man' and challenging the right of elites to monopolize power and wealth. Starting in 1933, Mr. Long created a national organization called the 'Share Our Wealth Society.' He publicized it through his frequent national radio broadcasts (with time provided free by timid network executives), and through his many speeches before many audiences. His goal, he claimed, was a radical redistribution of wealth. Every needy American would receive a 'household estate' of \$5,000 (almost \$80,000 in 2008 dollars), an annual wage of \$2,500 (\$40,000 in 2008 dollars), and other benefits. This great boon would be financed by high taxes on people making over \$1 million. There would be an \$8-million cap, with everything above that confiscated for redistribution.

— Alan Brinkley. "Railing Against the Rich: A Great American Tradition," *The Wall Street Journal*, Feb. 8, 2009.

statewide tour, and the premise behind the move to consolidate local government was just this: People in Indianapolis are smarter than the rest of us.

A chief GOP proponent now says he was “embarrassed” for those in his party who opposed the plan last month in committee. The comment implies that the “no” voters skipped their homework or were too dumb to understand economies of scale.

On the contrary, they had thought it through admirably. They may have even read a comprehensive survey of the academic literature showing mixed results for consolidation of local governments¹ or a forensic accounting that debunked not only the promised tax cuts but the savings touted in a typical consolidation campaign.²

In any case, Hoosiers want a more accountable government — not necessarily a more centralized one, however efficient it may be.

Sen. Jean Leising put the issue in perspective for her fellow senators: It is as if a U.S. president were telling the states to adopt a unicameral legislature.

“I bet you would be furious,” Leising was quoted as saying by *the Fort Wayne Journal Gazette*. “Honestly, this is kind of what we are doing to local government, saying ‘you guys don’t do things right, but we’re smart, and we suggest this is how you might start fixing things.’”

History is on the senator’s side. It tells us that “streamlining” government can mean making it larger and more difficult to monitor through democratic processes (Mussolini getting the trains to run on time). Indeed, the word “efficient” merely speaks to how resources are used, not the total amount of resources expended or, most certainly, who gets to expend them.

That is the reason a Ball State University study claiming \$622 million in savings from consolidation could not be translated into per-capita tax cuts, only in more money for state officials to spend. It also is the reason the administration is wasting precious political will on this issue at a critical time in our state’s history.

In Alaska, one of the most backward states in the nation by the standards of the Kernan-Shepard report, a self-described

hockey mom got elected mayor of a city with a budget little bigger than most Indiana townships.

From there, using nothing more efficient than her small-town common sense, Sarah Palin strung together a series of election victories that turned the power structure upside-down.

And she didn’t have to eliminate a single elected public office to do it.

Now, you may be one of those who think it a bad idea to turn the power structure upside-down from time to time. If so, consolidating local government is your ticket.

Many of us, though, will be trying to find a Hoosier version of Governor Palin . . . maybe in the office of a township trustee.

Endnotes

1. Sam Staley, Ph.D., *et al.* “To Consolidate or Not?” *The Indiana Policy Review*, Winter 2006.
2. Final Report of the Marion County Consolidation Study Commission. Indiana Legislative Services Agency, Indianapolis, November 2005.

Ideology Clouds the Indy Star

(Jan. 26) — The public discussion is reduced to name-calling. The mayor of Huntington recently described citizens who want him to cut his budget as “Taliban.”¹ A few days later *the Indianapolis Star* implied that those skeptical of the governor’s consolidation plan were “partisans” (or ideologues, one assumes, if they belong to the same political party).²

You may understand what is meant by *Taliban* and *partisan* but in the interest of precision name-calling let’s look up *ideology* and *ideologue*:

Ideology — A set of doctrines or beliefs that form the basis of a political, economic or other system, according to the second definition in the 4th edition of the American Heritage Dictionary.

Ideologue — An advocate of a particular ideology, especially an official exponent of that ideology.

Most of us would plead guilty to that, or at least admit to believing in something. In my case it is the small government of classical liberalism, a centuries-old set of doctrines that admittedly conforms to the definition.

If you were skeptical of the governor’s consolidation plan, you were “partisan” in the Indy Star’s book.

— LADWIG

"When I confronted (an editor) as to inaccuracies, he responded that they were 'close enough (to the truth)'. While the light of day proved that the consolidation numbers just did not add up, the Star continued its push for consolidation."

— Sen. Mike Young

Indeed, a person can hardly do his job without some sort of conviction. But even so, in the case of a journalist, the motivation still can be to write more accurately, even presciently, without trying to impose on others "a body of ideas reflecting a view of social needs or aspirations of any other individual, group, class or culture."

That last, to the point being made here, is the dictionary's first definition of "ideology."

Three years ago, *the Star's* readers got a demonstration. It was a hearing of a legislative study commission assessing government consolidation, a hot topic at the Statehouse this session and the subject of some politically timed "research" from state-funded universities.

The topic was less politically charged back then. There was testimony at the hearing that the promised savings from consolidation were imaginary if not fraudulent. This conclusion was supported by three different studies, one conducted by an independent forensic accounting firm.³

No Ideologues Here

"This is the time in the long discussion over local government reform in Indiana that we could, justifiably, write an opinion so blistering that young children and other gentle souls would risk life-long consequences if left too long in its presence. Today, however, we will spare you that stew of scorn and outrage. It's not that members of the Indiana House Government and Regulatory Reform Committee don't deserve strong censure for once again shielding their cronies in township government from public accountability. They most certainly do. Disapproval, however, should be reserved for those for whom there's still hope, who have yet to dive willingly into a dark pit, filled to the brim with disdain for the public's best interests. Observers then would have a responsibility to try to rescue them from their fate." — *Indianapolis Star*, March 13, 2009

Moreover, the commission provided detailed source material to *the Star*, which even then was editorializing strongly in favor of consolidation. This material, had it been consulted, included facts that could have been independently verified by reporters. Finally, the chairman challenged *the Star* editors, if they did not believe him, to hire an independent consultant to review his commission's conclusions.

The Star editors declined, having earlier printed a disparaging cartoon of one legislator and impugned the motives of another.

"When I confronted (an editor) as to inaccuracies, he responded that they were 'close enough (to the truth),' " remembers the commission chairman, Sen. Mike Young of Indianapolis. "While the light of day proved that the consolidation numbers just did not add up, *the Star* continued its push for consolidation."⁴

Bad policy results when a state's leading newspaper eschews honestly gathered information in order to impose the aspirations of select individuals or groups (there's that first definition of "ideology" again). Readers lose, advertisers lose and, most important, citizens lose.

Editors, be they print or Internet, hold privileges that they enjoy specifically and uniquely under the U.S. Constitution. And because of that, regardless of their party or ideology, they have a responsibility to avoid the temptations of the booster, the apologist and the propagandist.

Many still honor that responsibility, which may be our salvation. Q

Endnotes

1. "Mayor Updike Tells All at Annual State-of-the-City Address." *The Huntington Herald-Press*, Jan. 21.
2. Editorial. "Consolidation Foes Hinder Progress." *The Indianapolis Star*, Jan. 24.
3. The winter 2006 edition of *The Indiana Policy Review*, "Local Government: To Consolidate or Not," is available in a downloadable pdf format to foundation members, accredited academics and media at www.inpolicy.org under "The IPR Journal" tab.
4. The full account of the Marion County consolidation debate by the study commission chairman, Sen. R. Michael Young, can be found in the fall 2006 edition, "Yes, We Can Fight City Hall," also available under "The IPR Journal" tab at www.inpolicy.org.

THE HIGH COST OF PUBLIC CONSTRUCTION IN INDIANA

If the Statehouse is serious about reducing taxes and government costs, now would be the time to confront the 'elephant in the dining room'

by J.R. GAYLOR

The uproar over property tax increases took center stage a couple of years ago and arguably led to the political defeat of a once-popular mayor of Indianapolis, Bart Peterson. The political debate continues in the Indiana General Assembly over constitutional caps and other solutions to the continuing problem of reigning in the levels of property taxes.

With all this uproar, however, there is almost total silence on the high cost of the public buildings that property taxes fund.

The facts are these: 1) Between 1984 and 2006, Indiana property taxes for school debt and capital projects increased over eight percent per year; and 2) Indiana schools cost 40 percent more to build than schools nationally.

So if Indiana taxpayers are not getting their bang for their buck, who is?

The answer concerns the "elephant in the dining room," a term of political art referring to a controversial issue that is obvious but ignored out of embarrassment

or convenience. It is a rhetorical device to acknowledge that the problem won't be going away by itself.

That certainly is the case here. The elephant is the "common wage" and the stranglehold that Indiana union bosses in the building trades have over public construction.

Here follows what happens in your county when a public building costing \$150,000 or more is to be built.

A five-member committee is formed to determine what wages will be paid to build the building. The committee's job is to determine the "common" everyday construction wages being paid in your county.

The spirit of the law is to preserve the economic base of each county so that the wages determined are not too low or too high.

Who are these five members? There are two members appointed by the public entity that is building the project — your city or town, county, school board, library board, etc.

Between 1984 and 2006, Indiana property taxes for school debt and capital projects increased over eight percent per year. Indiana schools cost 40 percent more to build than schools nationally.



J.R. Gaylor is president and chief executive officer of the Associated Builders & Contractors of Indiana. He wrote this at the request of the editor. Nothing written here is to be construed as reflecting the views of the Indiana Policy Review Foundation, however, or as an attempt to aid or hinder the passage of any bill before the legislature or to further any political campaign.

THE 'COMMON' WAGE

The administration wants property-tax reform but doesn't take a stand at each Common Wage hearing to protect the taxpayer from the inflated construction costs that property taxes must fund.

Last year, statewide, these particular members of the county boards missed 10 percent of all their meetings. That's right, 10 percent of the time the representatives of the owner of the project *did not even show up to help determine a major cost item of their project.*

A third member of these committees is appointed by your county commissioners. Last year, statewide, these particular members missed almost 20 percent of the meetings, according to the Indiana Department of Labor.

A fourth member of these committees comes from the Indiana Department of Labor. These members typically show up but do not exercise their right to vote. This strikes some as curious because the current administration wants property-tax reform but doesn't take a stand at each Common Wage hearing to protect the taxpayer.

A fifth person is a representative of the AFL-CIO building trades unions. The union building trades, which represent only about 25 percent of the construction workers in this state, have an automatic seat on these committees. They submit a list of wages at each hearing reflecting wages paid in Indiana's large urban areas. These are premium wages that typically do not reflect what is commonly paid in most counties for construction services.



"Don't just do something, stand there."
(William F. Buckley)

In Daviess County, for example, the union wage is adopted even though there is only a single union contractor, employing only a handful of workers. *(The table below shows the current rates for common laborers.)*

It is literally true that in Indiana you have unskilled workers with no education or training building a public school making more than the highly educated teachers within the building.

Do the wage rates below reflect what is commonly paid in your county? I doubt it. Yet, in most counties those are the kind of premium wages promoted by the union bosses as the "common" everyday practice of pay in each county. *(See Chart 1 for each county's voting pattern in 2008.)*

Taxpayers have every right to expect that public buildings are built as cost effectively, as safely and as efficiently as buildings in the private sector. That is not happening because the union bosses are protecting their own special interests and working against those goals.

As we have been reminded on a national level, industries dominated by unions are crumbling. That is because there is a tipping point beyond which labor costs overprice the value of

the product. Dollars for public construction last year in Indiana were in the billions.

So you see what is at stake. And you also see

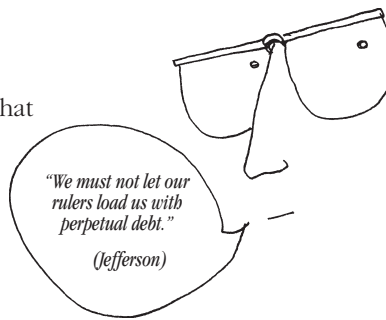
Chart 1: Percent Adoptions of AFL-CIO 'Common' Wage by county in 2008

County	AFL-CIO Wage
Adams	85.71%
Allen	51.19%
Bartholomew	100.00%
Benton	100.00%
Blackford	100.00%
Boone	22.20%
Brown	100.00%
Cass	0.00%
Carroll	0.00%
Clark	100.00%
Clay	100.00%
Clinton	75.00%
Crawford	0.00%
Daviess	100.00%
Dearborn	100.00%
DeKalb	50.00%
Decatur	10.00%
Delaware	97.06%
Dubois	50.00%
Elkhart	43.86%
Fayette	50.00%
Floyd	100.00%
Fountain	50.00%
Franklin	100.00%
Fulton	100.00%
Gibson	85.71%
Grant	80.00%
Greene	100%
Hamilton	46%
Hancock	100%
Harrison	100%
Hendricks	63%
Henry	100%
Howard	100%
Huntington	77%
Jackson	100%
Jasper	100%
Jay	50%
Jefferson	100%
Jennings	100%
Johnson	48%
Knox	100%
Kosciusko	0%
LaGrange	20%
Lake	100%
LaPorte	100%
Lawrence	86%
Madison	100%
Marion	100%
Marshall	0%
Martin	100%
Miami	100%
Monroe	100%
Montgomery	20%
Morgan	100%
Newton	100%
Noble	36%
Ohio	100%
Orange	100%
Owen	0%
Parke	80%
Perry	0%
Pike	100%
Porter	100%
Posey	100%
Pulaski	0%
Putnam	100%
Randolph	33%
Ripley	100%
Rush	0%
Scott	0%
Shelby	50%
Spencer	100%
St. Joseph	98%
Starke	50%
Steuben	80%
Sullivan	100%
Switzerland	100%
Tippecanoe	100%
Tipton	0%
Union	0%
Vanderburgh	100%
Vermillion	0%
Vigo	100%
Wabash	100%
Warren	0%
Warrick	100%
Washington	100%
Wayne	100%
Wells	0%
White	67%
Whitley	71%
Average	83.53%

	Hourly rate	Hourly fringe	Total Hourly	Yearly
Skilled	\$21.62	\$10.06	\$31.68	\$65,894.40
Semi-Skilled	\$21.12	\$10.06	\$31.18	\$64,854.44
Unskilled	\$20.62	\$10.06	\$30.68	\$63,814.40

* Source for all table and chart data: Indiana Department of Labor

why politicians are afraid to confront that “elephant in the dining room.” Not only do they fear the wrath of the labor unions, they fear being labeled by the media as enemies of working men and women and destroyers of the middle class. Who wants to face that criticism?



Moreover, labor bosses contend that using anything less than union workers, with union work rules and premium union wages would compromise the quality and safety of our public buildings. Who wants to face that accusation?

And labor bosses can convincingly promise to fill the streets around the Indiana Statehouse with thousands of protesters. Who wants to face that crowd?

So the “elephant” stays in the room, the silence continues and we look for ways to control property-tax increases without controlling the cost of construction.

But even though political leaders won’t confront the “elephant,” Indiana taxpayers might. These two testimonials are encouraging:

Chris Hiatt, Delaware County

Few people are aware of the horrific waste of tax dollars this process creates. Few are even aware of the existence of these (common-wage) committees. It is probably the single-most-tax-dollar wasteful 30-minute gathering any community could experience. In one fell swoop, any given number of public projects in any given community could have a 30- to 40-percent premium attached to their project costs, before they are even advertised to bid. This could easily run into the millions of excess dollar-cost locally and billions statewide. The most effective way to confront this problem is to expose the process and involve the local taxpaying public. My recent experience supports, that when local public-project authorities, shouldered with the responsibility of spending local tax dollars wisely, are made aware of the consequences of their decisions, they will hedge on the side of fiscal frugality and favor more conservative, taxpayer-friendly wage scales. This phenomenon is amplified when the taxpayers footing the bill are in attendance helping to neutralize the intimidating atmosphere and letting their opinions be known.

Tom Flynn, Marshall County

I employ a man who has been with my company for 20 years. His name is Joe. His workmanship is exceptional. I would put his work beside any electrician. Joe makes \$21 per hour and about \$7 in fringes for a \$28 total package. When union wages from outside the county are presented for my county, the skilled-electrician rate for an AFL-CIO electrician is a total of \$44 per hour — an extra \$16 an hour per man for no greater quality of workmanship. Multiply that for every man-hour worked on a public project and the dollars add up quickly. Plus, the out-of-county worker pays no taxes to fund the current project being worked on. Joe does. How is this ever fair?

Again, some want to change the Indiana Constitution to cap property taxes. This, however, would take years. You don’t have to wait that long. An immediate change can be made at your county’s next Common Construction Wage meeting (*see chart 2*).

Costs of projects could be lowered overnight if taxpayers would take over a process that has been overshadowed by that “elephant in the dining room.”

In a world where decision-making seems out of reach for the regular citizen, you can make a difference. Go to the next Common Construction Wage hearing in your county. Chris Hiatt and Tom Flynn did.

I hope to see you there. Q

Chart 2: ‘Common’ Wage Hearings per County by Month

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Adams	0	4	0	0	1	0	0	0	0	0	0	1	6
Allen	0	4	4	3	3	2	2	1	1	2	2	3	27
Bartholomew	1	0	3	3	0	1	1	0	2	1	1	1	14
Benton	0	1	0	0	0	0	1	0	0	0	0	0	2
Blackford	0	0	0	0	0	0	0	0	0	0	0	1	1
Boone	1	0	3	1	0	1	0	1	0	0	1	0	8
Brown	0	0	0	0	1	0	0	0	0	0	0	0	1
Cass	0	2	0	0	1	0	0	0	0	0	0	0	3
Carroll	0	0	0	0	0	0	0	0	0	0	0	0	0
Clark	3	0	3	0	2	0	3	2	1	1	2	2	19
Clay	0	0	0	0	0	0	0	1	0	0	1	0	2
Clinton	0	0	1	0	0	0	1	1	0	1	0	0	4
Crawford	0	0	0	0	0	0	0	0	0	0	0	0	0
Daviess	0	1	0	0	0	1	1	0	1	0	0	0	4
Dearborn	1	0	1	0	1	3	0	0	1	0	1	1	9
DeKalb	1	2	0	0	1	0	1	0	1	0	0	0	6
Decatur	0	1	1	0	1	0	0	1	0	0	1	0	5
Delaware	0	4	0	0	2	0	0	1	2	2	0	1	12
Dubois	0	1	0	2	0	0	0	1	0	0	1	1	6
Elkhart	0	3	3	3	0	0	2	1	2	0	1	1	16
Fayette	0	1	1	0	0	1	0	0	0	0	0	1	4
Floyd	1	0	0	3	0	0	3	1	0	0	1	1	10
Fountain	0	0	1	0	0	0	0	0	0	1	0	0	2
Franklin	1	0	0	1	0	0	0	0	0	0	0	0	2
Fulton	0	0	0	1	0	0	0	0	0	0	0	0	1
Gibson	0	1	1	1	0	0	1	1	1	0	0	0	6
Grant	0	0	0	1	0	1	0	0	1	1	0	2	6
Greene	0	1	0	0	0	0	0	0	0	0	0	0	1
Hamilton	0	2	5	3	1	1	0	1	1	1	1	1	17
Hancock	0	0	1	1	4	0	0	1	0	2	1	0	10
Harrison	1	3	1	0	0	1	0	0	1	1	1	0	9
Hendricks	1	1	0	1	2	3	1	0	2	1	1	1	14
Henry	0	0	0	1	0	0	0	0	0	1	1	0	3
Howard	2	0	1	2	1	0	1	0	0	1	1	1	10
Huntington	0	0	2	1	1	0	0	0	0	4	0	0	8
Jackson	0	0	0	0	0	1	3	0	0	0	0	0	4
Jasper	0	0	0	0	1	0	0	1	1	0	1	0	4
Jay	1	0	1	0	0	0	0	0	1	0	0	0	3
Jefferson	1	0	1	1	0	4	0	0	0	0	0	0	7
Jennings	1	0	0	1	0	1	0	0	1	0	0	0	4
Johnson	0	3	1	2	0	3	1	2	1	1	2	0	16
Knox	1	2	0	1	0	1	1	0	1	0	0	0	7
Kosciusko	2	0	1	0	0	4	0	0	1	1	0	0	9
LaGrange	0	0	0	2	0	0	0	1	0	1	0	0	4
Lake	3	6	5	9	10	5	5	5	4	2	1	5	60
LaPorte	1	4	1	2	3	1	3	0	1	1	0	0	17
Lawrence	1	0	1	0	0	1	1	1	1	0	0	0	6
Madison	0	2	0	0	0	0	1	3	0	0	0	2	8
Marion	5	10	5	4	8	6	8	4	7	6	3	6	72
Marshall	0	0	0	1	0	0	0	1	0	0	0	1	3
Martin	0	0	0	0	0	0	0	0	0	2	0	0	2
Miami	2	0	0	0	1	0	0	0	1	0	1	0	5
Monroe	1	2	2	2	3	2	1	0	1	1	3	1	19
Montgomery	1	0	0	0	1	1	0	0	0	0	0	0	3
Morgan	1	0	0	0	0	1	0	0	1	1	0	0	4
Newton	0	0	0	0	1	0	0	0	0	1	1	0	3
Noble	0	2	0	1	0	2	0	0	0	0	0	0	5
Ohio	0	1	1	0	0	0	0	0	0	0	0	1	3
Orange	0	0	0	0	0	1	2	1	0	0	0	1	5
Owen	0	0	0	0	0	0	0	0	0	0	0	0	0
Parke	0	2	1	0	0	1	0	0	0	0	0	1	5
Perry	0	0	0	0	0	0	0	0	0	0	0	0	0
Pike	0	0	1	0	0	0	0	0	0	0	1	0	2
Porter	1	3	3	1	1	0	3	5	2	2	1	2	24
Posey	1	0	0	0	0	1	0	1	0	0	0	0	3
Pulaski	0	0	0	0	0	0	0	0	0	0	0	0	0
Putnam	0	1	0	0	1	0	0	0	1	0	0	0	3
Randolph	1	0	0	1	0	1	1	0	1	0	0	1	6
Ripley	0	0	0	0	1	0	1	0	0	0	0	0	2
Rush	1	0	0	0	0	0	0	0	0	0	0	0	1
Scott	0	0	0	0	0	0	0	0	0	0	0	0	0
Shelby	0	0	0	0	1	2	0	0	0	0	1	1	5
Spencer	1	1	0	0	1	0	2	0	1	0	1	1	8
St. Joseph	3	4	2	7	0	4	4	5	2	2	3	2	38
Starke	0	0	0	0	0	1	0	0	0	0	1	0	2
Steuben	1	0	1	0	0	1	0	1	0	0	1	0	5
Sullivan	0	1	0	0	0	0	0	0	0	0	0	0	1
Switzerland	0	0	0	0	1	0	0	2	0	0	1	0	4
Tiptecanoe	2	2	1	2	2	1	3	1	2	0	3	0	19
Tipton	0	1	0	0	0	0	0	4	0	0	0	0	5
Union	0	0	0	0	0	0	0	0	0	0	0	0	0
Vanderburgh	0	0	4	2	3	2	4	1	4	0	2	1	23
Vermillion	0	0	0	0	0	0	0	0	0	0	0	0	0
Vigo	1	0	1	2	2	0	0	3	3	1	2	2	17
Wabash	0	1	0	1	0	0	0	0	0	0	0	0	2
Warren	0	0	0	0	0	0	0	0	0	0	0	0	0
Warrick	0	0	1	0	0	0	0	1	1	1	0	2	6
Washington	0	1	0	0	0	1	0	0	0	0	0	1	3
Wayne	1	1	1	0	1	0	2	0	0	2	0	2	10
Wells	0	0	2	0	1	0	0	0	0	0	0	0	3
White	0	0	0	1	0	0	0	0	1	1	0	0	3
Whitley	1	0	0	0	0	0	1	0	0	0	0	1	3
Total	48	82	69	71	65	64	65	57	57	46	47	53	724

ISTEP TESTING: IS IT WORTH A QUARTER-BILLION DOLLARS?

Anyone familiar with students knows that one year's class may be significantly more or less academically talented than last year's class. The better and more statistically meaningful comparison of test scores is to compare test scores over a period of years and determine the trend of the scores.

by **JEFF ABBOTT**

ISTEP+ testing will cost Indiana taxpayers over \$23,000,000 this year. Assuming that for the next decade this cost increases at a modest inflationary rate of three percent per year, the annual cost for administering ISTEP+ to Indiana students will increase in 10 years to almost \$31,000,000. Using this inflation assumption, Indiana taxpayers will pay a total of \$271,579,296 over the next 10 years for administration of the ISTEP+ testing program. (See Table 1.)

It is time that two critical questions are asked: Are Indiana taxpayers getting their money's worth on this 23-million-dollar annual expenditure? Is this something that absolutely has to be done to have a quality kindergarten through 12th (K-12) public education system in the state of Indiana? The answer to both of these questions is simply — no. Here's why.

This past December, the Indiana Department of Education released the 2008 ISTEP+ scores for Indiana students. This writer recently reviewed media coverage of this release by all of the state's major television and newspaper markets. Newspaper headlines proclaimed such headlines as "Scores Drop Across State"; "State and Local ISTEP Scores Down"; "No Improvement on ISTEP+ Science Test"; "(school district) Sees ISTEP Slide"; "ISTEP+ Scores Drop at (school district)"; "Fewer Pass Tests This Year at (school district)";

and "Little Good News in Area Districts' ISTEP+ Scores." Most other media reports that were examined were as negative.

But the media were not alone in the purveying of doom and gloom when reporting ISTEP+ scores. A top state official at the press conference releasing the test scores referred to this year's results as "disappointing." One local superintendent even said it "bothers them scores don't go up" each year. Another superintendent called a special meeting with his principals to "analyze and figure out exactly what went wrong." In yet another school district the assistant superintendent was reported to be "frustrated" with her school district's scores. These comments all indicate a lack of understanding as to what the ISTEP+ scores actually mean and don't mean.

Is all this educator angst and public dissatisfaction necessary? Do one year's test results accurately reflect students' and schools'

performance on ISTEP+? The answer is no. First of all, it is of little statistical use to compare only one year's test results with the previous year's results. It is an insufficient sample to draw conclusions as to a school's long-term performance. The game of baseball is nine innings, for example, not one. So it is with student achievement and standardized testing such as ISTEP+. Comparing only two years is a rather meaningless comparison

*Table 1:
10-Year Total
Cost of ISTEP+
with 3% Inflation*

Year	ISTEP+ Annual Cost in Dollars
2010	23,690,000
2011	24,400,700
2012	25,132,721
2013	25,886,702
2014	26,663,303
2015	27,463,202
2016	28,287,098
2017	29,135,711
2018	30,009,783
2019	30,910,076

Total 10-Year Cost:
\$271,579,296



Jeff Abbott, Ph.D., J.D., an adjunct scholar of the foundation, teaches in the School of Education at Indiana University-Purdue University at Fort Wayne. He served on the transition team of state Superintendent of Schools Tony Bennett.

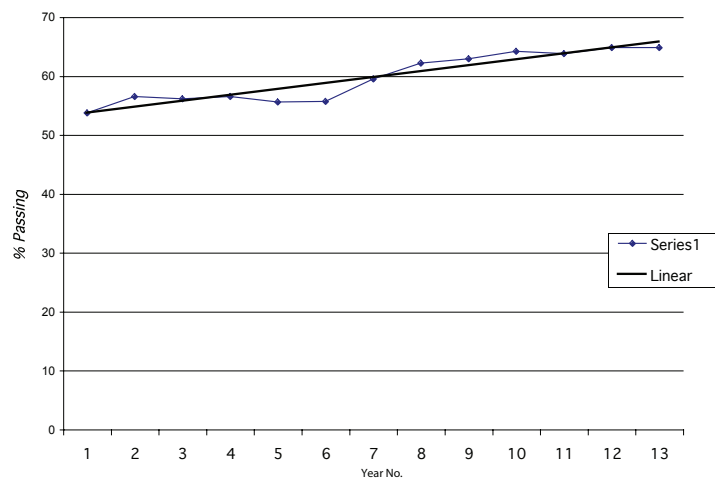
— particularly given the fact that the reported scores are from different groups of students. Anyone who is familiar with students knows that one year's class may be significantly more, or less, academically talented than last year's class. The better and more statistically meaningful comparison of test scores is to compare test scores over a period of years and determine the trend of the scores. The trend can be only computed over time. It takes more than just the two data points of two years' scores. Finally, the better measurement of academic progress is comparing the academic growth of individual students over the course of their academic careers.

Since 1996, Indiana citizens have experienced the annual release of ISTEP+ scores. Each December the media has had a field day with ISTEP+ scores and has captured the attention of the public. These scores have been reported with much fanfare in a manner similar to the reporting of sports scores with schools ranked like the standings in the sports pages. Schools' test scores have been compared with other schools' test scores. Schools' test results have been compared with their own last year's scores. But seldom is there any mention of comparing an individual school's scores over a period of time. Without this comparison over time it is impossible to determine whether a school is doing well over a period of time.

Teachers, principals and school-district leaders have fallen in the trap of only comparing this year's scores with last year's scores. They have not educated the public as to the statistically valid way of analyzing ISTEP+ test scores. Most school leaders have been on the defensive for the past 13 years. Some, as stated above, have been downright apologetic about the ISTEP+ test scores in their districts. They inadvertently have conceded that there are large problems in the academic achievement of Indiana students, and thus that Indiana's schools are under-performing.

However, this negative publicity for Indiana schools is not the true state of the condition of Indiana K-12 education. Figure 1 above illustrates the long-term trend ISTEP+ scores of Indiana students

Figure 1: Indiana ISTEP+ Scores 1996-2008



since 1996 as reported by the Indiana Department of Education.

As can be seen, ISTEP+ scores for Indiana students are not dropping over the long run, but are rising. The linear trend line is going up from left to right, which indicates a positive trend in scores. But does this increase mean anything statistically? The answer is — yes. Using a widely used quality process tool called a “control chart,” it can be demonstrated that Indiana scores are unlikely increasing because of random chance.

The control chart is a special type of line graph that can be used to: 1) Interpret data about a process by creating a picture of the boundaries of acceptable variation; and 2) objectively determine if a process is in control or out of control. The control chart measures variation. Variation exists in all of nature — and especially in student test scores. *Variation* is the term applied to any differences that occur in products, services or processes. The ISTEP+ testing is a process. Thus, it will have variation.

There are two kinds of variation: common cause and special cause. Common-cause variation is normal and expected when measuring something.

For example, if you were to weigh yourself on a scale every morning for a year, you would naturally expect some slight variation even if you were not on a diet or eating more than normal. The body naturally will show small gains or losses on nearly a daily basis.

Teachers, principals and school-district leaders have not educated the public as to the statistically valid way of analyzing ISTEP+ test scores.

Why is there such widespread negativity about the performance of Indiana schools when the data suggests that they have demonstrated long-term improvement?

Special-cause variation occurs when there is variation but it does not result from just normal or common causes of variation. In the above example, we would not expect a person to gain or lose 25 pounds in a single month. Such a large gain or loss is likely due to some intervening action of the individual. A large weight loss might be due to a diet or serious illness. A large weight gain might be due to increased food intake as a result of stress or illness. This type of variation is termed *special-cause variation*. The variation is due to something other than common cause or normal variation. In the case of ISTEP+ testing, something other than normal variation is causing the scores to go up. Figure 2 below illustrates a control chart of the test scores for all Indiana students for the period 1998-2008.

In the chart, Year 1 is 1996 and Year 13 is 2008. A control chart of test scores includes an upper-control limit (UCL) and a lower-control limit (LCL). The control limit (CL) is simply the mean (average) of the test scores. Normally, if all the test scores are between the UCL and LCL lines, *i.e.*, within the upper-control limit (UCL) and the lower-control limit (LCL), the testing process is considered to be “stable.” Thus, the only variation between testing years would be normal or common-cause variation. It would appear from an examination of Figure 3 that all test scores from all years are within the upper- and lower-control limits, and that the variation is only due to normal or common causes. However, in statistics and in schooling, nothing is ever that simple. Figure 3 on the next page presents a control chart referred to as a moving average (range).

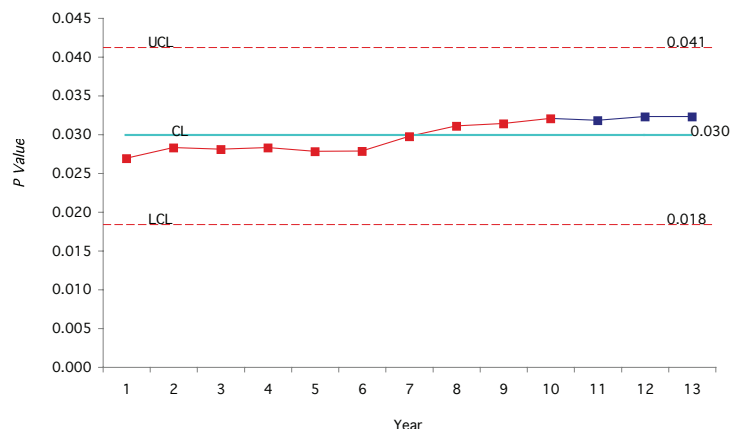
Under the generally accepted control-chart rules as expressed in the literature, if there are six data points (yearly test scores) in a row that increase or decrease, then there likely is special-cause variation. In Figure 2 there are six consecutive yearly test scores that have increased, *i.e.*, years 2000 through 2005. Thus, special-cause variation exists. The control chart does not explain why there is special-cause variation.

However, since it is common knowledge that ISTEP+ tests have increased in difficulty over the years, that higher levels of student poverty have occurred each year, and the number of non-English speaking students has increased greatly, there is but one inescapable conclusion as to why Indiana students’ test scores have risen over the past 13 years: Indiana’s teachers and principals have been doing a fantastic job in teaching the students of Indiana. Rather than being applauded by school boards, the media and the public, however, they have been roundly criticized. Instead, teachers and principals should get a pat on their backs with a sincere “thanks for a job well done” from all Indiana citizens. This would be much more motivating to them than the constant media blitz that decries how poorly some schools are doing.

This all raises a few additional questions. Why is there such widespread negativity about the performance of Indiana schools when the data suggests that they have demonstrated long-term improvement? Why are education policy makers, edu-bureaucrats, business groups and the media bashing the performance of Indiana’s teachers and principals? Why does the media continually misstate the actual facts about Indiana’s education progress?

Conspiracy theorists might want to suggest that teacher unions, as well as administrator associations and school-board associations, are behind this sleight of hand. They might argue that these interest groups want to keep the public riled up and dissatisfied with the lack of academic progress by Indiana students so that the public will continually shovel more funding into the public schools in order to “fix the problem.” Other conspiracy theorists may want to suggest

Figure 2: “P” Chart for Indiana ISTEP+ Scores for Years 1996-2008



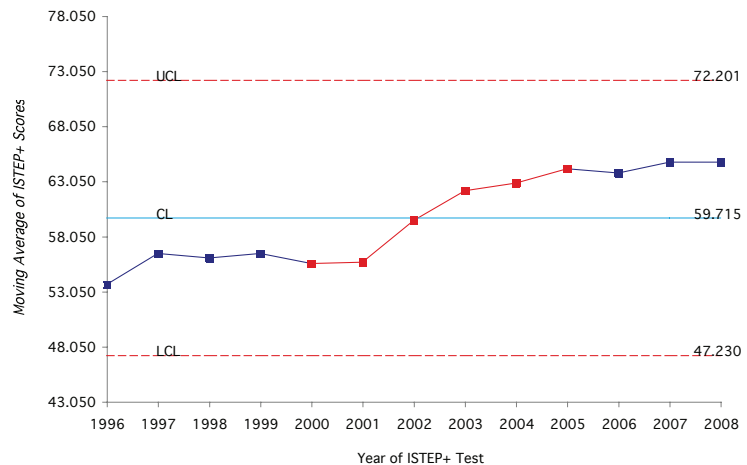
that this continual “all is doom and gloom in ISTEP+ land” media barrage is part of the efforts of business groups and wealthy entrepreneurs to discredit public schools because they want to dismantle the government schools and take over what is a near trillion-dollar business on the national level. In other words, the desire of business groups to pay fewer taxes and the desire of entrepreneurs to make profits off educating the nation’s students is the motive for all this negative publicity about the performance of Indiana schools.

Of course, there is no evidence that any of these conspiracy theories is correct. This writer has seen too many hard-working teachers, principals, central-office administrators and superintendents who are crushed and hurt by the negative publicity about their schools, to think that they might in the slightest way be participating in the ISTEP+ reporting misrepresentation just to get more money. Likewise this writer’s many conversations with leaders in the private sector cast doubt that there are many business people who want to completely dismantle public education. Many want to see a vastly improved public-education system, not one that is dismantled and eliminated as a public good.

So why does the incorrect reporting of the status of Indiana’s students’ academic performance keep on perpetuating itself year after year? It may be because education policy makers, state officials, school leaders, teachers and the news media do not have much, if any, knowledge of the quality philosophy, the quality process, quality tools and statistics, and thus do not have the skills necessary to accurately represent or defend the quality of education services in the state of Indiana. Why do educators not have the knowledge to combat the perceptions about the performance of Indiana schools, teachers and principals?

One reason is that they typically get no university or other professional training in the quality philosophy, the quality process, or how to use the quality tools to improve the process of teaching and learning. Few ever take a course in statistics in their professional preparation for licensure as a teacher or administrator. Only one university in Indiana offers its

Figure 3: Moving Average (Range) Control Chart for ISTEP+ Scores for Years 1996-2008



educational leadership students a course in the quality process — Indiana University, Fort Wayne.

This leads us back to the original two questions: Are Indiana taxpayers getting their money’s worth on this 23-million-dollar annual expenditure? Is this something that absolutely has to be done to have a quality K-12 public education system in the state of Indiana?

The answer to the first question must be “no” for no other reason than educators, education policy makers and the public are all relying on misleading and incomplete data when it comes to reporting, analyzing and using ISTEP+ results to make decisions on education policy issues.

However, there are other good reasons to question the expenditure of over a quarter of a billion of Indiana taxpayer dollars on this particular set of standardized tests. There is no uniform definition as to what a quality school is. Few would seriously suggest that the one-snapshot ISTEP+ test alone is the only proper measure of a quality school. But this is precisely how Indiana schools are judged by many educational policy makers.

Indiana policy makers would serve the state well if they would first focus their efforts on defining a quality school using multiple and widely accepted measures, and then develop quantitative and qualitative measurement systems to more accurately reflect the learning of Indiana’s children and to measure the quality of schools’ performance.

Educators, policy makers and the public are all relying on misleading and incomplete data when it comes to reporting, analyzing and using ISTEP+ results to make decisions on education policy issues.

WHY CITY HALL CAN'T MAKE DECISIONS RATIONALLY

*The dice will be stacked
at your next council meeting*

*What are “stakeholders”
and why do governments
think they are so
blooming important?*

by BEN O’NEILL

On the rare occasions when governments consider curbing their expenditure on some service — or, more likely, consider curbing the rate of increase in spending — they are invariably called upon to undertake discussions with relevant “stakeholders” and members of the community.

This process is ostensibly undertaken to determine the views of those who are to be affected by the proposed decision, to gauge the mood of the electorate our political masters are sworn to serve.

Of course, if one were to undertake a proper scientific study into the attitudes of the community to some such proposal, one would solicit the views of a random sample of community members. The use of random sampling ensures that there is no inherent bias in the sampling method — although bias can still result from non-response.

This means that the responses of the sampled participants can be used as an estimate for the larger community, with statistical techniques used to determine how closely the former can be expected to reflect the latter. Indeed, this is a standard scientific technique for inferring the views of a large population, without the necessity for a complete census.

Suffice to say, this is not how the government proceeds. Instead, the government solicits the views of the relevant “stakeholders,” identified by the bureaucracy. Who are these stakeholders? Why, they are the people and groups that have a stake in the decision, of course. And when we say “a stake,” we must be a little selective. After all, government spending is paid for, at least in part, by the myriad of taxes that are stolen from virtually every person in the population. And since we do not wish to take a complete census of the population, we must therefore limit ourselves to only some stakeholders, or more precisely, to those stakeholders who have the biggest stake in the decision.

For more major decisions, in addition to contacting the large stakeholders, the government may also feel obliged to hold a more general community consultation. Again, the government does not appeal to the scientific methodology of random sampling in selecting those community members who are to participate in this process. For this method would mean that members of the community would be excluded from participation by the roll of the dice; a most undemocratic result. Instead, the government simply invites the public at large to make submissions or

attend some type of community forum. This process is self-selective: the respondents are those who themselves choose to take the time to write a submission, attend a forum or otherwise make their views heard.

The result of this sampling mechanism is that both the stakeholders who are contacted by the government and the members of the public who self-selectively take the time to participate in the process are those who have a large stake in the proposed decision. And since the costs of any particular government service are spread diffusely through the population, whereas the benefits are concentrated among a much smaller group of rent-seekers, it is precisely these rent-seekers who will be the participants in the government's consultation process.

This result is nothing more than a manifestation of rational ignorance and rational non-participation by those with a small stake in the decision. To these people, the value to be gained from potentially influencing the government is outweighed by the time, effort and potential stress involved, plus the opportunity loss from foregoing other activities (such as leisure time or paid work).

For the elderly retiree who relies on the public bus service to go to the doctor's office or to maintain his social life, the implications of a cut to this service may be severe.

But for the ordinary taxpayer who does not use this service, the net financial benefit of a cut to the service is minimal, and thus, the net benefit of attending community consultation forums to speak in favor of this cut — even if successful — may be outweighed by the effort and stress involved.

But even aside from the question of participation, we must also ask who is to have more impact in this process. The elderly retiree, who is virtually in tears over the implications to his lifestyle? Or the taxpayer, who calculates that the cut to the bus service will save him \$27 a year on his tax bill?*

The outcome of this is not in doubt. The consultation process itself will be weighted toward the interest of the rent-seekers, both in numbers, and in the magnitude of their claims. Indeed, it would be a brave taxpayer who dared incur the wrath of "the community" by staking his meager financial claim against the high-stakes rent-seekers.

This is true for each and every service of government that involves the diffuse spreading of costs among taxpayers. In each case "the community"

that is consulted is composed of the rent-seekers who benefit from this service at taxpayer expense. And so, in all such cases, those in the government who are desirous of greater statism — and they are many — have themselves a neat little set of loaded dice. For they may argue that they have "the community" on their side; that "the community" has spoken; that all those "with an interest in the decision" have been consulted. They may argue that democracy demands that the government abide by the views of this community.

Indeed, if the government proceeds to cut spending despite this consultation process, it is vulnerable to the accusation that the process was mere window dressing, and that the spending cut was a *fait accompli*. This may indeed be correct, given that there is unlikely to be anything emerging from the consultation process that supports such a course of action. However, this is only half the picture. For the truth is that it is often the outcome of the consultation process itself that is the *fait accompli*, skewed by its nature toward the interests of rent-seekers, who have a higher stake in the specific service under consideration than the taxpayers who are robbed to pay the bills.

Angry residents last night accused local (Australian) authorities of contributing to the bush-fire toll by failing to let residents chop down trees and clear up bush land that posed a fire risk. During question time at a packed community meeting in Arthur's Creek on Melbourne's northern fringe, Warwick Spooner — whose mother Marilyn and brother Damien perished along with their home in the Strathewen blaze — criticized the Nillumbik council for the limitations it placed on residents wanting the council's help or permission to clean up around their properties in preparation for the bush-fire season. 'We've lost two people in my family because you ****heads won't cut trees down,' he said.

— The Age, <http://www.theage.com.au> (last viewed Feb. 11, 2009)

Who is to have more impact in this process? The elderly retiree, who is virtually in tears over the implications to his lifestyle? Or the taxpayer, who calculates that the cut to the bus service will save only \$27 a year on his tax bill?

* Author's note: This is in fact a realistic figure for such an example. Taking my own hometown of Canberra (Australia) as an example, the total expenditure on the public bus service in 2006–2007 was AU\$88.433 million, which amounts to an average of AU\$273 per person (although the cost is not levied equally). Thus, a 10 percent cut in expenditure on this service — which would involve a sizeable cut to the service — would amount to a saving of approximately AU\$27.30 per person.

DIM BULBS & BRIGHT

“Most economists almost unanimously recognize that, even if philosophically you’re — you’re wary of government intervening in the economy, when you have the kind of problem we have right now — what started on Wall Street, goes to Main Street, suddenly businesses can’t get credit, they start paring back their investment, they start laying off workers, workers start pulling back in terms of spending — that, when you have that situation, that government is an important element of introducing some additional demand into the economy.” — *Barack Obama, Jan. 9, 2009*

Most economists? The foundation is proud that 10 on the Cato Institute’s list of those who disagreed with the above statement teach in Indiana.

Burton Abrams, University of Delaware
Douglas Adie, Ohio University
Ryan Amacher, University of Texas at Arlington
J.J. Arias, Georgia College & State University
Howard Baetjer, Jr., Towson University
Stacie Beck, University of Delaware
Don Bellante, University of South Florida
James Bennett, George Mason University
Bruce Benson, Florida State University
Sanjai Bhagat, University of Colorado at Boulder
Mark Bils, University of Rochester
Alberto Bisin, New York University
Walter Block, Loyola University New Orleans
• Cecil Bolanar, Ball State University
Michele Boldrin, Washington University in St. Louis
Donald Booth, Chapman University
Michael Bordo, Rutgers University
Samuel Bostaph, University of Dallas
Scott Bradford, Brigham Young University
Genevieve Briand, Eastern Washington University
George Brower, Moravian College
James Buchanan, Nobel laureate
Richard Burdick, Claremont McKenna College
Henry Butler, Northwestern University
William Butos, Trinity College
Peter Calagano, College of Charleston
Bryan Caplan, George Mason University
Art Carden, Rhodes College
James Cardon, Brigham Young University
Dustin Chambers, Salisbury University
Emily Chamee-Wright, Beloit College
V.V. Chari, University of Minnesota
Barry Chiswick, University of Illinois at Chicago
Lawrence Cima, John Carroll University
J.R. Clark, University of Tennessee at Chattanooga
Gian Luca Clementi, New York University
R. Morris Coate, Nichols State University
John Cochran, Metropolitan State College
John Cochrane, University of Chicago
John Coleman, Duke University
Boyd Collier, Tarleton State University
Robert Collinge, University of Texas at San Antonio
Leo Coppock, University of Virginia
Mario Crucini, Vanderbilt University
Christopher Culp, University of Chicago
Kirby Cundiff, Northeastern State University
Antony Davies, Duquesne University
John Dawson, Appalachian State University
• Clarence Deitch, Ball State University
Arthur Diamond, Jr., University of Nebraska at Omaha
John Dobra, University of Nevada, Reno
James Dorn, Towson University
Christopher Douglas, University of Michigan, Flint
Floyd Duncan, Virginia Military Institute
Francis Egan, Trinity College
John Egger, Towson University
Kenneth Elzinga, University of Virginia
Paul Evans, The Ohio State University
Eugene Fama, University of Chicago
W. Ken Farr, Georgia College & State University
Hartmut Fischer, University of San Francisco
Fred Foldvary, Santa Clara University
Murray Frank, University of Minnesota
Peter Frank, Wingate University
Timothy Fuerst, Bowling Green State University
B. Delworth Gardner, Brigham Young University
John Garen, University of Kentucky
Rick Geddes, Cornell University
Aaron Gellman, Northwestern University
William Gerdes, Clarke College
Michael Gibbs, University of Chicago
Stephan Goltmann, University of Louisville
Rodolfo Gonzalez, San Jose State University
Richard Gordon, Penn State University
Peter Gordon, University of Southern California
Ernie Goss, Creighton University
Paul Gregory, University of Houston
Earl Grinols, Baylor University
Daniel Gropper, Auburn University
R.W. Hafer, Southern Illinois University, Edwardsville
Arthur Hall, University of Kansas
Seve Hanke, Johns Hopkins
Stephen Happel, Arizona State University
Frank Heffner, College of Charleston
Ronald Heiner, George Mason University
David Henderson, Hoover Institution, Stanford University
Robert Herren, North Dakota State University
Gailen Hite, Columbia University
Steven Horowitz, St. Lawrence University
John Howe, University of Missouri, Columbia
Jeffrey Hummel, San Jose State University
Bruce Hutchinson, University of Tennessee at Chattanooga
Brian Jacobson, Wisconsin Lutheran College
Jason Johnston, University of Pennsylvania
Boyan Jovanovic, New York University
Jonathan Karpoff, University of Washington
• Barry Keating, University of Notre Dame
Naveen Khanna, Michigan State University
Nicholas Kiefer, Cornell University
Daniel Klein, George Mason University
Paul Koch, University of Kansas
Narayana Kocherlakota, University of Minnesota
Marck Kolar, Delta College
Roger Koppl, Fairleigh Dickinson University
Kishore Kulkarni, Metropolitan State College of Denver
Deepak Lal, UCLA
George Langella, South Dakota State University
James Lariviere, Spring Hill College
Robert Lawson, Auburn University

John Levendis, Loyola University New Orleans
David Levine, Washington University in St. Louis
Peter Lewin, University of Texas at Dallas
Dean Lillard, Cornell University
Zheng Lou, Emory University
Alan Lockard, Binghamton University
Edward Lopez, San Jose State University
John Lunn, Hope College
Glenn MacDonald, Washington University in St. Louis
Michael Marlow, California Polytechnic State University
Deryl Martin, Tennessee Tech University
Dale Matcheck, Northwood University
Deirdre McCloskey, University of Illinois, Chicago
John McDermott, University of South Carolina
Joseph McGarrity, University of Central Arkansas
Roger Meiners, University of Texas at Arlington
Allan Meltzer, Carnegie Mellon University
John Merrifield, University of Texas at San Antonio
James Miller III, George Mason University
Jeffrey Miron, Harvard University
Thomas Moeller, Texas Christian University
John Moorhouse, Wake Forest University
Andrea Moro, Vanderbilt University
Andrew Morris, University of Illinois at Urbana-Champaign
Michael Munger, Duke University
Kevin Murphy, University of Southern California
Richard Murli, Emory University
Charles Nelson, University of Washington
Seth Norton, Wheaton College
Lee Ohanian, University of California, Los Angeles
Lydia Ortega, San Jose State University
Evan Osborne, Wright State University
Randall Parker, East Carolina University
Donald Parsons, George Washington University
Sam Peltzman, University of Chicago
Mark Perry, University of Michigan, Flint
Christopher Phelan, University of Minnesota
Gordon Phillips, University of Maryland
Michael Pippenger, University of Alaska, Fairbanks
Tomasz Piskorski, Columbia University
Brennan Platt, Brigham Young University
Joseph Pomkala, Towson University
William Poole, University of Delaware
Barry Poulson, University of Colorado at Boulder
Benjamin Powell, Suffolk University
Edward Prescott, Nobel laureate
Gary Quinnivan, Saint Vincent College
Reza Ramazani, Saint Michael's College
Adriano Rampini, Duke University
• Eric Rasmusen, Indiana University
Mario Rizzo, New York University
Richard Roll, University of California, Los Angeles
Robert Rossana, Wayne State University
James Roumasset, University of Hawaii at Manoa
John Rowe, University of South Florida
Charles Rowley, George Mason University
Juan Rubio-Ramirez, Duke University
Roy Ruffin, University of Houston
Kevin Salyer, University of California, Davis
Pavel Savor, University of Pennsylvania
Ronald Schmidt, University of Rochester
Carlos Seiglie, Rutgers University
William Shughart II, University of Mississippi
Charles Skipton, University of Tampa
James Smith, Western Carolina University
Vernon Smith, Nobel laureate
Lawrence Southwick, Jr., University at Buffalo
Dean Stansell, Florida Gulf Coast University
Houston Stokes, University of Illinois at Chicago
Brian Strow, Western Kentucky University
Shirley Svorny, California State University, Northridge
• John Tatom, Indiana State University
Wade Thomas, State University of New York at Oneonta
Henry Thompson, Auburn University
Alex Tokarev, The King's College
Edward Tower, Duke University
Lev Troy, Rutgers University
David Tuerck, Suffolk University
Charlotte Twilight, Boise State University
Kannal Upadhyaya, University of New Haven
Charles Upton, Kent State University
• T. Norman Van Cott, Ball State University
Richard Vedder, Ohio University
Richard Wagner, George Mason University
Douglas M. Walker, College of Charleston
Douglas O. Walker, Regent University
Christopher Wesley, Jacksonville State University
Lawrence White, University of Missouri at St. Louis
Walter Williams, George Mason University
Doug Wills, University of Washington Tacoma
Dennis Wilson, Western Kentucky University
Gary Wolfram, Hillsdale College
Huizhong Zhou, Western Michigan University
Lee Adkins, Oklahoma State University
William Albrecht, University of Iowa
Donald Alexander, Western Michigan University
Geoffrey Andron, Austin Community College
Nathan Ashby, University of Texas at El Paso
• George Avenit, Purdue North Central University
Charles Baird, California State University, East Bay
Timothy Bastian, Creighton University
John Bethune, Barton College
Robert Bise, Orange Coast College
Karl Borkden, University of Nebraska
Donald Boudreaux, George Mason University
Ivan Brick, Rutgers University
Phil Bryson, Brigham Young University
Richard Burkhauser, Cornell University
Edwin Burton, University of Virginia
Jim Butkiewicz, University of Delaware

Richard Cebula, Armstrong Atlantic State University
Don Chance, Louisiana State University
Robert Chatfield, University of Nevada, Las Vegas
Lloyd Cohen, George Mason University
Peter Gohvald, University of Illinois at Urbana-Champaign
Michael Connolly, University of Miami
Jim Couch, University of North Alabama
Eleanor Craig, University of Delaware
Michael Daniels, Columbus State University
A. Edward Day, University of Texas at Dallas
Stephen Dempsey, University of Vermont
Alan DeSerpa, Arizona State University
William Dewald, The Ohio State University
Jeff Dorfman, University of Georgia
Lanny Eherstein, University of California, Santa Barbara
Michael Erickson, The College of Idaho
Jack Estill, San Jose State University
Doris Evans, University of Alabama in Huntsville
Frank Falero, California State University, Bakersfield
Daniel Feenberg, National Bureau of Economic Research
Eric Fisher, California Polytechnic State University
Arthur Fleisher, Metropolitan State College of Denver
William Ford, Middle Tennessee State University
Ralph Frasca, University of Dayton
Joseph Giacalone, St. John's University
Adam Gifford, California State University, Northridge
Otis Gilley, Louisiana Tech University
J. Edward Graham, University of North Carolina at Wilmington
Richard Grant, Lipscomb University
Gauri-Shankar Gulia, Arkansas State University
Darren Gulla, University of Kentucky
Dennis Hakowski, California State University, Northridge
Richard Hart, Miami University
James Hartley, Mount Holyoke College
Thomas Hazlett, George Mason University
Scott Hein, Texas Tech University
Bradley Hobbs, Florida Gulf Coast University
John Hoehn, Michigan State University
Daniel Houser, George Mason University
Thomas Howard, University of Denver
Chris Hughes, University of Denver
Marcus Ingram, University of Tampa
Joseph Jadlow, Oklahoma State University
Sherry Jarrell, Wake Forest University
Carrie Kerekos, Florida Gulf Coast University
Robert Krol, California State University, Northridge
James Kurre, Penn State Erie
• Tom Lehman, Indiana Wesleyan University
W. Cris Lewis, Utah State University
Stan Lieberson, University of Texas at Dallas
Anthony Losasso, University of Illinois at Chicago
John Lott, Jr., University of Maryland
Keith Malone, University of North Alabama
Henry Marne, George Mason University
Richard Marcus, University of Wisconsin-Milwaukee
Timothy Mathews, Kennesaw State University
John Matsumaka, University of Southern California
Thomas Mayor, University of Houston
W. Douglas McMillin, Louisiana State University
Mario Miranda, The Ohio State University
Ed Miseta, Penn State Erie
James Moncur, University of Hawaii at Manoa
Charles Moss, University of Florida
Tim Muris, George Mason University
John Murray, University of Toledo
David Mustard, University of Georgia
Steven Myers, University of Akron
Othmanay Naor, University of Miami
Stephen Parente, University of Minnesota
Allen Parkman, University of New Mexico
Douglas Patterson, Virginia Polytechnic Institute and University
Timothy Perri, Appalachian State University
Mark Pingle, University of Nevada, Reno
Ivan Pongracic, Hillsdale College
Richard Rawlins, Missouri Southern State University
Thomas Rhee, California State University, Long Beach
Christine Ries, Georgia Institute of Technology
Nancy Roberts, Arizona State University
Larry Ross, University of Alaska Anchorage
Timothy Roth, University of Texas at El Paso
Aulya Surin, Santa Clara University
Thomas Saving, Texas A&M University
• Eric Schansberg, Indiana University Southeast
John Scatter, North Carolina University
Alan Shapiro, University of Southern California
Frank Spiering, McKendree University
Judith Suley Benneke, John Carroll University
John E. Stapleford, Eastern University
• Courtenay Stone, Ball State University
Clifford Subrahmanyan, UCLA
Scott Sumner, Bentley University
Clifford Thies, Shenandoah University
William Trumbull, West Virginia University
Gustavo Ventura, University of Iowa
Marc Weidenmier, Claremont McKenna College
Robert Whaples, Wake Forest University
Gene Wunder, Washburn University
John Zdanowicz, Florida International University
Jerry Zimmerman, University of Rochester
Joseph Zoric, Franciscan University of Steubenville

'We Will Not Reject Reaganism'

Transcript from the April 21, 2008,
broadcast of the "Rush Limbaugh Show"

by RUSH LIMBAUGH

THE BRIGHT — the governor of Indiana, Mitch Daniels, was a former member of the Reagan administration, and a conservative. He was in the Bush administration, too, I think, early on, as budget director or some such thing. At any rate, the previous question has as its premise that the Republican Party is unhappy with the primary process that chose Senator McCain, and I don't think the Republican Party is unhappy about it at all.

I think there's a battle going on in the Republican Party to push conservatives out of it or to diminish their role and influence. The latest bit of evidence -- and I've chronicled much of it for you during the course of the recent months — the latest bit of evidence is this story about Mitch Daniels. The Indiana governor "elicited several hushed gasps and raised eyebrows late last week as he lectured a conservative crowd that it was 'time to let Ronald Reagan go.'"

The governor delivered his remarks to a room full of fellow red-staters at the Fund for American Studies' annual conference and donor retreat at the Newseum in Washington. "'Nostalgia is fine and Reagan's economic plan was good,' Daniels said. 'But we need to look towards the future rather than staying in the past.'" Daniels added that the GOP needed to work on uniting behind Sen. John McCain instead of constantly comparing the Arizona senator with the Gipper.

While he prefaced his remarks with the disclaimer that his thoughts were "somewhat controversial," he hoped that he "would not be misunderstood." Incidentally, applause was somewhat less enthusiastic as he left the stage than when he began by poking fun at Barack Obama. Now, this, sadly, is a symptom of what is happening in the Republican Party at large. The country-club, blue-blood Rockefeller Republicans — and there are lots of them in the Republican Party, they were not

happy with Reagan when he was in office. They didn't like Reagan. They were embarrassed because they thought he was a dunce and an idiot and he didn't come from their stock, and even when he was winning two landslides.

He brought with them these Reagan Democrats, conservative evangelicals — and that brought abortion, and that really embarrassed the heck out of them.

And just like Obama and his crowd is embarrassed with small-town hicks, there are a lot of country club blue-blood Republican elitists who are embarrassed of their hicks: NASCAR, you name it; pro-lifers. Yet they can't win elections without them. Have you ever heard a Democrat say, "We need to get over John Kennedy or FDR?"

Have you ever heard a Democrat go to a microphone at a liberal conference and say, "You know what? We gotta move past FDR. We gotta leave the past behind. The future is the future. We gotta forget all about this. We gotta forget about JFK. We gotta let him go." Have you ever heard this? You don't hear it. There are no mavericks in the Democrat Party. If they pop up, they get thrown out. Zell Miller and Joe Lieberman come to mind.

Hey, Mitch? Governor? Governor Daniels? Should we get over Lincoln, too? He's in the past. We just gotta get over Lincoln. This is so contrary to conservative thought. For me, on the wrong day, this could be tough to take.

We're supposed to learn from our past. We are supposed to build on that which works. This is part of conservative thought. I'll tell you what. Let's just get over the founders.

The founders of the country are in the past, too. Let's get over them. If people really went back and found out what the founders thought, that'd embarrass a lot of Republicans.

Let's just get over that.



"If the Democrats are willing to bet the entire U.S. economy on a 1931 theory known as the Keynesian multiplier, surely Republicans can excavate and relearn the core idea handed down to them by Ronald Reagan. That idea was known as economic growth."

— Daniel Henninger, "Has Obama Buried Reagan?" *The Wall Street Journal*, March 5, 2009

"A Rasmussen survey conducted Oct. 2 found that 59 percent agreed with the sentiment expressed by Ronald Reagan in his first inaugural address: 'Government is not the solution to our problem; government is the problem.' Just 28 percent disagreed with this sentiment. That survey also found that 44 percent of Barack Obama voters agreed with Reagan's assessment (40 percent did not). And McCain voters overwhelmingly supported Reagan."

— Scott Rasmussen in the *Wall Street Journal*, Nov. 10, 2009

DIM BULBS & BRIGHT

"It seems to me that to fight for freedom, free markets, is still the task of today, even if we hoped almost 20 years ago, in the moment of the fall of Communism, that this fight was over."

— Václav Klaus, president, Czech Republic

"When Words Lose Their Meaning, Men Lose Their Liberty."

— Confucius

THE DIM — "With just one word, conservatives seek to cast Barack Obama as un-American and his economic proposals as the antitheses of the capitalistic system that has allowed the United States to prosper — 'socialism.' Just as Joe McCarthy was able to panic the nation in the 1950s with constant warnings of 'communists,' conservatives today are using communism's cousin 'socialism' as an attempt to dismiss Obama and his policies and frighten voters in time for the 2010 congressional elections."

— Editorial Page Editor Tracy Warner explaining the position of the Fort Wane Journal Gazette, March 8, 2009.

Collective Bargaining in Public Education

The Fordham Institute has completed a massive study on teacher labor agreements, "The Leadership Limbo: Teacher Labor Agreements in America's Fifty Largest School Districts." The study complements one by the Indiana Policy Review Foundation published in the winter 2001 edition of this journal, "The Teacher Unions: Cutting Out Paper Dolls."

The authors of the Fordham study, Frederick Hess and Coby Loup ask the question: "Principals are increasingly held accountable for student performance, but are teacher labor agreements giving them enough flexibility to manage effectively?" The main findings include:

- Thirty, or more than half, of the 50 districts have labor agreements that are ambiguous. The collective bargaining agreements and the formal board policies in these districts appear to grant leaders substantial leeway to manage assertively, should they so choose.
- Fifteen of the 50 districts are home to "Restrictive" or "Highly Restrictive" labor agreements.
- The study also found that districts with high concentrations of poor and minority students tend to have more restrictive contracts than other districts — another alarming indication of inequity along racial and class lines.
- The labor agreements of the nation's 50-largest districts are particularly restrictive when it comes to work rules.
- Most of these agreements are also quite restrictive when it comes to rewarding teachers for service in hard-to-staff subject areas such as math and science, with 31 actually prohibiting districts from doing so.

THE BRIGHT — "As a professor of economics, I have my theoretical arguments about the impossibility of running the economy from above. As a person who spent almost 50 years of his life in a communist country, I know how crazy it is to introduce schemes like the cap and trade and similar ideas, how devastating and damaging for the economy all those ideas really are. So I'm rather frustrated. It seems to me that to fight for freedom, free markets, is still the task of today, even if we hoped almost 20 years ago, in the moment of the fall of Communism, that this fight was over."

— Václav Klaus, president of the Czech Republic, to the editors of the Wall Street Journal, March 9

THE DIM — "We've got to make sure that people who have more money help the people who have less money. If you had a whole pizza, and your friend had no pizza, would you give him a slice?"

— Barack Obama quoted by the Associated Press explaining his health-care policy to five-year-old Hadassah Jones in Durham, N.C., Nov. 1, 2007

THE BRIGHT — "Where the U.S. government usually consumes 21 percent of gross domestic product, this Obama budget spends 28 percent in 2009 and runs a deficit of \$1.75 trillion, or 12.7 percent of GDP. That is four times the largest deficit of George W. Bush and twice as large a share of the economy as any deficit run since World War II. Add that 28 percent of GDP spent by the U.S. government to the 12 percent spent by states, counties and cities, and government will consume 40 percent of the economy in 2009. We are not 'headed down the road to socialism.' We are there."

— Pat Buchanan, "Pitchfork Time," Human Events, March 3, 2009

THE BRIGHT — "Obama told Congress he does not believe in bigger government. I don't believe that. It's becoming clear that the private sector is going to be demoted into a secondary role in the U.S. system. This isn't socialism, but it is not the system we've had since the early 1980s. It would be a reordered economic system, its direction chosen and guided by Mr. Obama and his inner circle."

— Daniel Henninger, "A Radical Presidency," the Wall Street Journal, Feb. 26, 2009