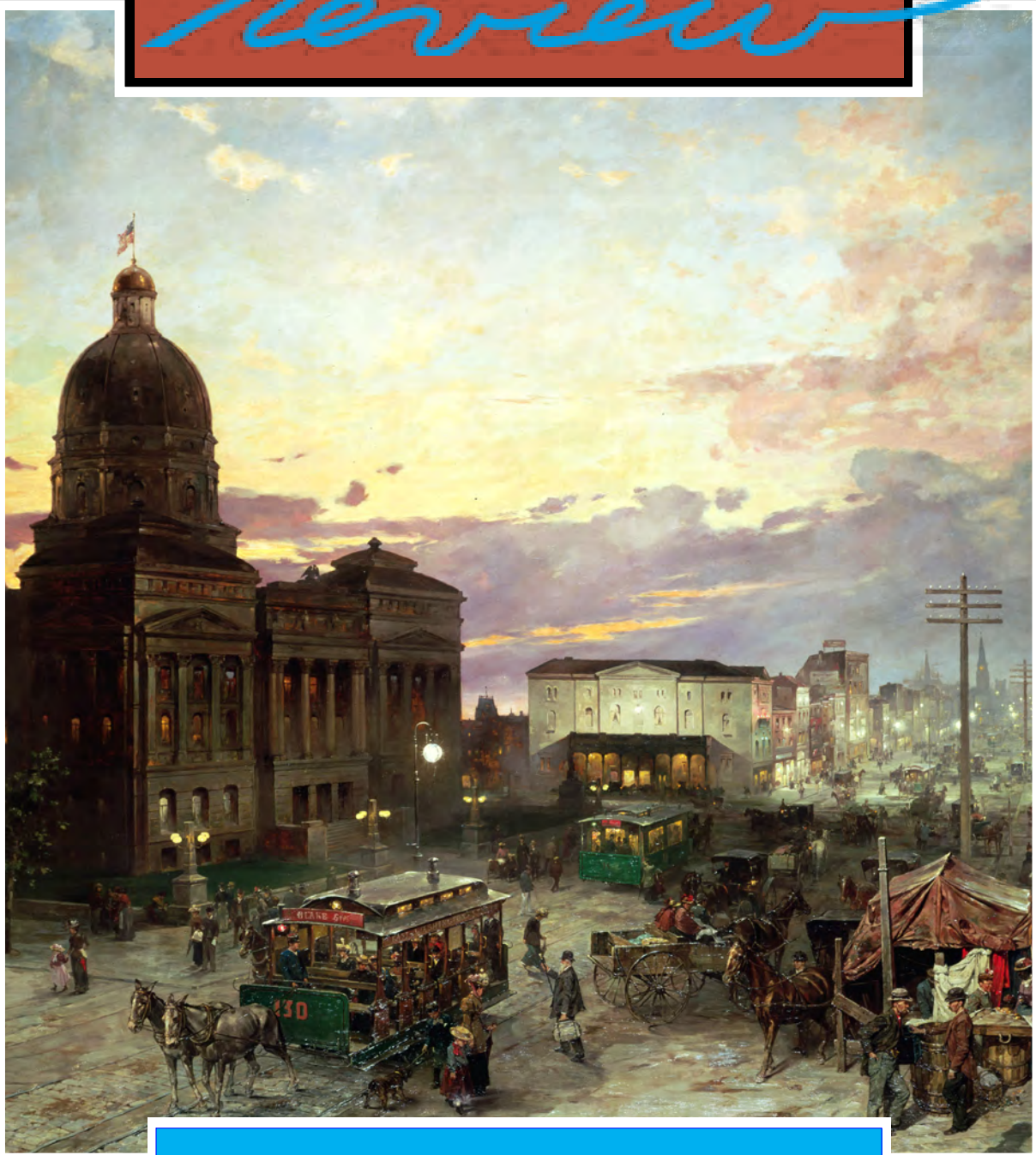


INDIANA POLICY

review



Our Open Letter to the Next Governor

THE NINE 'STATES' OF INDIANA

"A future that works"

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



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



A FUTURE THAT WORKS

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

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

The foundation encourages research and discussion on the widest range of Indiana public-policy issues. Although the philosophical and economic prejudices inherent in its mission might prompt disagreement, the foundation strives to avoid political or social bias in its work. Those who believe they detect such bias are asked to provide details of a factual nature so that errors may be corrected.

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WHAT'S WRONG WITH INDIANA

The antidote for too much government is a frontier spirit.

WE were told that when the debt crisis was over, government would get back to creating jobs. Really?

Tell that to Abe Lincoln's father, who migrated from Kentucky across the great Ohio in search of sure title to land.

Old Tom Lincoln was attracted to Indiana by a massive jobs program of historic proportion. It was not like anything, however, they're talking about in Indianapolis or Washington.

More about that later; let us first point you to Cory Craig's work for this edition, "The Nine States of Indiana," reduced to the demographic map above right. It illustrates U.S. Census data relating the only facts our economists say are worth knowing, *i.e.*, how many are coming and how many are going.

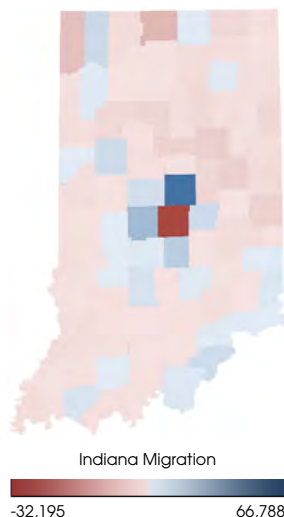
The map's mauve shading, covering virtually all of outstate Indiana, shows that Hoosiers are leaving — nay, have abandoned — the traditional hometown. Rural America, we are told, has fallen to just 16 percent of the nation's population. "Many communities could shrink to virtual ghost towns as they shutter businesses and close down schools," *the Associated Press* reported this summer.

It is arguable why outstate Indiana is waning. Some say it is our arrogant and dreamy zoning laws. Others blame banking chicanery. Still others point to arbitrary and self-defeating regulations, the inheritance tax, mandatory unionism, regional tax nets and a ruinous and pernicious loss of local government control.

It is enough to know that we remnant out here understand the seriousness of the situation. We are desperate for assurance that our All-American communities can be revived.

So we fund economic-development offices that post (for the gullible) the numbers of jobs purportedly saved or created. Phil Troyer, however, notes in "An Open Letter to the Next Indiana Governor" that we suffer a decrease in private-sector employment while government appropriations for economic development increase by over 150 percent.

Mostly, we worry that it's all *bushwah*, to take a page from David Mamet's new book, "The Secret Knowledge":



Government could do little with this product (wealth) save waste it: It could not produce. . . . it could only profess to do more, its bureaucrats and politicians playing on our human need for guidance and certainty, and, indeed, our desire for justice.

Many years ago our foundation hosted a coffee for the late William F. Buckley. During the conversation Mr. Buckley pulled from his pocket a large, inscribed coin. It read, "Don't just do something, stand there."

Is that our position? Stand there confident that the inscrutable workings of a free market will restore our failing towns?

Pretty much. Any council or mayor in the mauve shading of our little map would be wise to simply leave their citizens alone to take care of their property as they are able, perhaps saving or borrowing to improve things when possible and appropriate.

And while they stand there, they could busy themselves wiping the zoning laws clean, shoring up private-property rights and purging the municipal code, especially its sections on taxes and regulations. They will want to toss anything that adds to the cost of starting a business, maintaining one or investing in one. (Allowing citizens to arm themselves against banditry and assault is a proven economic confidence-builder.)

There will be those on the local council who will object each step of the way, saying this would strip the town of its civilizing influences, make it impossible to fund the amenities, unleash the savage forces of greed.

Exactly, if greed is understood to be a mere disparagement of ambition. Our cities must attract "greed" if they are to grow, must use it to recreate the economic spontaneity of a frontier where Indiana can prosper through reinvestment and, yes, resettlement — a new Northwest Ordinance.

That, to return to old Tom Lincoln, was Indiana's first jobs program. The Ordinance meant Rule of Law. It ensured liberty, the freedom to split one's own rails, to succeed or fail, to build or buy here or there, to contract with him or her, to invest one's energy and wealth as one thinks best under the Golden Rule.

That's the only way it's going to happen, or has ever happened. Hoosiers needs to quit messing around and get back to it. — *tcl*

THE NINE 'STATES' OF INDIANA

*Ours state is becoming diverse in its economics,
its politics and its people — radically so.*

by CORY CRAIG

THE methodology employed in this study is an aggregation of various components of economic, political and social statistics to produce regions within the state based on variations within the data. Inferences were then developed and explored to explain the variations discovered among the data compiled. The author sought to compile various components that would produce robust variations in the data and capture significant differences in the population.

All data was compiled on a scale no larger than a county as to not complicate the model. This also allowed for aggregation on a small and more homogenous area. Portions of the study that focus on the characteristics and features of an observed population do not imply that all individuals within said area display these features, but that the “average person” does. Economic data compiled included Per Capita Income and Quarterly Census of Employment and Wages (QCEW) data. Per Capita Income was compiled to explore variations in affluence around the state. QCEW data was compiled to explore the variations in industrial patterns and prominence in a given area. Furthermore, prominent industrial patterns provide implications on the characteristics of a population.

For example, populations with high levels of manufacturing are likely to display characteristics and have different values compared with a population that is more agrarian and largely intensive in agricultural industries. Indiana Secretary of State election results were compiled to explore variations in political affiliation and voting patterns among populations. The purpose of selecting this election seat is that it is more removed from the public vision, meaning that voting for a potential candidate is more likely to be



Washington Street, Indianapolis, at dusk. Theodor Grail, Indianapolis Museum of Art. (Getty Images)

based on party affiliation than voting based on or affected by a candidate's personality and characteristics. In consideration, most voters display a behavior defined as rational irrationalism in elections and are unlikely to spend a significant amount of time researching and developing well-informed opinions on a Secretary of State candidate in comparison with a candidate in a gubernatorial race.

Simply put, the benefits of spending time researching

this candidate do not justify the costs involved. Thus, elections for Governor and federal elections were ignored. Furthermore, votes for third-party candidates were ignored since these votes are comparatively insignificant — that and to simplify the model, allowing the distinction between Republican and Democratic populations to become more apparent. Not all regions contain the same data sets depending on whether a particular set developed distinctiveness.

The Regions



I. DEMOTROPOLIS

*Population Total:	1,036,485
Industry Prominence:	Manufacturing
Political Affiliation:	Democrat

DEMOTROPOLIS, election after election, is distinct in its voting pattern, *i.e.*, Democrat by a far larger proportion and more predictably than the rest of northern Indiana. This is attributed to union sympathies stretching back generations and a relatively high number of low-income or unemployed citizens.

Demotropolis is comprised of Lake, LaPorte, Porter and St. Joseph counties, all of which (with the exception of St. Joseph) have been incorporated into the Chicago metropolitan area by the U.S. Office of Management



Cory Craig, a summer intern for the foundation from Fort Wayne, is a senior economics major at Indiana University.

**Population totals are Resident Total Population Estimates for July 1, 2009, provided by the U.S. Census Bureau.*

(Author's Acknowledgements: Phil Troyer, Sen. Jim Banks, Dr. Cecil Bobanon, Dr. John Gaski, Joel Garreau, Jessica Thomason and all others for their insight, help, motivation and correspondence throughout this project.)

and Budget (OMB). This attests to the economic influence that Chicago has on Demotropolis, which also includes the mid-sized cities of Hammond, Gary, South Bend, Michigan City and Valparaiso.

The Great Lakes gave the cities surrounding it a comparative advantage in economic development during the 20th century, particularly with regard to its manufacturing base. The lakes provided an inexpensive means to transport raw material (iron ore) to be transformed into material for production (steel). This gave rise to new cities boasting access to ports and ultimately to the Atlantic Ocean via the St. Lawrence Seaway.

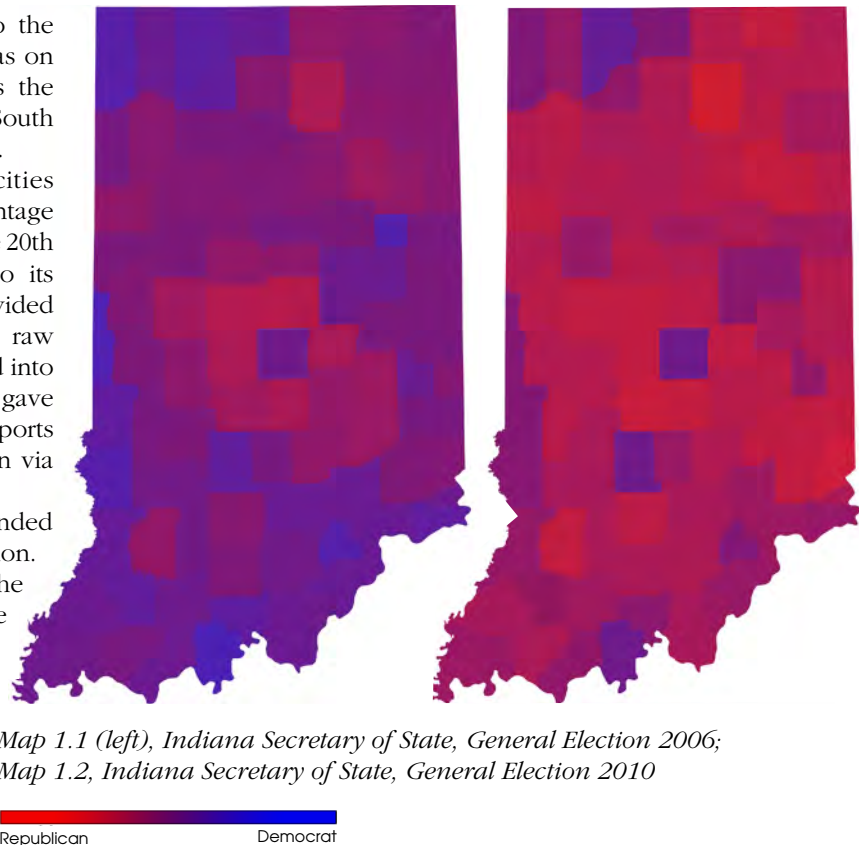
One such city was Gary, founded in 1906 by the U.S. Steel Corporation. Historian G. Landen White called the city “the first example of the deliberate application of the principle of scientific location of industry in this century” (Lane 1978, 28).

As industries began to flourish, they attracted cheap sources of labor – first, immigrants from Europe and later southern African-Americans (Garreau 1981, 61).

These waves of immigration gave rise to a strong cultural diversity that is still apparent. According to 2009 Census estimates, African-Americans comprise 26.2 percent of the population in Lake County; in LaPorte County it is 10.6 percent (Indiana Department of Workforce Development 2009).

As the 20th century progressed, however, steel production declined and moved overseas to developing countries, namely Japan, in search of cheaper labor and greater comparative advantage. So what once was a thriving region is now well below the state average for manufacturing of 20.81 percent.

For example, manufacturing jobs as a proportion of total industry in Lake County were a mere 12.80 percent in Fiscal Year (FY) 2010. Likewise, LaPorte County measured 17.95 percent, Porter was 16.64 percent and in St. Joseph, 12.29 percent. Although manufacturing jobs are rapidly declining (with the exception of Porter County, which experienced a growth of 1.79 percent during the period of 2005-2009), it continues to be the defining characteristic of Demotropolis (STATS



Map 1.1 (left), Indiana Secretary of State, General Election 2006;
Map 1.2, Indiana Secretary of State, General Election 2010

Indiana 2010). In fact, the U.S. Steel Corporation and Mittal Steel continue to be major employers (Indiana Department of Workforce Development 2008).

Again, Demotropolis is distinct in that it tends to vote Democrat in elections (see Map 1.1 and 1.2 above). In the 2006 General Elections for Secretary of State, all Demotropolis counties voted in favor of the Democratic candidate — Lake and LaPorte counties with proportions of 62.24 percent and 60.06 percent, respectively, while Porter and St. Joseph counties were more contested, at 53.41 percent and 55.96 percent respectively (Indiana Secretary of State 2006).

In the 2010 General Elections, perhaps mobilized by the Tea Party backlash against President Barack Obama, LaPorte, Porter and St. Joseph counties went Republican (LaPorte and St. Joseph counties by a small margin at 51.85 percent and 51.52 percent respectively) while Lake County maintained a heavy Democratic presence at 59.22 percent. Though the aforementioned counties went Republican in the 2010 election, they still had a far-higher proportion in favor

Demotropolis, once a thriving region, is now well below the state average for manufacturing of 20.81 percent. Manufacturing jobs as a proportion of total industry in Lake County were a mere 12.80 percent in 2010.

The defining characteristics of Hoosierland are its intensive, real manufacturing base and its Republicanism.

of the Democratic candidate relative to other northern Indiana counties (Indiana Secretary of State 2010).

II. HOOSIERLAND

Population Total: 517,636
 Industry Prominence: Manufacturing
 Political Affiliation: Republican



HOOSIERLAND'S defining characteristics are a relatively high proportion of the labor force engaged in manufacturing; and a tendency to vote Republican.

Comprised of DeKalb, Elkhart, Kosciusko, LaGrange, Marshall, Noble, Steuben and Whitley counties, Hoosierland covers a total of 3,300.1 square miles. It contains no large metropolitan cities but includes the mid-sized cities of Auburn, Elkhart, Goshen and Warsaw.

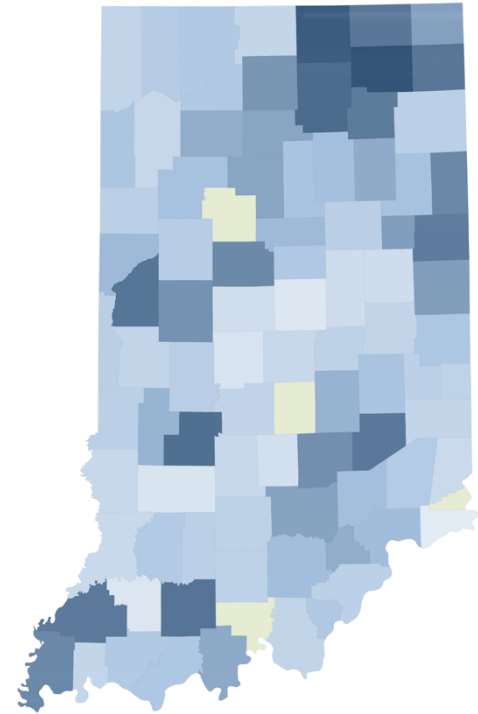
It might be objected that Hoosierland is similar to Demotropolis and ought to be seen as such. And in fact, the data supports this on a macro, generalized level.

The author suggests, however, that there exist true, robust variations in the data that cannot be ignored. For example, while Demotropolis is known for its manufacturing base, Hoosierland holds a considerably larger proportion of total industry jobs in manufacturing. This means that Hoosierland has a larger proportion of its labor force engaged in manufacturing than Demotropolis (see Map 2, Manufacturing as a Proportion of Industry, 2010).

According to the Quarterly Census of Employment and Wages (QCEW) data for Quarter 1 of 2010, 52,610 manufacturing jobs accounted for a total of 383,733 jobs (13.71 percent) in Demotropolis, whereas 84,541 manufacturing jobs accounted for a total of 210,986 (40.07 percent) in Hoosierland.

Not only does this region hold a proportional advantage in manufacturing, but an absolute one as well. Furthermore, with the state average for manufacturing as a proportion at 16.74 percent, Elkhart, Kosciusko and Noble counties were all above the 40-percent mark. Steuben County was the only county below 30 percent at 28.93 percent.

Thus, it is argued here that the defining characteristic of Hoosierland is its intensive



Map 2, Manufacturing as a Proportion of Total Industry

1.95 percent 44.88 percent

and real manufacturing base (STATS Indiana 2010).

That said, the dissimilarities between Demotropolis and Hoosierland do not end at the variation between manufacturing levels. This region also appears to be far more Republican, as the data supports.

In the 2006 General Elections for Secretary of State, all counties voted in favor of the Republican candidate, ranging from 56.82 percent to 70.32 percent, Steuben and Kosciusko counties respectively (Indiana Secretary of State 2006). In the 2010 General Elections, support in favor of the Republican candidate was even more robust.

All counties voted in favor of the Republican candidate over the Democratic candidate with a proportion of 70 percent or higher, the exceptions being Marshall and Steuben counties, which voted in favor of the Republican candidate with a proportion of 67.84 percent and 68.39 percent respectively.

The proportion of all votes within this region totaled 71.93 percent in favor of the Republican candidate to 28.07 percent

for the Democratic candidate (Indiana Secretary of State 2010).

Per Capita Income hovers around the state average of \$31,946 in 2009 and in 2004 at \$28,240. Kosciusko County measured the highest Per Capita Income in 2009 at \$34,032 while LaGrange County measured a dismal \$21,544 — the lowest in the state and \$10,402 below the state average (Indiana Department of Workforce Development 2009).

Furthermore, LaGrange and Elkhart counties were the only two counties in Indiana that experienced a loss in Per Capita Income during the period of 2004 to 2009. LaGrange County experienced a loss of 2.09 percent, from \$22,004 to \$21,544 while Elkhart County experienced a loss of 2.72 percent, from \$30,905 to \$30,064 (Indiana Department of Workforce Development 2004).

All other counties here experienced modest gains relative to the rest of the state, but as manufacturing jobs further decline, and in particular the recreational vehicle (RV) industry in Elkhart County, the region may see further losses.

III. GREATER SUBURBIANA

Population Total: 335,574
Industry Prominence: None
Political Affiliation: Republican



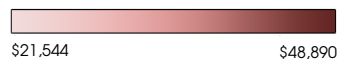
GREATER Suburbiana, the smallest but fastest-growing region in Indiana, is comprised of Boone and Hamilton counties* to the north of Indianapolis and includes the mid-sized cities of Fishers, Noblesville, Carmel and Zionsville. It can be said to represent the future of the state. Apparent is an affluent population with a concentration of wealth, sizeable homes and planned communities. In fact, these counties are both well above the state's Per Capita Income average of \$31,945 as of FY 2009. Both are the wealthiest in the state, with Boone County at \$48,870 and Hamilton County at \$45,556 (Indiana Department of Workforce Development 2009).

Greater Suburbiana also is the most Republican in Indiana — by remarkable

**Apart from minor aberrations.*



Map 3, Income per capita



margins. In the 2006 General Elections for Secretary of State, for example, Boone County favored the Republican candidate with 72.51 percent of the vote. Similarly, Hamilton County favored the Republican candidate with 73.5 percent (Indiana Secretary of State 2006). The 2010 General Elections produced the same proportions. Boone County voted in favor of the Republican candidate with 74.93 percent and Hamilton County at 72.34 percent (Indiana Secretary of State 2010).

Manufacturing jobs are low here in proportion to total industry jobs, far below the state average of 20.81 percent in FY 2010. Boone County's proportion in 2010 was 8.47 percent, with 4.12 percent in Hamilton County. In fact, these two counties are not extraordinarily distinct in a particular industry relative to other counties.

This lack of significant variations in industry data is perhaps explained by the commuting patterns to work in nearby counties. County industry data does not capture the vocation of these commuting workers, nor does industry data provide a clear representation. We do know that

Even a quick pass through Greater Suburbiana gives you a grasp of its distinctiveness to the surrounding counties. Apparent is an affluent population with a concentration of wealth, sizeable homes and planned communities. It may well represent the future of the state.

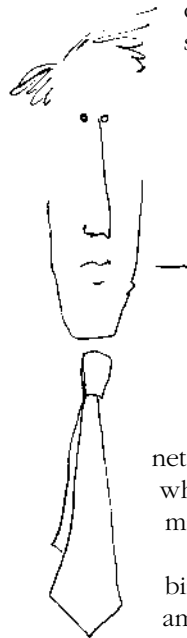
The criterion for Cornland was that all counties represented devoted 70 percent or more of their land to agricultural activities. It is the embodiment of the popular image of Indiana.

according to 2009 data 36.45 percent of Hamilton county's workforce commuted outside the county while 40.26 percent of Boone County's did the same.

What is more telling is the percentage that commuted for work into Marion County and more notably into Indianapolis.

This is obvious on any work day watching the mass exodus from Indianapolis on I-69 North ending at the Noblesville exit. According to the same data, a total of 6,833 workers from Boone County (27.4 percent of the labor force) commuted into Marion County.

Greater Suburbiana is one of the few experiencing net immigration, a phenomenon that will be explored later in detail. This immigration is greatly disproportional to the rest of the state.



In fact, while most counties are experiencing net emigration and others only modest gains, Greater Suburbiana is experiencing a massive influx.

During the period of 2000-2009, Boone County's net immigration totaled 8,933 individuals while Hamilton County's totaled a massive 66,788 individuals.

These figures do not include natural births and deaths but simply the net amount of immigration observed.

The data is compelling: This region is not only distinct but is the fastest growing and perhaps the most representative of Indiana regions of the future.

IV. CORNLAND

Population Total:	1,295,220
Industry Prominence:	Agriculture
Political Affiliation:	Republican



CORNLAND, which occupies the middle of the state and is the largest region in land area (12,658.75 square miles), is the popular image of Indiana — rolling plains of corn and wheat producing high yields and independent people (U.S. Census Bureau 2009).

Cornland represents more the Midwest or Great Plains than the rest of the state. A total of 33 counties comprises this vast area. They are Adams, Benton, Blackford, Carroll, Cass, Clinton, Decatur, Delaware, Fountain, Fulton, Grant, Hancock, Henry, Howard, Huntington, Jasper, Jay, Johnson, Madison, Miami, Montgomery, Newton, Pulaski, Randolph, Rush, Shelby, Starke, Tipton, Vermillion, Wabash, Warren, Wells and White.

Being so largely devoted to agricultural production, the region has no metropolitan presence, the largest city being mid-sized Muncie, population 70,085. Despite making up 35 percent of the state in land area, the region's population represents 20.16 percent of the total state population (U.S. Census Bureau 2009).

Again, what makes this area unique is its high level of agricultural production, an outdoor industry noticeable everywhere in Cornland. Again, when non-Hoosiers think of Indiana this is what they picture.

The criterion for this region was that all counties represented devoted 70 percent or more of their land to agricultural activities. With the exception of Johnson, Henry and Delaware counties at 69.33 percent, 69.53 percent and 61.55 percent respectively, all counties met

A note on aberrations: Certain counties do not fit into the framework of the regions that were developed and discussed. A pattern emerged, however, that explains this: The counties that did not fall into alignment with their surrounding regions were either: a) counties that contained large cities that made up a significant portion of the county; or b) counties that contained a major university, i.e., Indiana University and Purdue University. Thus, the counties that emerged as being comparatively distinct were: Allen County, which contains the City of Fort Wayne; Marion County, which contains the City of Indianapolis; Monroe County, which contains Indiana University; and Tippecanoe County, which contains Purdue University. The university counties were difficult to measure for distinctiveness since economic indicators do not effectively capture the impact or nature of the student population in these counties. Indeed, these counties have two distinct populations as in "town and gown": a) the locals who inhabit the county; and b) the college students and college staff drawn to the university site. The data therefore is not robust and does not capture the variations in the populations due to the lack of information on the student population. The data does show, however, that a large portion of the workforce is devoted to educational services and predictably that the largest employer for the given county is its university.

the criterion, some overwhelmingly so (see Map 4, Agricultural Land Use as a Proportion of Total Land) (U.S. Department of Agriculture 2007).

Manufacturing levels here are unremarkable, something that differentiates Cornland from northern Indiana. According to QCEW data from 2010 Q1, manufacturing as a proportion of industry in this region was 19.43 percent, just below the state average of 20.81 percent.

Counties that registered high amounts of manufacturing were those that bordered or were close to the Ohio state line, e.g., Adams, Blackford and Jay counties (STATS Indiana 2010). Cornland also is characterized by its relative lack of affluence. According to 2009 Per Capita Income data, 21 of the 33 counties were below the state average of \$31,945 (Indiana Department of Workforce Development 2009).

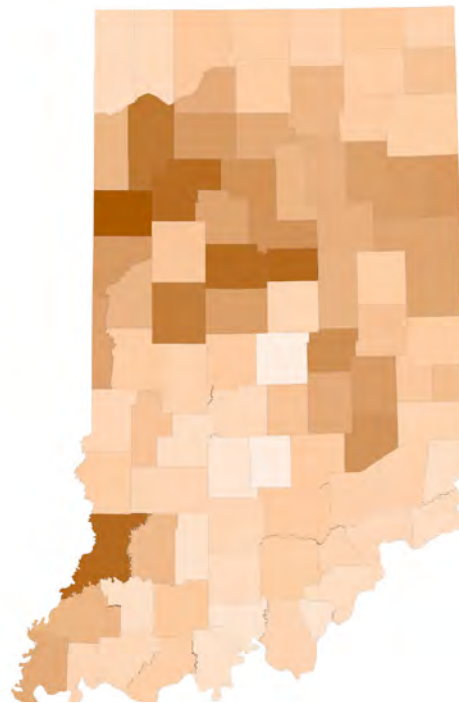
The region is notably Republican, though some counties have a higher Democratic presence than the region on average (considered aberrations for the purposes of this study).

In the 2006 General Elections for Secretary of State, 11 of the counties voted in favor of the Republican candidate with a proportion of 60 percent or higher, while 16 of them voted within the range of 50 to 60 percent.

Five of the counties voted for the Democratic candidate, the strongest being Blackford and Vermillion counties, which voted in favor of the Democratic candidate with proportions of 63.69 percent and 66.12 percent respectively. The 2006 election was closely contested in most areas, but as a whole went Republican (Indiana Secretary of State 2006).

In the 2010 General Elections, all counties in the region went Republican (see Map 1.2). In fact, the region as a whole voted in favor of the Republican candidate with a proportion of 67.23 percent of the vote.

Blackford County, which voted in favor of the Democratic candidate in 2006 with a proportion of 63.69 voted in favor of the Republican candidate in 2010 with a proportion of 62.23 — an astounding shift (Indiana Secretary of State 2010).



Map 4, Agricultural Land Use as a Proportion of Total Land



V. SOUTHLAND

Population Total: 1,295,776
Industry Prominence: Manufacturing
Political Affiliation: Mixed



SOUTHLAND occupies the southeast corner and stretches through midwest Indiana. It touches three state borders and is in close vicinity to two major cities that sit on the opposite side of the southeastern Indiana border, Louisville and Cincinnati.

Southland is the second-largest region in the state and covers a total of 11,749.25 square miles in land and includes the counties of Bartholomew, Brown, Clarke, Clay, Crawford, Dearborn, Fayette, Floyd, Franklin, Greene, Harrison, Hendricks, Jackson, Jefferson, Jennings, Lawrence, Martin, Morgan, Ohio, Orange, Owen, Parke, Perry, Putnam, Ripley, Scott, Sullivan, Switzerland, Union, Vigo, Washington and Wayne (U.S. Census Bureau 2009).

The region also includes the state's first capitol, Corydon.

Although Southland is more Democrat as a whole than the rest of the state, half of the 32 counties went to either political party in the 2006 election. Most races were closely contested, with most counties falling within a 10 percentage-point determinant.

Six of the nine counties in Evansylvania came in above the state average of \$31,945 in 2009 for Income Per Capita, the wealthiest being Dubois county at \$39,620 followed closely by Warrick at \$39,237.

Much of the land area includes vast amounts of forestland. Southland is listed on all three regional classifications for forestland as observed by the U.S. Department of Natural Resources Division of Forestry, the Upland Flats, Knobs and the Lower Wabash. Further, 12 of the 14 Indiana State Forests are located or are partially located in this region. If you exempt Sullivan, Vigo, Clay, Putnam, Hendricks and Bartholomew counties, Southland is made up of forestland in the range of 30 to 50 percent. Posey, Brown, Switzerland and Martin counties have forestland in the range of 50 to 81 percent (U.S. Department of Agriculture and the Indiana Department of Natural Resources Division of Forestry 2000). Thus, it should be apparent that with high percentages of forestland, land devoted to agricultural activities is quite low. Map 4, Agricultural Land Use as a Proportion of Total Land, illustrates the variations in agricultural activities in comparison to Cornland. The region also contains moderate levels of manufacturing as a proportion of total industry jobs. According to QCEW data from 2010, just nine of the 32 counties (Bartholomew, Clay, Jackson, Jefferson, Jennings, Owen, Perry, Scott and Washington) in the region were above the state average of 20.81 percent. The region as a whole measured just below the state average at 17.05 percent. Owen County registered the highest in the region at 39.28 percent while Switzerland County registered the lowest in the state at 1.95 percent with just 45 of the 2,307 industry jobs involved in manufacturing industries (STATS Indiana 2010).

Although Southland also is comparatively more Democrat as a whole than the rest of the state, in the 2006 General Election for Secretary of State, half of the 32 counties went to either political party. Most races were closely contested, with most counties falling within a 10 percentage-point determinant. Perry, Scott and Sullivan counties measured the largest Democratic alignment at 67.66 percent, 63.18 percent, and 63.43 percent respectively. Hendricks and Morgan counties were the most Republican at 70.25 percent and 66.45 percent respectively (Indiana Secretary of State 2006). The 2010 General Election displayed the same Republican response in a backlash against the Obama

Administration as the rest of the state, with all counties voting in favor of the Republican candidate with the exception of Perry County, which voted in favor of the Democratic candidate with 55.13 percent of the vote. Eight of the 32 counties supported the Republican candidate at 70 percent or higher (Indiana Secretary of State 2010).

VI. EVANSYLVANIA

Population Total: 434,953
 Industry Prominence: Manufacturing
 Political Affiliation: Moderate GOP



EVANSYLVANIA occupies the southwest corner of Indiana and covers a total of 3,683.56 square miles (U.S. Census Bureau 2009). The region includes the counties of Daviess, Dubois, Gibson, Knox, Pike, Posey, Spencer, Vanderburgh and Warrick as well as the cities of Vincennes and Evansville, the third-largest city in Indiana at 121,582 individuals, falling behind both Indianapolis and Fort Wayne (U.S. Census Bureau, Population Division 2006). It is substantially different in comparison to Southland, which surrounds the region to the north and east, in that it contains higher levels of manufacturing, agriculture, and income per capita as well as lower levels of forestland.

Three of the nine counties in Evansylvania (Dubois, Gibson and Posey counties) measured high levels of manufacturing jobs in 2010 as a proportion of total industry jobs at 38.19 percent, 37.20 percent, and 34.22 percent respectively.

While most counties are experiencing a net loss in manufacturing jobs throughout the state, Gibson and Knox counties have seen net gains while Daviess, Pike, Posey and Vanderburgh have seen only modest net losses compared to the rest of the state over the last 10 years (STATS Indiana 2010).

Another distinction from Southland is that Evansylvania has comparatively lower levels of forestland. It sits on two regional classifications as observed by the U.S. Department of Natural Resources Division of Forestry: Lower Wabash and Knobs. Pike County was the only county in this region that measured a high percentage

of forestland, between the ranges of 30 to 50 percent, while Knox, Daviess and Vanderburgh measured between the range of zero to 10 percent — levels that are more like northern and central Indiana (U.S. Department of Agriculture and the Indiana Department of Natural Resources Division of Forestry 2000).

Thus, though this region as a whole has more forestland compared with the rest of the state, it has less compared with adjacent Southland. The size of the City of Evansville as well as a comparatively higher percentage of land devoted to agricultural use in many of the counties help explain this. In fact, according to the U.S. Department of Agriculture, an astounding 99.11 percent of land in Knox County is farmland. Further, five of the nine counties were above the state average of 64.44 percent of land devoted to agricultural production (U.S. Department of Agriculture 2007).

This region is also fairly wealthy. Six of the nine counties came in above the state average of \$31,945 in 2009 for Income Per Capita, the wealthiest being Dubois County at \$39,620 followed closely by Warrick County at \$39,237 (Indiana Department of Workforce Development 2009). It is also experiencing greater increases in wealth over time.

Many of the counties have experienced double-digit percentage growth between the years 2004 to 2009. Both Pike and Knox counties saw growth of 24.10 percent and 23.74 percent respectively during the aforementioned time period (Indiana Department of Workforce Development 2004).

Evansylvania is also notably moderate and more so than Southland. In the 2006 General Election for Secretary of State, seven of the nine counties voted in favor of the Democratic candidate, but all were fairly closely contested. Daviess County is the most Republican of the counties, which voted in favor of the Republican candidate with a proportion of 61.88 percent in 2006 and 75.34 percent in 2010 (Indiana Secretary of State 2006).

Like all other counties in Indiana, the 2010 elections saw the same results – all counties in Evansylvania went in favor of the Republican candidate (Indiana Secretary of State 2010).

VII. LESSER SUBURBIANA

Population Total:	353,888
Industry Prominence:	Health Services
Political Affiliation:	Republican



LESSER Suburbiana is made up of Allen County, the largest county by land area, and includes the state's second-largest city, Fort Wayne. Located on the confluence of the Maumee, St. Joseph and St. Mary Rivers, Lesser Suburbiana's geographic features gave rise to that city's early prominence. The building of the Wabash and Erie canals, which provided access to the Great Lakes and Gulf of Mexico via the Mississippi River, set the stage for Fort Wayne to become a manufacturing center of northeast Indiana with an ability to transport materials great distances economically.

The city's early days included tense relations with the Miami, a Native-American tribe with a settlement, Kekionga, at the confluence of the rivers.

In 1790, under orders from President George Washington, three expeditions were organized to "secure" the territory for settlement. After two failed attempts, the president sent Gen. Anthony Wayne, who, while the Miami warriors were away, destroyed the settlement. Chief Little Turtle returned and upon seeing the ruins reportedly sought a peace agreement with the U.S. government.

General Wayne, however, ignored the overture, defeating the Miami at the Battle of Fallen Timbers, Aug. 20, 1794, and opening Indiana and the West to settlement and industry.

Later, manufacturing, facilitated with the comparative advantage of the rivers and canals, became a leading industry.

Allen County and Lesser Suburbiana would be placed in Hoosierland except that the area is engaged in a large number of industries other than manufacturing. As Fort Wayne grew, manufacturing jobs began to decline. In FY 2001, 18.95 percent of the labor force accounted for (or 34,682 workers were engaged in) manufacturing but that number continues to decline (STATS Indiana 2001).

By FY 2010, the proportion of the accounted-for labor force had fallen to 14.77 percent (or 24,411 workers).

Lesser Suburbiana would be placed in Hoosierland except that the area is engaged in a large number of industries other than manufacturing. It boasts one of the wealthiest populations in the state.

Oz, the most populated region with the highest crime rate, is a Democrat island in a sea of Republicanism. It is arguable whether the city would be such an economic force except for the location of the state government there.

Compare that with an average of 37.67 percent in Hoosierland and an obvious difference is observable. Furthermore, during this period, Lesser Suburbiana's absolute loss in total manufacturing jobs was an astounding 17,694.

To replace the declining manufacturing base, there is an emerging healthcare services base here. In FY 2010, healthcare services accounted for 18.21 percent of the accounted labor force (STATS Indiana 2010). In fact, Parkview Health, Parkview Hospital and Lutheran Hospital are among the major employers in Allen County (Indiana Department of Workforce Development 2008).

Allen County is one of the wealthiest counties in northeast Indiana with a Per Capita Income about \$3,000 more than the state average. In FY 2004, its Per Capita Income measured at \$31,424 and in FY 2009 at \$34,078 (Indiana Department of Workforce Development).

And Allen is the most Republican of the more populous counties. In the 2006 General Elections, a proportion of 58.84 percent of votes went to the Republican candidate (Indiana Secretary of State 2006). In the 2010 General Elections, the proportion jumped to 64.53 percent (Indiana Secretary of State 2010).

VIII. OZ

Population Total:	903,393
Industry Prominence:	Health Services
Political Affiliation:	Democrat



OZ, with the state's capitol, joins Lesser Suburbiana as the other non-university aberration. It is the most-populated county in the state with 903,393 individuals. It also is diverse, 62.7 percent of the population being Caucasian, 26.7 percent African-American and 9.3 percent Hispanic (U.S. Census Bureau 2010).

The incidence of crime is relatively high not only for Indiana but for the nation. A 2010 study cited Indianapolis as the 29th-worst city in the nation in that regard. (Morgan, Morgan and Boba 2010).

Indianapolis, the self-proclaimed political and cultural center of Indiana, has not always been the capitol. In 1820 it was selected over Corydon, where the capitol had been located since the formation

of the state (Caldwell and Jones 1990). Modern Indianapolis, with its strategic location in the near-center of the state as well as major roads leading out of the city in all directions, has become a hub for transportation between major cities, *i.e.*, Detroit, Chicago, Cincinnati, St. Louis, Louisville. It is arguable, however, whether the city would be such an economic force except for the location of the state government there.

Surrounding Marion County is comparatively low in manufacturing at 10.94 percent of its total labor force in FY 2010. That should be of little surprise considering Oz is a metropolitan center largely engaged in industries intensive in tourism, healthcare and professional and educational services. The largest proportion of the Indianapolis labor force is engaged in the category, Healthcare Services, at 15.31 percent (STATS Indiana 2010). In fact, half of the major employers cited were engaged in health-related services including St. Vincent Hospital, the Peyton Manning Children's Hospital, Clarian Health Partners, Methodist Hospital and St. Francis Hospital and Health Center (Indiana Department of Workforce Development 2008). It also is comparatively high in the category, Professional, Scientific and Technical Services at 5.78 percent and the category, Management of Companies and Enterprises, at 1.42 percent, both of which are associated with high education levels (STATS Indiana 2010).

Oz is a Democrat island in a sea of Republicanism. As illustration, a common feature of the Secretary of State elections was that there was a considerable gain in the Republican proportion in the 2010 elections compared with the 2006 elections.

Marion County, however, was the inverse, seeing the Democratic proportion grow during this period. In the 2006 General Election, the Democratic candidate won by a small margin with a proportion of 50.5 percent of the vote (Indiana Secretary of State 2006).

In the 2010 General Elections, as already mentioned, the Democratic candidate won with a proportion of 55.11 percent of the vote (Indiana Secretary of State 2010). Indeed, Oz, which was once

a Republican bastion, is developing a Democratic characteristic.

IX. ACADEMIA ARCHIPELAGO

Population Total: 298,702
Industry Prominence: Health Services
Political Affiliation: Moderate Democrat



THE Academia Archipelago is another region whose distinguishing characteristic is political — in this case a result not of union sympathy but of a comparable force: the so-called politically correct culture of faculty and students at two flagship state universities.

Monroe and Tippecanoe counties, combined here though they sit apart geographically, possess markedly similar characteristics. For the identities of the Archipelago's largest cities are wrapped up in the individual state universities located in both counties (with the implications noted earlier). While the "gown" is made up of a typically educated crowd of students and faculty, the "town" is a different segment in both counties. In each case, the "town" demographic has little in common with the particular university but is indistinguishable from the population of the surrounding county.

For that reason, a casual observer landing on the shores of either island of the Archipelago might not immediately see the defining characteristic inland.

Tippecanoe County is much like Cornland, the region that encompasses it, in that it engages in intensive agricultural activities. Monroe County is much like its surrounding region with non-tillable state and national forest occupying a large portion of the total acreage.

It is not to ignore the population off-campus to say that the universities have grown to become the backbones of these two communities.

The universities are the top employers in their respective counties (Indiana Department of Workforce Development 2008). Even so, it is suggested that the data presented does not capture the full

** The reader will note that these proportions are not generous toward one party comparative to the surrounding region and as such are an aberration.*

impact of a student body that, though always changing as individuals, is on average identical to previous years in its political and cultural influence.

Indeed, the most-telling data of the Archipelago is electoral. These two counties stand out from the surrounding counties in this regard. They vote in a higher proportion for the Democratic candidate.

In the 2006 general elections for Secretary of State, Monroe County voted in favor of the Democratic candidate with a proportion of 57.19 percent while Tippecanoe voted in favor of the Republican candidate with 55.20 percent (Indiana Secretary of State 2006). In the 2010 general elections, the proportions remained similar, with Monroe County at 54.78 percent and Tippecanoe County at 59.50 percent (Indiana Secretary of State 2010).*

Tippecanoe County does not have as high levels of land use devoted to agricultural activities relative to the surrounding counties (68.25 percent, a level that is high statewide but not relative to the immediate and encompassing area). Likewise, as noted earlier, the hills and forests of Marion County promise minimal agriculture at 21.21 percent (U.S. Department of Agriculture 2007). Income Per Capita average for Monroe County is \$31,424 and Tippecanoe County \$30,056 in FY 2009 (Indiana Department of Workforce Development 2009).

In the Academia Archipelago, the state universities are the top employers. In each case, the "town" demographic has little in common with the particular university but is indistinguishable from the population of the surrounding county.

RURAL AMERICA now accounts for just 16 percent of the nation's population, the lowest ever. The latest 2010 census numbers hint at an emerging America where, by mid-century, city boundaries become indistinct and rural areas grow ever less relevant. Many communities could shrink to virtual ghost towns as they shutter businesses and close down schools, demographers say. More metro areas are booming into sprawling megalopolises. Barring fresh investment that could bring jobs, however, large swaths of the Great Plains and Appalachia, along with parts of Arkansas, Mississippi and North Texas, could face significant population declines. These places posted some of the biggest losses over the past decade as young adults left and the people who stayed got older, moving past childbearing years.

— Associated Press, July 28, 2011

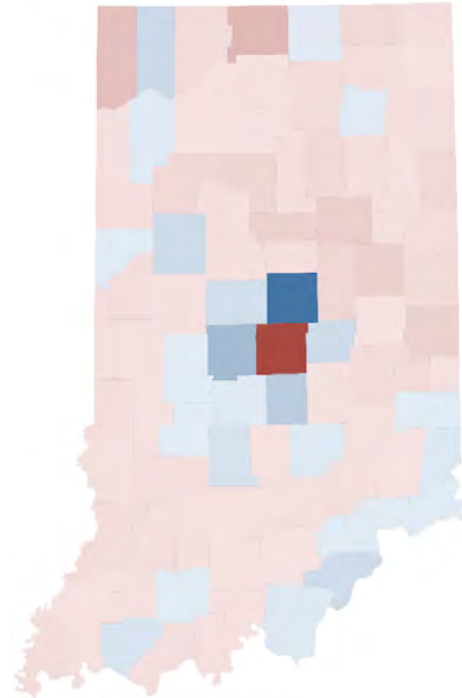
Most of the counties in the state have experienced net emigration, particularly those counties which are predominantly rural.

Conclusion: Estimates on the Components of Change

The migration data presented in the following is a cumulative estimate compiled through the U.S. Census Bureau between April 1, 2000, and July 1, 2009 (U.S. Census Bureau 2009). The data estimates the components of residential population change in a specific geographic region; in other words, the data measures the net migration to and from each region. For the purpose of the following, the author has chosen to ignore the estimates of natural increase as the purpose is to highlight the migration data as it is a strong indicator of economic causation; meaning, there is purposive behavior in migration patterns as a consequence of economic and social conditions and not the consequence of mindless migration patterns. The migration data presented is a net component that estimates both domestic and international migration in a specific geographic region during the aforementioned dates.

The data estimates produced during this time period are a compelling and clear illustration of a trend that is occurring across Indiana: Positive migration occurred to areas surrounding large metropolitan cities, *i.e.*, Indianapolis, Chicago, Louisville and Cincinnati, while areas that are rural experienced massive emigration. Thus, observing the data, individuals are leaving rural areas and heading for large metropolitan cities. For example, six of the eight counties surrounding Indianapolis, aptly titled the “doughnut counties,” experienced positive migration trends – the highest of which is Hamilton County at 66,788 individuals. Hendricks County, which lies to the west of Indianapolis, experienced positive migration of 29,101 individuals and Johnson County, which lies to the south of Indianapolis, experienced positive migration of 18,388 individuals. Strikingly, Marion County, which holds the City of Indianapolis, saw negative migration of 32,195 individuals, the largest in the state — a domestic total of 54,998 individuals emigrated from Indianapolis.

The counties that comprise the southeast of Indiana have also seen positive net migration, likely because of the cities of Louisville and Cincinnati adjacent to these counties on the opposite side



Map 3, Migration



of the Indiana border. Harrison, Floyd and Clark counties, which lie adjacent to Louisville, all experienced a modest positive migration of 2,118 individuals, 2,134 individuals and 8,993 individuals respectively.

The Chicago area did not experience the same trend. Lake County, the county that sits right outside Chicago, experienced a net emigration of 7,842 — perhaps a sign of this county’s struggle with its steel manufacturing and crime rates. Oddly, Porter County, which lies adjacent to Lake County to the east, experienced a positive net migration of 11,396. Further, Allen County, which includes the city of Fort Wayne, and its surrounding area experienced net emigration from the area, with the exception of Whitley County, which experienced a positive migration of 1,080 individuals.

In contrast, most of the counties in the state have experienced net emigration, particularly those counties which are predominantly rural. Southland, for example, occupies mostly land devoted to agricultural productivity. This area saw massive emigration on a large scale — of

the 33 counties in this region, only four experienced a positive migration. Much of Evansylvania experienced emigration, with the exception of Warrick and Dubois counties. As has been highlighted previously, Hoosierland experienced massive emigration with the exception of Whitley and Elkhart counties. However, during the period of 2008-2009, Elkhart and Whitley counties experienced emigration, with 1,576 individuals and 35 individuals respectively. This emigration in Hoosierland during the 2008-2009 periods is perhaps explained by the occurrence of the Great Recession and its economic consequences on the manufacturing base there, particularly the Recreational Vehicle (RV) industry located in Elkhart County.

With this migration data in mind, we can begin to see certain regions becoming more prominent while others are losing prominence. Greater Suburbiana, for example, which holds Boone and Hamilton counties, is likely to continue to experience remarkable growth and migration as this region continues to become more prosperous compared with the rest of the state.

Likewise, the “doughnut” counties will continue to grow while people migrate from Marion County outward and others move from other regions. Southland, with the counties that comprise the southeast border of Indiana, adjacent to Louisville and Cincinnati, will continue to see growth as well. In contrast, rural counties will continue to see emigration as small towns die out — a phenomenon already sadly noticeable.

Therefore, it appears as though Indiana is becoming fragmented, into a sort of regionalism in which large metropolitan cities are the dominant feature. How does the state deal with this regionalism where the characteristics and economies of these cities are vastly different? Further, can the state address these issues on a statewide basis? This study demonstrates that Indiana is not a homogenous whole and that to think of it as and legislate it as may produce unintended consequences or inhibit various regions from growing. It can be argued from this study that local government is more likely to know best the means to attain economic goals.

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Indiana is becoming fragmented, into a sort of regionalism in which large metropolitan cities are the dominant feature.

COVER ESSAY

Appendix

Table 1, Cumulative Estimates of the Components of Resident Population
Change for Counties of Indiana: April 1, 2000 (U.S. Census)

	Total Population Change	Natural Increase	Births	Deaths	Total	Foreign	Domestic	Total Population Change	Natural Increase	Births	Deaths	Total	Foreign	Domestic
Indiana	342593	298077	810225	512148	71633	93367	-21734	-423	197	1183	986	-569	-5	-564
Adams County	631	3044	5850	2806	-2219	151	-2370	-81	1134	4145	3011	-1002	18	-1020
Allen County	22039	25035	49299	24264	-867	7412	-8279	10174	5069	12083	7014	5848	4231	1617
Bartholomew	4628	3619	9688	6069	1413	2083	-670	233	991	4404	3413	-540	561	-1101
Benton County	-808	245	1068	823	-1001	4	-1005	4187	2936	8159	5223	1657	287	1370
Blackford County	-997	49	1408	1359	-966	6	-972	834	13	1351	1338	-766	132	-898
Boone County	10180	2379	6358	3979	8041	216	7825	1753	3012	6580	3568	-1021	1618	-2639
Brown County	-408	-63	1159	1222	-271	15	-286	286	121	593	472	196	-4	200
Carroll County	-413	526	2083	1557	-820	198	-1018	253	381	2323	1942	-10	77	-87
Cass County	-1865	1433	5187	3754	-3092	834	-3926	611	280	2282	2002	453	24	429
Clark County	12168	3732	12766	9034	8933	1039	7954	-344	220	1721	1501	-502	-5	-497
Clay County	-34	328	3132	2804	-204	92	-296	-87	287	2098	1811	-286	66	-332
Clinton County	501	1520	4785	3265	-852	1583	-2435	-577	54	1397	1343	-574	8	-582
Crawford County	-203	157	1184	1027	-307	-4	-303	16800	6297	17261	10964	11396	1288	10108
Davess County	800	1859	4661	2802	-882	488	-1370	-1057	263	2387	2124	-1167	74	-1241
Dearborn County	4372	2185	5686	3501	2471	126	2345	-141	55	1499	1444	-116	15	-131
Decatur County	521	1196	3376	2180	-537	278	-815	818	900	3759	2859	102	156	-54
DeKalb County	1775	2152	5295	3143	-146	161	-307	-1705	196	2908	2712	-1765	106	-1871
Delaware County	-3577	1417	12229	10812	-4300	1384	-5684	898	1254	3627	2373	-184	41	-225
Dubois County	1745	1767	5078	3311	240	672	-432	-1086	412	2073	1661	-1401	28	-1429
Elkhart County	17711	17567	30789	13222	1188	8117	-6929	2054	13235	35444	22209	-960	5676	-15366
Fayette County	-1487	199	2896	2697	-1548	15	-1563	658	604	2879	2275	189	15	174
Floyd County	3601	1833	8123	6290	2134	257	1877	1062	1533	5219	3686	-233	565	-798
Fountain County	-1103	148	1956	1808	-1157	86	-1243	-352	492	2194	1702	-724	128	-852
Franklin County	1000	954	2669	1715	164	20	144	-26	361	2847	2486	-238	196	-434
Fulton County	-246	249	2366	2117	-378	192	-570	365	1373	3907	2534	-795	231	-1026
Gibson County	250	782	3828	3046	-339	104	-443	Scott County	-598	2201	2271	-385	2	-387
Grant County	-4607	400	7680	7280	-4611	174	-4785	Switzerland County	209	1051	842	453	6	447
Greene County	-694	345	3711	3366	-862	30	-892	Tiptecanoe County	610	19448	9412	9864	8524	1340
Hamilton County	96547	24375	34177	9802	66788	2805	63983	Tipton County	-685	1779	1496	-871	54	-925
Hancock County	12939	3471	7901	4430	9745	94	9651	Union County	-309	803	583	-492	-3	-489
Harrison County	3237	1320	4171	2851	2118	179	1939	Vanderburgh County	3512	22074	17125	-313	1244	-1557
Hendricks County	36513	7801	15011	7210	29101	776	28325	Vermillion County	-616	1792	1997	-320	35	-355
Henry County	-681	-106	5045	5151	-334	22	-356	Vigo County	119	12202	10527	-894	976	-1870
Howard County	-2069	2422	10523	8101	-4056	616	-4672	Wabash County	-2402	3584	3591	-2210	4	-2214
Huntington County	-298	796	4386	3590	-870	86	-956	Warren County	72	838	823	109	-1	110
Jackson County	1027	1731	5535	3804	-455	1001	-1456	Warrick County	6137	6242	4326	4476	157	4319
Jasper County	2777	1504	3950	2446	1459	158	1301	Washington County	506	3196	2436	-75	48	-123
Jay County	-689	707	2813	2106	-1287	242	-1529	Wayne County	-3545	8201	7322	-3986	476	-4462
Jefferson County	1305	549	3408	2859	920	144	776	Wells County	-34	838	2348	-696	14	-710
Jennings County	485	1357	3583	2226	-712	94	-806	White County	-1815	3112	2436	-2402	573	-2975
Johnson County	26295	6717	16375	9658	18388	889	17499	Whitely County	2154	3881	2622	1080	134	946
Knox County	-1349	64	4277	4213	-1192	342	-1534							
Kosciusko County	2442	4601	10200	5599	-1720	1167	-2887							
LaGrange County	2295	4664	6720	2056	-2163	393	-2556							
Lake County	9650	20538	64177	43639	-7842	5203	-13045							
LaPorte County	957	2969	12719	9750	-1371	803	-399							
Lawrence County	-78	503	5030	4527	-267	132	-371							
Madison County	-1941	1799	15110	13311	-2927	784	-54998							
Marian County	30422	67676	136636	68960	-32195	22803	-54998							
Marshall County	1775	2459	6255	3796	-396	1131	-1527							

PUBLIC EDUCATION AND INSTITUTIONAL STICKINESS

We have built into our schools an institutional weakness that disallows regional leaders and administrators the authority to respond to change. Fortunately, there is a better way.

by CORY R. CRAIG

PUBLIC education in Indiana is in a dismal state. It has long been recognized as a failed model yet has seen dramatic increases in funding and only modest reform.

Despite this acknowledgment, Indiana has yet to recognize that the solution is not one of inadequate funding or incompetent teachers but rather an institutional framework far removed from the local knowledge of conditions. Using the framework of “Institutional Stickiness” as developed in the work of Peter J. Boettke, Chris Coyne and Peter T. Leeson, it will be demonstrated here through a comparative institutional analysis of both public and private institutions that the problematic issue surrounding public education is one of institutional weakness that does not allow localities or administrators to respond to changes and altered conditions.

Part I: The Mechanisms

Economic and social coordination within societies is achieved and governed within the framework of institutions. These institutional facets are of fundamental importance in understanding the functioning of civil society — perhaps more so than the mainstream economics profession recognizes. It is through this framework that social order arises; in other words, institutions provide the rules of the game that restrict behavior, for better or worse, that solve coordination problems that arise through social interaction. Coordination problems arise when economic actors are faced with a double coincidence of wants, in which the interests of the actors collide and an attainable solution is sought. These coordination problems are often solved through the enforcement of two mechanisms: both formal and informal institutions.

Formal institutions are the codified rules of enforcement that consist of laws, constitutions,



Washington Street, Indianapolis, at dusk. Theodor Groll, Indianapolis Museum of Art. (Getty Images)

regulations, etc. These are most recognizable in that these institutions are often material manifestations represented through governmental bodies, reinforced through patriotic symbolism. In contrast, informal institutions are the unwritten rules of enforcement that consist of norms, customs and traditions and, as such, are least appreciable due to their immaterial presence but are followed through blind

observance. These norms, customs and traditions are often the result of emergent orders, which are the result of human action, not of human design. Friedrich Hayek (1960, 1991) was among the first to emphasize the importance of emergent orders and their relative effectiveness as a solution to coordination problems, through which individuals pursuing alternative ends discover social patterns that solve coordination problems that arise through social interaction. The emergence of monetary institutions that solve coordination problems associated with barter trade and the double coincidence of wants (see Menger [1892] 2009), as well as the development of language to overcome barriers to communication provide but a few examples of widely cited emergent orders. These emergent orders are often taken for granted, but the vast number of coordination problems that are overcome due to their emergence is tremendous.

Emergent orders are difficult to grasp due to their immaterial embodiment. An illustration may provide insight into their emergence.

Imagine following a snowstorm one night on a Midwest university campus, a student running late to an exam. Sidewalks abound throughout the campus, but this student in his desperation, observing an opportunity to shorten his time in the cold and arrive to class in time, cuts through the snow-covered mall and forges a new path of his own. Soon, other students observe this path and, seeing the same opportunity, cut through as well and make the path more noticeable and accessible.

Whereas the neoclassical framework, which is rejected here, approaches institutions and markets as static models with an emphasis placed on the conditions necessary for equilibrium, the Austrian tradition approaches institutions and markets as dynamic models with an emphasis placed on the context and process through which institutions emerge and evolve through time.

No one student or committee sat down and deliberately planned the path, but through individuals seeking means to ends that are more efficient, a path was created. Emergent orders are the result of purposive human action, not design. This illustration is often visible across numerous university campuses following snowstorms through the Midwest or new commercial or public properties that see their landscape altered and worn down by individuals who find alternative paths that are more efficient to attaining their goals.

The Austrian tradition (see Schulak and Unterköfler 2011) approaches institutional analysis in a manner that is in contrast to the neoclassical framework. Whereas the neoclassical framework approaches institutions and markets as static models with an emphasis placed on the conditions necessary for equilibrium, the Austrian tradition approaches institutions and markets as dynamic models with an emphasis placed on the context and process through which institutions emerge and evolve through time.

The neoclassical framework is one of solving an allocation paradigm, meaning an efficient allocation of goods and resources from producers to consumers. It assumes that the exchange of goods takes place within institutions where economic actors are not plagued with information asymmetries and where all goods are homogenous; essentially, it assumes away important facets of human interaction. The role of institutions – the rules of the game that facilitate social interaction – then, is limited or obsolete. Thus, the allocation paradigm becomes one of determining an efficient allocation of resources toward a general equilibrium that is exhausted.

In contrast, the Austrian framework is one of solving an exchange paradigm, the context in which exchange is made. Emphasis is placed on the observance that economic actors are plagued with information asymmetries and that goods are not homogenous but rather heterogeneous. It deals with humans as they are, not some fantastical notion that abstracts from the human condition. Ludwig von Mises articulated this emphasis in stating, “Economics deals with real man, weak and subject to error as he is, not with ideal beings, omniscient and

perfect only as gods could be” (Mises 2007). Thus, equilibrium is never reached as a result of these problematic issues, but through the process of entrepreneurial arbitrage, markets work in the direction of equilibrium. Therefore, the exchange paradigm focuses on the process and the context in which markets and institutions emerge and solve coordination problems (Coyne 2010).

The following employs the Austrian framework and emphasizes that institutions matter in the pursuit of an efficient allocation of resources and the ability of societies to progress. In Part II, a brief discussion is provided of the theoretical framework of Institutional Stickiness as developed through the work of Peter J. Boettke, Chris Coyne and Peter T. Leeson (2008). In Part III, the supporting data for the argument that public education in Indiana has failed is discussed and in Part IV, a comparative institutional analysis of both public and private schools is conducted with a brief explanation of why one is failing and the other relatively succeeding.

The data presented is nothing new in that education in Indiana is in a dismal state. What is presented, however, is an illustrative context of the institutional challenges that face public education.

Part II: The Theoretical Framework

Boettke, Coyne and Leeson provide a theoretical framework and insight into the ability of institutional arrangements to solve coordination problems within societies and the ability of those societies to further progress (2008). The framework was developed to demonstrate the knowledge problems associated with the international developmental community’s decades-long failure with institutional interference and its inability to create institutional arrangements that provide effective rules of governance as well as economic development. Borrowing from the theoretical framework, however, it is contended here that this applies just as well to institutional arrangements outside the developmental community.

The authors cite three broadly conceived institutional arrangements: 1) foreign-introduced exogenous (FEX) institutions; 2) indigenously introduced

exogenous (IEX) institutions; and 3) indigenously introduced endogenous (IEN) institutions. The “foreign” or “indigenous” component of the term references the source of the institutional design: either institutions designed through outsiders (foreign) or institutions designed through insiders (indigenous). The “exogenous” or “endogenous” component of the term references the source of enforcement: either institutions that are enforced from above through an official body (exogenous) or institutions that are the result of emergent orders and help facilitate coordination through social mechanisms that include ostracism, shame and guilt. For example, exogenous institutions are the creations of formal authorities, *e.g.*, the European Union, the IMF, United Nations or NATO. Indigenous institutions, in contrast, are the norms, customs and traditions of the culture (2008, pgs. 334–335). While this is a simplification of the institutional context, it allows for a clarification and insight that otherwise could not be achieved.

The following will focus on the role of IEN and IEX institutions and their comparative ability to adequately solve coordination problems. While not used for the purposes of the following, FEX institutions are those institutions that are

most associated with the international developmental community. Their origin is in formal authorities and diplomats who are often not indigenous to the culture. IEX institutions are the rules and policies that are crafted and associated within the framework of formal institutions, *e.g.*, governments that are created within a specific culture (hence the indigenous component) and are believed to be the result of social contracts (see Locke [1690] 1980). The United States federal government is an example of an IEX institution—created within the indigenous culture and embodying many of the norms, customs and traditions. IEN institutions are most associated with emergent orders that govern and restrict behavior and embody local norms, customs and traditions.

IEN institutions are therefore the stickiest of the three institutional arrangements. The term “stickiness” refers to the ability of various institutional arrangements to take hold within a culture and promote effective rules of enforcement. The reason for this is their origin in purposive human action. The fact that IEN institutions are preferred among a vast selection of arrangements attests to their desirability. Further, their emergence in an endogenous fashion attests to the fact that they originate within

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The Indiana Collective Bargaining Law — An Institution Gone Bad

IT IS one of Indiana history’s great ironies that the law giving Indiana teacher unions and the Democrats a headlock on Statehouse business was put forward by a popular conservative GOP governor. Collective bargaining for the state’s teachers was the concession Democrats extracted from Gov. Otis Bowen for passage of his property-tax reforms. The reforms, compromised by subsequent legislation, soon fell apart. Collective bargaining, however, not only held solid but has been strengthened by every subsequent general assembly. The rationale for collective bargaining for public employees is encapsulated in the 1973 Collective Bargaining Law (CBL). Charles M. Freeland, an attorney and MBA, was commissioned by the foundation in 2001 to lead a team of law students in a one-year review of the CBL that included comparing the labor agreements of all 295 Indiana school districts. The researchers found the contracts practically identical although written by independent school boards — a testimony to the statewide influence of the unions and their empowerment by the CBL. Freeland noted that the authors of the legislation took unusual care to explain why the law was needed, suggesting that the reasons were not self-evident to many of the Republicans who signed on to the Bowen compromise. Freeland’s conclusion: ‘While many other sections of the statute have been amended over the ensuing years, Section I (the rationale) remains unchanged and makes interesting reading. In the opening section of the statute, the General Assembly makes references to “harmonious and cooperative relationships,” the alleviation of “various forms of strife and unrest” and the state’s obligation to “protect the public” from “material interference” in the educational process. Such language makes it hard to avoid the conclusion that the adoption of the CBL was in response to threats from the teacher unions.’ — *“The Compulsion of Collective Bargaining,” The Indiana Policy Review, Vol. 22, No. 1*

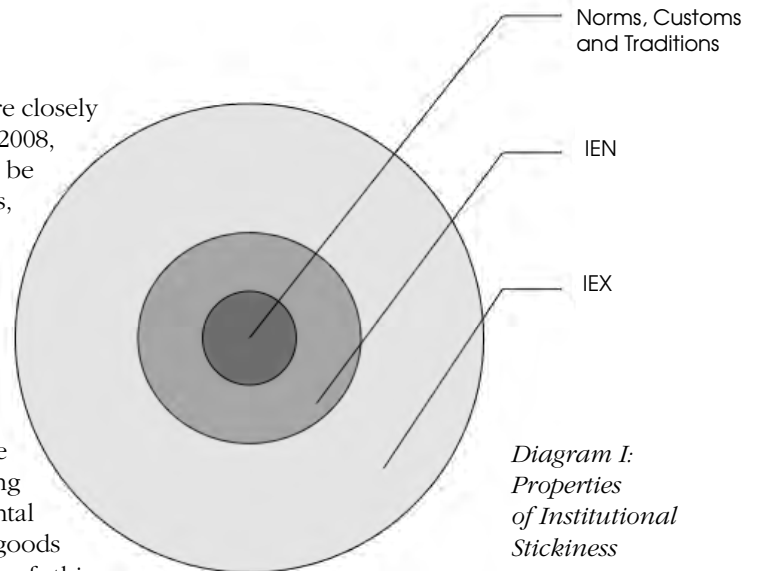
In the preferred indigenous-endogenous system (IEN), one does not need to know exactly why, say, gasoline is rising in price. It is only necessary to understand that corrective action needs to be taken in regard to current consumption levels. Is is closest to the conditions Friedrich Hayek called “the knowledge of particular circumstances of time and place.”

the culture and as a result are closely aligned with the local ethos (2008, pgs. 338 – 339). It should be noted that IEN institutions, as a product of emergent orders, are closest to the conditions of what Hayek called, “the knowledge of particular circumstances of time and place.” This knowledge is often fragmented and incomplete and is continuously changing in the face of environmental variables. The market for goods is an illustrative example of this fragmented knowledge through a process in which individuals communicate through prices the relative scarcity of goods and materials for production. One does not need to know why, say, gasoline is rising in price. It is only necessary to understand that corrective action needs to be taken with regard to current consumption levels. Hayek continues:

It is with respect to this that practically every individual has some advantage over all others because he possesses unique information of which beneficial use might be made, but of which use can be only if the decisions depending on it are left to him or are made with his active cooperation . . . all performing eminently useful functions based on special knowledge of circumstances of the fleeting moment not known to others. (Hayek 1945)

It is because of this knowledge problem that it is contended here that IEN institutions are more susceptible to the evolutionary aspect of cultural change and are better able to facilitate and accommodate those changes. These changes may occur as a result of advancements in scientific knowledge and technological innovations or through arbitrage. When individuals pursue ends based on their conditional knowledge, solutions are attained through the implementation of this knowledge. Thus, institutions are more likely to be able to facilitate these changes relative to IEX institutions because they are closer to this knowledge of particular circumstances of time and place.

IEX institutions, though, fall further from the local norms, customs and traditions as well as the knowledge of time and place. Because these institutions originate indigenously compared to



being introduced through foreign implementation, they are more likely to capture some attributions of the local norms, customs and traditions. These institutions are the formal institutions that are represented through governments and the laws, regulations and constitutions that are imposed or developed from above, not from within. In the following, the Indiana state government is recognized as an IEX institution. It is contended that such institutions, though developed within the local context, are less likely to accommodate the changing culture, advancements in scientific knowledge, technological innovations and arbitrage due to the fragmentation of the government and the conditional knowledge of time and place. Such an institution is, at most, able to accommodate changes but only with a significant lag.

These institutions, further inhibited through the concentrated interests and dispersed costs of political elites, interest groups and beneficiaries who often direct policy in a manner that diverges from the interests of the general public, may be pulled further away from local norms, customs and traditions. Thus, IEX institutions are less “sticky” than IEN institutions. Diagram I illustrates these institutions and their relative stickiness properties.

Part III: The Evidence

Indiana’s challenges with educational services have not gone unnoticed throughout the decades. Recent legislation (House Bill 1003) attempts to fix these

Table I, Indiana SAT 2010 Mean Scores by Type of School

	Test Takers		Mean Scores		
	Number	Percent	Reading	Mathematics	Writing
Public	36,602	90	491	503	474
Religious	3,343	8	528	537	519
Independent	657	2	566	578	559

Source: U.S. College Board

variations in private and public education by providing vouchers to families in order for them to send their children to private schools. Whether the attempt will work (or be found constitutional) remains to be seen as private schools accepting these vouchers are subject to the same regulatory framework as the public schools. The issue, nonetheless, has at least been recognized in Indiana: Public schools not only consistently score significantly lower on standardized tests, *i.e.*, the ISTEP (Indiana Statewide Testing for Educational Progress) and ECA (End-of-Course Assessments College Entrance Exams), but the cost of public education is far higher as well.

For example, a 1996 survey observed that the median tuition for private elementary schools in Marion County during the period of 1993-1994 was \$2,180 and \$1,850 in private secondary schools. On the other hand, the cost per pupil in public schools in the same area was \$4,678, more than double the private costs of education. The inflation adjusted cost per pupil in public education in constant 2008-2009 dollars has grown from \$4,137 in 1969-1970 to \$9,703 in 2007-2008, with a peak at \$10,795 in 2004-2005 (Boaz and Barrett 1996).

Furthermore, there is a disconnect between the perceived costs of public education among registered voters and the actual costs of public education. A recent survey commissioned through the Foundation for Educational Choice demonstrated that 40 percent of registered voters believed that the cost of public education was less than \$4,000 per student while another 25 percent of voters believed the costs to be in the range of \$4,001 to \$8,000 per student (DiPerna 2011).

Standardized test scores also demonstrate robust variations between public and private schools in Indiana. In 2010, mean scores obtained on the SAT

(Scholastic Aptitude Test) by students intending on attending higher education produced robust results that illustrate these variations. Public-school students scored, on average, 37 points lower than religious schools and 75 points lower than independent schools in reading, 34 points lower than religious schools and 75 points lower than independent schools in mathematics and 45 points lower than religious schools and 85 points lower than independent schools in writing (see Table I, Indiana SAT 2010 Mean Scores by Type of School). These variations in mean scores also exist through time and are a constant phenomenon (see Table II, Indiana SAT 2002 Mean Scores by Type of School).

The question, then, must be posed: Why do public schools in Indiana cost so much but produce results that are dismal in comparison to private schools?

In the following section, these comparative failures in the context of institutional stickiness are illustrated.

Part IV: Comparative Institutional Stickiness of Education

In order to illustrate the relative success of private education in contrast to the failure of public education, it is important to compare both institutional arrangements and to examine where both differ. The resulting insight will illustrate the relative failures of one and the success of the other. As has been demonstrated above, the ability of an institutional arrangement to “stick” to an area and solve coordination problems is a function of its relationship

Recent legislation (House Bill 1003) attempts to fix these variations in private and public education by providing vouchers to families in order for them to send their children to private schools. Whether the attempt will work (or be found constitutional) remains to be seen as private schools accepting these vouchers are subject to the same regulatory framework as the public schools.

Table II, Indiana SAT 2002 Mean Scores by Type of School

	Test Takers		Mean Scores	
	Number	Percent	Mathematics	Writing
Public	34,474	90	495	502
Religious	3,503	9	524	521
Independent	424	1	551	566

Source: U.S. College Board

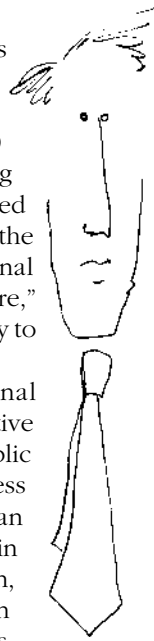
The direction of Indiana public education is aligned with the plans of the Indiana Legislature and the DOE rather than principals, teachers, parents or students — direction only promising to achieve greater response. What develops instead, as has been argued in this journal for two decades now, is a “one-size fits all” approach to education — a sort of assembly-line function in which students and teachers are considered the same static individuals.

to the local norms, customs and traditions. Further, access to the particular knowledge of time and place (conditions) are fundamental in determining various methods to be pursued and at what cost. Therefore, the more removed an institutional arrangement is from this “core,” the more diminished is its ability to solve coordination problems.

The model of institutional stickiness provides an illustrative insight into the failures of public education and the relative success of private education — it can and should be viewed within this institutional context. Again, private education operates within the IEN framework whereas public education operates within the IEX framework. As was noted above, IEN institutions are the result of emergent orders that are then institutionalized whereas IEX institutions are the formal results of state creation and design. Private education is a response to market demand and, as such, creates an emergent market aligned with the expectations, culture and norms of its consumers. In contrast, public education is a state creation that maintains a static model.

Public education in Indiana is under the guidance of the Indiana Department of Education (DOE) and further, the United States Department of Education. The numerous rules and regulations that are imposed from above on public schools are in accordance with legislation and bureaucratic command. In contrast, private education operates in an environment largely free from the DOE and is often under the immediate guidance of its own local administration.

As an IEX institutional arrangement, public education is far removed from the local culture and the particular knowledge of time and place. Under the guidance of the DOE, school administrations and teachers have little control over the directions pursued in their respective schools and classrooms. This is actuated by the bureaucratic nature of the department to which public schools respond. The direction, rather, is aligned with the plans of the Indiana Legislature and the DOE



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“The more the state plans, the more difficult planning becomes for the individual.”
(Friedrich Hayek)

two decades now, is a “one-size-fits-all” approach to education — a sort of assembly-line function in which students and teachers are considered the same static individuals. Schools

existing in varying environments, *i.e.*, rural, suburban and urban, are forced to operate in a manner that is consistent across the board with these plans. As such, the existence of this model working in the presence of cultural dissimilarities across the spectrum inhibits local administrations from adequately adapting to changed conditions; the model does not operate under the same entrepreneurial conditions as the market.

Further, the bureaucratic nature of public education inhibits the assessment of the costs of education relative to the benefits. It is the absence of profit-and-loss mechanisms that drives bureaucracies to direct operations not into entrepreneurship but according to rules and regulations designed by far-removed supervisors. Ludwig von Mises noted this in stating:

Bureaucratic conduct of affairs is conduct bound to comply with detailed rules and regulations fixed by the authority of a superior body. It is the only alternative to profit management . . . Whenever the operation of a system is not directed by the profit motive, it must be directed by bureaucratic rules (Mises 2007).

Thus, innovation to improve education is rare because the bureaucrat is bound to someone higher in rank. The hierarchy distorts access to knowledge on the ground, where it is most crucial. This is further inhibited in that public education does not respond to its consumer, the families, but rather to the political process. Since the payment for its educational services is not made in direct form but through government appropriation, the incentives are not aligned for public education to respond to its patrons. Instead, it is a part of the political process.

It should also be noted that bureaucracies tend to grow larger for a

simple reason: The responsibility of the bureaucrat is to show that he is making full use of his budget; if not, his department will see cutbacks in the future.

To put this in perspective during the period of 1960 and 1984 the non-teaching component of education grew by 500

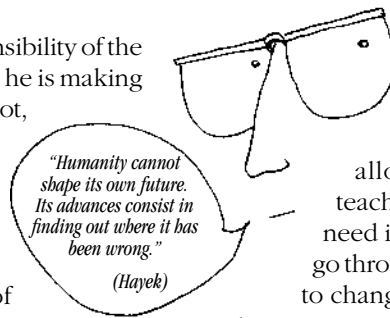
percent. Over the same period, the teaching component (teachers and principals) grew by only 57 percent and 79 percent respectively (Boaz and Barrett 1996).

In essence, the public school institutional arrangement is far removed from the local culture and knowledge that it cannot respond to coordination problems that arise or meet the expectations of its consumers. Because it is directed from the perspective of a state government and bureaucratic methods, the knowledge of local conditions cannot be ascertained or gathered in an effective manner. Public-school administrators and teachers are rarely allowed the autonomy to discover the best method of education in response to the conditions that both find within their school systems. There is not the same entrepreneurship that drives markets. Indeed, the best method is not even the same for rural areas as it would be for urban ones.

None of this is to say that some public schools do not achieve good results. In fact, quite a few do. As a whole, though, it is more bad than good, and this is due to an institutional arrangement far removed from local conditions and cultural dissimilarities of various areas.

In contrast, private education is largely free from the bureaucratic control of public education. Besides having to issue standardized tests (when such schools are accredited in Indiana) and some other minor regulations, the private-school institutional arrangement is free from the control of bureaucrats in Indiana and Washington, D.C. The private-school institution operates more like the market does, in which it caters to the interests of those who are making payment for it – the families – and operates as such.

Private education is close to the ground and the norms, customs and traditions that



that entails. Further, it has access to the particular knowledge of time and place and

allows administrators and teachers to act when such a need is seen. It does not have to go through a bureaucratic process to change curriculum and policies in contrast to public education. It is because of this that the private-education institutional arrangement is better able to coordinate activities into fields that have been proven productive or to make changes to those that have not. Further, interests and expectations for educational services are aligned in that those who are demanding the service are at the same time paying for said services. The private-educational institution is responsive to its consumers, not the political process.

To provide an example of the responsiveness to its consumers relative to that of public education and the ability of private education to respond to the expectations and needs of its consumers, consider the McKay Scholarship in the State of Florida. In 2000, the government established a school-choice program for children with disabilities to attend a private school on scholarship. Since then, over 22,000 students took advantage of the school-choice program in the 2010-2011 school year (Florida Department of Education).

Even more impressive, 89 percent of families re-enrolled their students suggesting a high satisfaction rate with the program. Further, many private schools now have special-education programs for those students whereas public-education programs do not, attesting to the responsiveness of the private-school institutional arrangement to its consumers (Salisbury 2003).

Conclusion

As has been discussed, institutions matter. They matter because they are the established rules that govern economic and social coordination. When institutions produce market environments in which the expectations and incentives of parties become fractionalized, a dead-weight loss will occur. This is the case with public education, in which the bureaucratic

Interests and expectations for the educational services of private schools are aligned in that those who are demanding the service are at the same time paying for said services. In short, the private-educational institution is responsive to its consumers, not the political process.

The differences between public and private school systems are not to be found in the teachers or administrations – some are bad, most are good and some are great – but in the varying institutional arrangements in which both find themselves. It is because of the absence of the bureaucratic governance and the closeness to the norms, culture and traditions and an ability to gather the particular knowledge of time and place that creates a successful educational environment.

departments that govern it create a third party involved with the transaction which, in turn, distorts the alignment of interests with the parties involved.

This is perhaps the greatest failure of public education. In contrast, we compared the relative success of private education and demonstrated that it is the absence of bureaucratic governance as well as an alignment of interests that allows for academic achievement.

The differences are not to be found in the teachers or administrators – some are bad, most are good and some are great – but in the varying institutional arrangements in which both find themselves.

It is because of the absence of bureaucratic governance and closeness to the norms, culture and traditions and an ability to gather the particular knowledge of time and place that creates a successful environment for IEN institutions and private education. Since public education, an IEX institutional arrangement, is far removed from the “core” of knowledge, it sees decreasing marginal ability to solve coordination problems that develop.

If public education is to experience a revolution in academic performance, it must overcome these hurdles that are in place and free itself from the constraints of bureaucratic governance that hinders its capability.

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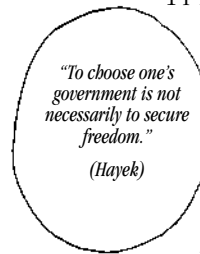
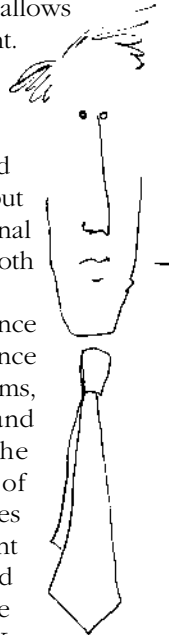
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AN OPEN LETTER TO THE NEXT GOVERNOR

These six pivotal issues will determine whether Indiana becomes a model for economic freedom or falls back into the third economic tier of states.

by PHIL TROYER

FOR several months in 2011 it seemed the only obstacle that could prevent Indiana Gov. Mitch Daniels from becoming the Republican Party's eventual presidential nominee was his own reluctance to accept the mantle. Obviously, Governor Daniels could not have been considered such a formidable contender on the national scene had he not earned a reputation for strong leadership as our state's chief executive over the past seven years – especially on fiscal matters.

Governor Daniels is quick to note that when he took office Indiana was facing a \$600-million deficit but now boasts a budget surplus of \$1.18 billion.¹ Furthermore, from 2009-2010, Indiana's gross domestic product grew by 4.6 percent (the highest by far in the Great Lakes region and trailing only New York nationally²), and that growth may stem from the same factors that caused *Chief Executive* magazine to rank Indiana the sixth-best state in which to do business in its 2010 survey.³

Given these numbers, it is easy to see how our governor won himself a national reputation for effective management of the

state's economy. And yet, even though Indiana has outperformed many other states during the economic downturn, the recession still has had a profound impact on Hoosiers.

In January of 2008, Indiana's unemployment rate stood at just 4.6 percent.⁴ (It was a meager 3.2 percent in January of 2001.⁵) By March of 2009, that rate had jumped to over 10 percent and remained in double digits for 17 months.⁶ While the percentage of unemployed Hoosiers has continued to tick downward throughout 2011, it remains significantly higher than in many other states. For example, in April of 2011, Indiana's unemployment rate stood at 8.2 percent compared to just 3.3 percent in North Dakota, 6.0 percent in Iowa and 6.5 percent in Minnesota.⁷

Furthermore, Indiana's median household income, which had been right at the national average in 1999, dropped almost 10 percent below that average by 2009.⁸ Not surprisingly, therefore, the number of Hoosiers living in households below the poverty line jumped from 8.7 percent in 1999 to 14.4 percent in 2009.⁹ As a result, we cannot say the state's

Indiana's median household income, which had been right at the national average in 1999, dropped almost 10 percent below that average by 2009.⁸ Not surprisingly, therefore, the number of Hoosiers living in households below the poverty line jumped from 8.7 percent in 1999 to 14.4 percent in 2009. As a result, we cannot say the state's economy currently is in better shape than it had been just a decade earlier.



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While Governor Daniels eliminated Indiana's deficit in the short term, many of the root causes of the prior fiscal imbalance were not addressed. In fact, had it not been for Indiana's receipt of federal stimulus funds and the Governor's refusal to spend money that had been appropriated by the General Assembly, Indiana would have faced a multi-billion deficit over the past two years.

economy is currently in better shape than it had been just a decade earlier.

Similarly, the rosy numbers used to tout our state budget surplus necessarily ignore our massively underfunded state-employee pension funds. According to the Pew Center on the States, Indiana's public-sector employee-pension funds are funded at only 67 percent, which corresponds to a \$12-billion deficit.¹⁰ Given that fact, it should not be surprising that the more than \$2 billion allocated for "General Government" in the 2011-2013 bi-annual budget represented a three-fold increase over the \$486 million appropriated for the same line item in the 1991-1993 bi-annual budget.¹¹

What may come as a surprise is that, while Indiana suffered a net decrease in private-sector jobs from 2001 to 2011, appropriations for economic development projects increased by over 150 percent over that same period of time – from approximately \$790 million to over \$3 billion.¹² It may well be that this spending has contributed to the recent decline in our state's unemployment figures. However, our state cannot continue to rely upon short-term bribes to lure new businesses as a long-term plan for developing a sustainable economy.

Overall, however, Governor Daniels did an admirable job of guiding Indiana through the Great Recession. Unlike our national leaders, he did not use economic downturn as an excuse to run up massive budget deficits. Instead, he prudently tightened the state government's belt by ordering his executive agencies to refrain from spending funds that had previously been appropriated by the General Assembly. As a result of his efforts, Indiana seems poised to come out of the recession faster and in better long-term shape than our country as a whole.

But while Governor Daniels eliminated Indiana's deficit in the short term, many of the root causes of the prior fiscal imbalance were not addressed. In fact, had it not been for Indiana's receipt of federal stimulus funds and the Governor's refusal to spend money that had been appropriated by the General Assembly, Indiana would have faced a multi-billion deficit over the past two years.¹³ In point of fact, state government grew substantially

in real terms during the past 20 years, which poses several problems for the next governor. The most obvious is the pressure the cost of these new programs will place on Hoosier taxpayers and the negative effect any attempt to offset future funding deficits though higher taxes will have on economic growth. But an equally important by-product is the growing separation between state government and the public it is supposed to serve. As state government becomes more complex, it becomes more difficult for Hoosier voters to evaluate how their elected officials are performing. Conversely, it becomes more difficult for Hoosier legislators – who serve only part-time with minimal staff support – to provide adequate oversight of an increasingly complex web of governmental initiatives.¹⁴

This is important because history has repeatedly demonstrated that unchecked governmental agencies are often a breeding ground for sloth and soft corruption. As Warren Buffett famously observed during the recent stock market collapse, "It's only when the tide goes out that you learn who's been swimming naked." Similarly, the budget crises faced by many states as a result of the Great Recession exposed shocking examples of a disparity between the benefits received by civil servants and the public they serve. This imbalance would not have been possible without the incestuous relationship between public officials who grant these generous benefits and public-sector unions who keep them in power through generous campaign contributions. The next Indiana governor must decide whether to confront this powerful coalition or continue to permit it to have unfettered access to taxpayer funds.

Most importantly, however, the next Indiana governor must find a way to grow our economy and return Hoosiers to the status of "full employment" they enjoyed not that many years ago. As Ronald Reagan noted, the best social program ever invented was a job. Not only would an increase in the state's employment rate help relieve current budgetary pressures by bolstering revenues and decreasing the need for government programs, it would also enable the next generation of Hoosiers to find work in our state after graduation,

thus strengthening families which have long served as the bedrock of our state. As a result, making Indiana the premier location to not only start, but maintain, a business must be the top priority of the next Indiana governor.

The following represent a few important ideas I believe the next governor should consider to accomplish these goals:

I. Continue to lower the cost of doing business in Indiana.

In May of this year, Governor Daniels signed into law legislation passed by the General Assembly to lower Indiana's corporate tax rate from 8.5 percent to 6.5 percent. Previously, Indiana had imposed one of the highest flat corporate-tax rates in the country, and this reduction should go a long way in improving Indiana's reputation as a great place to locate a business. Best of all, the reduction will benefit all Hoosier companies, as opposed to tax abatements and special credits for politically favored (*i.e.*, "new") businesses.

Additional opportunities exist for the next Indiana governor to build upon this momentum to not only encourage economic development but also promote fairness in the tax code by considering the following reforms:

- Indiana is one of only 22 states that imposes its own tax when one of its residents dies. In fact, bequeaths to "Class C beneficiaries" can be subject to as much as a 20 percent withholding — the highest inheritance- or estate-tax rate charged by any state in the country. The existence of a state death tax provides a disincentive for small business owners to reside in Indiana. In fact, according to the American Family Business Foundation, federal and state death taxes may result in 32,000 fewer jobs for Hoosiers.¹⁵ As a result, a repeal of Indiana's inheritance tax will help spur job growth by making it more appealing to start a small business in our state.

- According to CNNMoney, Indiana is squarely in the middle of the pack (25th) in a ranking of state tax burdens as a percentage of income at 9.5 percent.¹⁶ However, just before the Great Recession began in 2008, Indiana raised its sales-tax rate by a full percentage point to 7.0 percent, so that now only California taxes consumers at a higher rate.¹⁷ In addition,

Hoosier motorists also pay some of the highest combined gasoline sales and excise taxes in the nation.¹⁸ As a result, Indiana has increased the cost of daily living at a time when Hoosiers can least afford it. Not only has the higher sales tax made it more difficult for Hoosier families to make ends meet, it also makes goods sold in Indiana more expensive. Therefore, the next governor should call for a repeal of the 2008 increase in the state sales tax.

- As noted, Indiana just enacted a substantial reduction in its corporate tax rate. This, then, begs the question – why must we continue to provide taxpayer-funded bribes (otherwise known as tax abatements and credits) to encourage new businesses to locate in our state or existing businesses to proceed with expansion plans they have already determined to be economically feasible? As noted above, state spending on economic development has exploded in the past two decades while the state's unemployment has risen equally dramatically. As a result, the next Indiana governor should commission an independent cost-benefit analysis of the myriad of state and local economic-development programs to ensure our tax dollars are not being wasted on corporate welfare grants that do not actually produce new jobs.

II. Reverse the dramatic rise in the cost of state government.

No one will be surprised when the suggestion to reduce and/or eliminate existing sources of state revenue is met with allegations that such moves are fiscally irresponsible and will only lead to a return of massive state budget deficits and/or draconian cuts in existing programs. For these critics, any such reductions in spending will be deemed as "further piling on" to the reversions ordered by Governor Daniels to prevent funds previously appropriated by the General Assembly from actually being spent. In truth, however, state expenditures have increased in real dollars in recent years.

Specifically, during the years 2000-2009, appropriations made by Indiana's General Assembly grew at an annual rate of 4.5 percent.¹⁹ By contrast, the annual national inflation rate for the same decade was only 2.56 percent²⁰ — meaning that

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state government spending grew at almost twice the rate of inflation. However, the growth in state spending during the period was actually slower than what had occurred during the prior decade. Total appropriations for the 1991-1993 bi-annual budget stood at just under \$21 billion but had ballooned to just less than \$36 billion by the 2001-2003 bi-annual, representing a 71 percent increase, compared to less than a 50 percent increase from the 2001-2003 bi-annual and the current budget.²¹

Furthermore, it should be noted that, while state spending grew at a 4.5 percent annual clip during the past decade, state revenues grew at just four percent annually.²² In fact, were it not for the almost \$1.7 billion Indiana received from the federal stimulus program and the nearly \$1 billion in spending reversions ordered by Governor Daniels, the state would have faced budget deficits for 2009 and 2010 totaling \$3.4 billion.²³

Given that the current federal stimulus funds are ending and it is unlikely that Congress will approve any additional transfers to the states in the near future, our next governor will necessarily face tough budget decisions upon taking office and should consider the following solutions:

- Indiana is one of only seven states that has not provided its governor with a line-item veto power.²⁴ As Governor Daniels demonstrated, the state's chief executive can simply refuse to spend the money appropriated by the General Assembly. However, having the power to veto new spending initiatives before they go into practice would help future governors reign in the growth of state spending by drawing attention to wasteful proposals tucked into otherwise acceptable legislation.

- In addition to slowing the growth of future spending, the next Indiana governor should order the Office of Management and Budget to provide a detailed analysis of the specific programs that were added to the state budget during the past 20 years along with an assessment of their past effectiveness and continuing need.

- It may come as a surprise to many Hoosiers that the greatest increase in state appropriations during the past decade was not dedicated to education or social programs. Instead, the amount of taxpayer

funds spent on economic development more than doubled over the past 10 years — from just under \$1.2 billion in the 2001-2003 bi-annual to over \$3 billion proposed by the governor for the 2011-2013 bi-annual.²⁵ To the extent those appropriations represent tax abatements, subsidies and other bribes paid to lure prospective new employers to the state, the next governor should look to re-allocate the funds to lowering the corporate tax rates for all Hoosier employers.

III. Bring benefits offered to public employees in line with those received by the public they serve

As noted above, if underfunded state pension and benefit funds are folded into the budget numbers, Indiana goes from a state that ably weathered the economic downturn to a state in crisis. For example, at the end of 2007 the market value of the Indiana Public Employees Fund (PERF) stood at \$16.1 billion.²⁶ Just two years later, that figure had dropped to \$11.8 billion — a loss of almost one-fourth of its assets.²⁷ While many Hoosiers working in the private sector saw the value of their 401k plans decline by even greater percentages, the important difference between the two groups is that state employees did not actually lose any funds because, unlike the taxpayers paying their salaries, their retirement benefits are guaranteed by their employer (*i.e.*, the State of Indiana). As a result, in addition to the market losses they suffered in their own retirement funds, Hoosiers working in the private sector will likely be strapped with higher taxes to fund the retirement funds promised to state employees.

The discrepancy in benefits received by state employees as opposed to their counterparts in the private sector is not limited to income security at retirement. According to the National Conference of State Legislatures, while private-sector employees saw the amount deducted from their paychecks to pay their portion of their companies' health-insurance premiums increase dramatically, Indiana state workers experienced the opposite phenomenon — the premiums they paid for health care decreased significantly. Specifically, the average monthly premium

paid by a state employee for family health insurance dropped from \$291.66 in 2006 to just \$182.94 – even as the total cost of their insurance increased.²⁸ While this reduction may result, in large part, from encouraging state employees to less-expensive, high-deductible policy options, it must be noted that the state actually subsidizes half of that deductible.

According to the 2011 rates posted by the Indiana State Personnel Department, those state employees who choose to participate in one of the “Consumer-Driven Health Plans” – as opposed to a traditional PPO – will pay somewhere between six-15 percent of the actual premiums required for the coverage.

In order to protect Hoosier taxpayers and ensure the benefits granted to public-sector employees are in line with those received by their neighbors working in the private sector, the next Indiana governor should consider the following reforms:

- All state employees should immediately be moved from a defined-benefit pension system to a defined-contribution plan. While the state should not renege on pension benefits already earned by past and current employees, eligibility for additional pension benefits should end. In addition, a formula should be established for converting those pension benefits already earned by existing employees into an equivalent cash value that employees can use to fund their own retirement.

- The State Personnel Department should be instructed to conduct a survey of the benefits the state’s largest private employers offer to their employees, and the results should be used to ensure the benefits offered to state employees are in line with those received in the private sector.

- To ensure that a majority of educational funds are dedicated to classroom instruction, local school districts should be required to limit their administrative costs to no more than 35 percent of their overall budget as a condition for receiving state funds, with the ability to petition the Indiana Department of Education for a waiver upon a showing of a legitimate short-term hardship and a detailed plan for reducing administrative costs.

IV. Give Hoosier workers the right to choose whether they want to join a union and prohibit public servants from engaging in political activities while on the job.

The 2012 elections for the Indiana General Assembly will likely hinge upon public reaction to the walkout staged by Democrat members in 2010 to block legislation they deemed “anti-union.” Therefore, if one accepts Governor Daniels’ plea that “right-to-work” legislation should not be considered until the public is prepared for a debate on the topic, then the next session of the General Assembly should be the perfect time to address this issue.

While unions will obviously be funneling mountains of cash into state legislative races to prevent this debate from ever occurring, one senses that average Hoosiers have grown increasingly wary of the cozy relationship between public-sector unions and state lawmakers. The mere fact that the Indiana State Teachers Association can continue to dole out campaign contributions after losing track of millions of dollars held in a trust fund earmarked to pay health claims was enough to raise some eyebrows. Similarly, scenes of parents anxiously awaiting lottery results – not for a monetary jackpot but for the chance to pull their child out of a failing public school as in the film “Waiting for Superman” — did much to undercut public sympathy for the public-union cause, as did the growing awareness that state employees receive benefits far more lucrative than those offered to most taxpayers working in the private sector. When added together, these developments may have convinced voters that the spectacle of angry union members taking over the State Capitol serves as a proper metaphor for what has been occurring for years and that, perhaps, it is time to restore the proper balance between public servants and the public they supposedly serve.

In the private sector, there can be little doubt that a state’s labor laws are a significant consideration for corporations trying to decide where to build a new plant. While the recent controversy regarding the NLRB’s attempt to prevent Boeing from

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If the UAW is successful in forcing targeted Indiana plants to become a union shop, foreign automakers may view Indiana as an inhospitable location in comparison to southern states with established right-to-work laws.

moving operations to South Carolina (a right-to-work state) from Washington (a state that has not adopted right-to-work legislation) has highlighted the issue, corporations in Indiana have quietly demonstrated the importance of this factor in deciding where to locate.

For example, Honda's decision to build a large production plant in Greensburg resulted in thousands of new jobs being created in our state, and officials recently announced plans to add a shift and another thousand employees. However, there can be little doubt the company would not have located the facility in Indiana had it not been able to restrict its hiring to applicants who already lived in 20 counties that did not have a heavy concentration of existing UAW members.

Earlier this year, UAW officials hinted they may begin targeting Japanese automakers operating non-unionized production plants in Indiana. Those plants currently employ some 8,000 Hoosiers and, as noted above, there are plans to significantly increase that figure in the near future. However, if the UAW is successful in forcing the plants to become union shops, foreign automakers may view Indiana as an inhospitable location in comparison to southern states with established right-to-work laws.

Therefore, the next Indiana governor should consider taking the following steps:

- Support the passage of right-to-work legislation as an integral part of spurring job creation in our state. The enactment of such a law would provide Indiana with a strong competitive advantage over other Midwestern states in attracting new manufacturing jobs.

- Encourage the General Assembly to amend the "State Employees Bill of Rights" (IC 4-15-10-1, *et seq.*) to restore the proper concept of public service. Specifically, state employees should be subjected to the same restrictions on their political activities as federal employees under the Hatch Act. In other words, just as taxpayers should not be faced with the possibility of having an IRS agent stand at their door to solicit contributions for a particular party or candidate, so too should parents be protected from having their children's teachers pressure them

to support a particular political cause. Furthermore, fairness requires that, just as IC 4-15-10-3 prohibits denying a state employee the right to join a union, legislation should be enacted to prohibit a state employee from being required to join a union. Similarly, governmental agencies should be prohibited from using state resources to either promote or oppose union activities. This would include a prohibition on allowing governmental entities to collect union dues through payroll deductions.

V. Provide for checks and balances between branches of government and reduce lawsuit abuse.

Perhaps no issue – including the walkout staged by Democrat members of the General Assembly – has resulted in a greater public uproar than the Indiana Supreme Court's recent pronouncement that Hoosiers have no right to reasonably resist a law-enforcement officer's unlawful entry into their homes. The decision, which flew in the face of legislation recently enacted by the General Assembly at Governor Daniels' urging, highlights the dangers posed by an unchecked branch of government.

It may be argued that our state constitution already provides voters with an opportunity to unseat Indiana Court of Appeal and Supreme Court judges every 10 years. In point of fact, however, only a very small minority of voters have sufficient information to cast an informed vote. As a result, placing the question as to whether a particular justice should retain his or her seat on the ballot does little to advance the public interest. Instead, it actually undermines public confidence in our democratic process by making such ballot choices appear pointless.

Similarly, it must be noted state appellate court judges are nominated by a committee comprised of the Chief Justice of the Supreme Court, three members elected by attorneys practicing in the state, and three members appointed by the Governor. Therefore, unlike our federal constitution, the Indiana Constitution does not permit state legislators any involvement in the process of selecting appellate court judges. As a result, ordinary Hoosiers may be forgiven for questioning

whether the current system is unnecessarily dominated by lawyers.

With regard to specific judicial issues, it may come as a surprise to most Hoosiers that Indiana was once a leader in stemming the tide of lawsuit abuse. In the early 1970s, premium rates for medical malpractice coverage rose dramatically and several large carriers pulled out of the market due to growing unpredictability regarding jury awards. In response, the Indiana General Assembly passed a comprehensive reform package that created the nation's first state-run patient-compensation fund. As a result of these reforms, Hoosier physicians pay some of the nation's lowest malpractice premiums and our state is able to recruit and retain some of the country's best physicians.

Under Indiana's Medical Malpractice Act, a claimant's case must first be reviewed by a medical review panel to provide an expert opinion as to whether the claimant suffered an injury as a result of the defendant-physician's negligence. The benefit of this procedure is that it helps to prevent non-meritorious claims from proceeding to trial. While no one is proposing to deny an injured claimant his or her day in court or to shield companies from malicious behavior, frivolous lawsuits pose a tremendous burden on companies and individuals. Strengthening existing law to protect Hoosiers from non-meritorious claims could provide a significant incentive for more reputable businesses to locate in our state.

As a result, the next Indiana governor should consider the following reforms:

- While attorneys obviously have superior information regarding the competency of those who will be considered to serve on the state's highest courts, it is undemocratic to give a particular segment of society such influence in selecting our state's most-important jurists. As a result, the next governor should propose changes to the Indiana Constitution regarding the method by which state judges are selected and retained. To begin with, as a condition of retaining their right to participate in the selection process, the attorneys appointed to the Judicial Nominating Commission should be required to publish an annual guide of decisions issued by our appellate

courts, as well as the voting records of the current sitting judges so voters can make an informed choice when deciding whether a judge should be able to retain his or her office. In addition, the Indiana Senate should be required to provide its advice and consent before any appellate court judge or supreme court justice may be seated. Finally, the General Assembly should be given the power to impeach a state jurist found guilty of a serious crime.

- Indiana law already includes a version of "loser pays." Pursuant to Indiana Code 34-52-1-1, a court already has the authority to require a losing party to pay an opponent's attorney fees in the event the court determines the party's claim to be "frivolous, unreasonable or groundless." In practice, however, courts rarely exercise this authority. As a result, the existing law should be strengthened to require judges to issue a finding in each case explaining why attorney fees should or should not be awarded pursuant to the above-referenced statute and these findings should be subject to appeal.

VI. Reassert Indiana's sovereignty by pushing back against Washington.

Like the proverbial camel with its nose under the tent, from education to insurance to economic development, the federal government continues to interfere with issues long-deemed the exclusive province of the states. While I would not recommend that the next Indiana governor echo Texas Governor Rick Perry's threat to secede from the Union, it is becoming increasingly clear that federal mandates are harming states and that governors need to reassert the sovereign rights of their states under the U.S. Constitution.

For example, according to a study conducted by a national econometrics firm, the unfunded mandates contained in the healthcare reform act passed by Congress will cost Indiana between \$2.59 billion and \$3.11 billion over the next seven years.²⁹ Given these facts, the decision by Indiana Attorney General Greg Zoeller to join other states in challenging the constitutionality of Obamacare appears to be a wise investment of state resources. Similarly, the next Indiana governor should aggressively assert the

Strengthening existing law to protect Hoosiers from non-meritorious claims could provide a significant incentive for more reputable businesses to locate in our state.

SPECIAL REPORT

The next election could provide a turning point for Indiana. The next governor can either aggressively move to position our state as a model for economic freedom or accept the progression of "socialism lite" through a continued expansion of state government.

state's sovereign rights under the Tenth Amendment whenever it is determined that federal legislation will impose new mandates on Indiana, as well as studying the impact existing programs (such as "No Child Left Behind") are having on the state to determine whether continued participation is warranted.

In summary, the next election could provide a turning point for Indiana. The next governor can either aggressively move to position our state as a model for economic freedom or accept the progression of "socialism lite" through a continued expansion of state government. As competition between the states for economic growth becomes more acute, the direction we choose will have a profound impact on our own futures and those of our children and grandchildren.

As Thomas Jefferson famously noted, "The price of freedom is eternal vigilance." Just as the Tea Party movement has caused citizens to keep a closer eye on the federal government, I hope this letter will help spark an interest in our state priorities. I am sure the next governor will have his or her own ideas regarding the best way to ensure our future prosperity, as will other Hoosiers. This letter is certainly not intended to be exhaustive. However, it is a starting point for the discussion, as well as a means for holding our next governor accountable.

Endnotes

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9. *Ibid.*

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11. Indiana State Budget Agency.

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13. "An Overview of the Indiana State Budget," Larry DeBoer, Professor, Department of Agricultural Economics, Purdue University and Purdue Cooperative Extension Service, January 2011.

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18. "Gasoline Sales and Excise Tax by State – Highest to Lowest," Commonsensejunction.com.

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23. *Ibid.*

24. "The Item Veto and Fiscal Responsibility," Glenn Abney & Thomas Lauth, 59 J Pol. 882 (1997).

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THE U.S. DEBT downgrade could pose another hurdle for battered state and local governments. Fifteen states could lose their triple-A rating, including Maryland, New Mexico, South Carolina, Tennessee and Virginia, increasing borrowing costs at a time of fiscal strain for municipal governments, analysts say. Analysts consider these states vulnerable to a downgrade because many of them rely heavily on federal spending on programs such as Medicaid or are home to thousands of federal employees. . . . 'It's an extreme concern to any state if their ratings were to decline in any way,' Scott Pattison, executive director for the National Association of State Budget Officers said.

— *Wall Street Journal*, Aug. 6, 2011

MORE MISOLOGY: CONNECTING THE KENNEDYS, ANITA HILL AND HARVARD

'The death of Sen. Edward M. Kennedy was a bleak day for all lovers of misology; gone was the great one. From an early age, Teddy exhibited an absolute indifference to truth and reason and was rarely exceeded in a Senate famous for its devotion to avoiding it.'

by PHILIP R.P. COELHO and JAMES E. MCCLURE

THIS is excerpted from our book about the flight from reason, misology: the hatred of rational thought. We take a light-hearted approach to the non-sense (literally) that replaces rationality because we can view it as either the human tragedy or comedy. We prefer comedy because it is more fun; we would rather laugh than cry, and, somewhat more selfishly, we think getting people to laugh rather than cry will help us sell more books. Putting "Misology" in our title identifies what we are doing; we trace the decline of reason in discourse. We also gave prominence for "misology" because few people know the meaning of the word, and the prurient-minded may be seduced into mistakenly examining it. If this is you, please buy our book, we need the money and you will learn something. The shouts, slogans and epithets that disfigure public discourse are deplorable, we hope to diminish them and create more space for civilized discourse away from the dim-witted *ad hominem* attacks that disgrace us all; but that is not why we are writing our book: We are in it for the money.

Author, encyclopedist and arbiter of Shakespeare and the English language, Samuel Johnson was afflicted with scrofula as a child. Family physicians recommended that he be touched by the monarch (Queen Anne) to affect a cure; he was so touched. Needless to say he was not cured; this vignette may be treated as heartrending or comedic. We think that it is indicative of irrationality; there was never any objective evidence that anyone's touch could cure anything from a hangnail to scrofula. Rather than wringing our hands, gnashing our teeth and crying about it, we ask: What's funny about this? His poor, benighted parents spent a sizeable amount of their paltry wealth to pay physicians, bribe retainers and travel to London to have a fat, filthy, ugly dame touch their sick child. (Bathing weekly was not fashionable throughout the eighteenth century, hence she likely

was filthy; Queen Anne is an ancestor of the current British royal family, so she almost certainly was ugly.) Now what about this isn't funny?

The world is sensible and amenable to human understanding. Irrationality leads to behaviors that are inconsistent with the rational attainment of stated goals and objectives. Reality has a way of coming back and biting you when (and where) you least expect. If we can sell enough books to prevent just a smidgen of nonsensical thought, policies and behaviors, then our efforts (and our royalties — which we hope will be enough to subvert any thoughts of productive work in our heirs for the next two generations — something like minor-league Kennedys) will have been amply rewarded.

The Kennedy Legacy

The death of Sen. Edward M. Kennedy was a bleak day for all lovers of misology; gone was the great one. From an early age Teddy exhibited an absolute indifference to truth and reason and was rarely exceeded in a Senate famous for its devotion to avoiding it. When he died on August 25, 2009, his obituaries evinced esteem for his ferocious defense of his liberal positions. In the obituaries Mr. Kennedy was praised as "The Lion of the Senate"; yet his most famous senatorial roar showed how great a misologist he was; it was a tissue of lies designed to smear an honorable and talented jurist that was taken up by the media and repeated repeatedly in print, radio and television.

The funeral rites were major news. Television networks covered the entirety of proceedings from dawn to dusk, beginning in Boston and concluding in darkness at Arlington National Cemetery in Virginia. None of the mainstream obituaries mentioned his immortal contribution to the English language that solidifies his place in the pantheon of misology. Only



Philip R.P. Coelho, Ph.D., (left) and James E. McClure, Ph.D., adjunct scholars of the foundation, are professors of economics at Ball State University. This is excerpted from their forthcoming work, "American Misology: Can Reason Survive," copyright©2011 Philip R.P. Coelho and James E. McClure, all rights reserved, reprinted with permission.

The legacy of Kennedy's slanders lives on with us today. Senatorial confirmational hearings are now witch hunts that routinely allow entirely unfounded slanders into the national discourse; eminent scholars who have written on controversial subjects are precluded from consideration for offices that require Senatorial confirmation.

The Economist, in a refreshing respite from lachrymose sanctimony, commented upon Mr. Kennedy's singular contribution to his mother tongue; Mr. Kennedy had introduced a new verb into English (*to bork*). The origins of the word reveal the true character of the Lion (Lying?) of the Senate.

In 1987, President Reagan nominated Judge Robert Bork, a legal scholar favoring a strict constructionist interpretation of the Constitution, to the Supreme Court. The press release nominating Judge Bork read:

The President today announced his intention to nominate Judge Robert H. Bork to be Associate Justice of the United States Supreme Court. He would succeed Associate Justice Lewis Powell. Judge Bork has been sitting on the U.S. Court of Appeals for the District of Columbia Circuit since 1982, when he was named to that court by President Reagan. Prior to his appointment to the Court of Appeals, Judge Bork was a partner with the law firm of Kirkland & Ellis in Washington, D.C. From 1977 to 1985 and from 1962 to 1973, he taught at the Yale Law School, where he was the Alexander M. Bickel professor of public law and the Chancellor Kent professor of law. From 1973 to 1977, he was Solicitor General of the United States. From 1954 until 1962, Judge Bork practiced law in Chicago, IL, with the firm of Kirkland, Ellis, Hodson, Chaffet & Masters, and in New York City with the firm of Willkie, Owen, Farr, Gallagher & Walton.

Within an hour of the press release, on the floor of United States Senate, Senator Kennedy fulminated:

Robert Bork's America is a land in which women would be forced into back-alley abortions, blacks would sit at segregated lunch counters, rogue police could break down citizens' doors in midnight raids, schoolchildren could not be taught about evolution, writers and artists could be censored at the whim of the Government and the doors of the Federal courts would be shut on the fingers of millions of citizens.

This was Mr. Kennedy's moment. All pretenses of truth, honor and fair play were discarded for political advantage. "There was not a line in that speech that was accurate," Judge Bork correctly stated. Still, as *The Economist* observed Mr. Kennedy's lies "worked"; one of the most preeminent American jurists of the 20th century was slandered and denied confirmation to the Supreme Court. In conversation with Judge Bork, Mr. Kennedy explained: "There

was nothing personal." The Champion of Chappaquiddick had savaged Judge Robert Bork's nomination to the Supreme Court of the United States.

What happened to Judge Bork was an ominous portent of times to come; the legacy of Mr. Kennedy's slanders lives on with us today. Senatorial confirmational hearings are now witch hunts that routinely allow entirely unfounded slanders into the national discourse; eminent scholars who have written on controversial subjects are precluded from consideration for offices that require Senatorial confirmation. Conversely candidates who are obscure and obsequious are preferred. Still the dead Kennedy (the senator, not the rock band) gained a measure of immortality from his slanders that lives on in the English language: as mentioned above, he is the acknowledged father of the verb *to bork*. The following comes from the Oxford English Dictionary entry on *Bork*:

To defame or vilify (a person) systematically, esp. in the mass media, usually with the aim of preventing his or her appointment to public office; to obstruct or thwart (a person) in this way.

Do we envy the immortality that Mr. Kennedy's contribution to the English language granted him? Yes. Who among us can claim to have launched a new word into the language of Milton and Shakespeare? While borking may not be the best way to be remembered, it is a measure of immortality, and it is certainly better than "quisling" (whose namesake was executed), but not as emphatic as "boycott." (Charles Boycott fared considerably better than Vidkun Quisling; Boycott merely suffered the indignity of being removed from just about everybody's Christmas card list.) Wikipedia.org, the warehouse of all modern knowledge explains the first primetime usage of the verb *bork*:

Perhaps the best-known use of the verb *to bork* occurred in July 1991 at a conference of the National Organization for Women in New York City. Feminist Florynce Kennedy addressed the conference on the importance of defeating the nomination of Clarence Thomas to the U.S. Supreme Court. She said, "We're going to bork him. We're going to kill him politically. . . . This little creep, where did he come from?" Thomas was subsequently confirmed

after one of the most divisive confirmation fights in Supreme Court history.

The borking of Clarence Thomas centered upon the testimony of Anita Hill, his subordinate for eight years. With absolutely no supporting evidence of any kind she made herself the victim of a Clarence Thomas who had never behaved in the way she suggested with anyone else past, present or future. Yet the Senate Judiciary Committee headed by Joseph Biden of Delaware (we will revisit the “Honorable” Senator Biden’s meritorious activities on behalf of misogyny later in this chapter, be patient) gave her a respectful hearing, something that they would never have given the equally credible victims of alien abductions. Ms. Hill alleged that she had been sexually harassed by the lewd and lascivious language Mr. Thomas used and his ongoing attempts to “date” her. Her testimony was about conversations that were “in his office or mine” and that were “in the form of private conversations which would not have been overheard by anyone else.” Here we have an overly persistent swain, whose activities are invisible to all but the target of his affections. (This indicates she may not be a pathological liar, but simply a nut-job.) Nevertheless, here is a count-down of 10 of Ms. Hill’s entirely uncorroborated accusations running the gamut from inappropriate advances, pornography, sexual braggadocio, to the infamous pubic hair:

10. *“After approximately three months of working there, he asked me to go out socially with him.”*

9. *“He pressed me to justify my reasons for saying no to him.”*

8. *“He spoke about acts that he had seen in pornographic films involving such matters as women having sex with animals and films showing group sex or rape scenes.”*

7. *“He talked about pornographic materials depicting individuals with large (private parts) or large breasts involved in various sex acts.”*

6. *“On several occasions, Mr. Thomas told me graphically of his own sexual prowess.”*

5. *“I remember his saying that some day I would have to tell him the real reason that I wouldn’t go out with him.”*

4. *“He began to show displeasure in his tone and voice and his demeanor and his continued pressure for an explanation.”*

3. *“He commented on what I was wearing in terms of whether it made me more or less sexually attractive.”*

2. *“On other occasions, he referred to the size of his own (private part) as being larger than normal, and he also spoke on some occasions of the pleasures he had given to women with oral sex.”*

1. *“One of the oddest episodes I remember was an occasion in which Mr. Thomas was drinking a Coke in his office. He got up from the table at which we were working, went over to his desk to get the Coke, looked at the can and asked, ‘Who has (put a pubic hair) on my Coke?’”*

The “world’s greatest deliberative body” was reduced to repeating, preserving and disseminating slanders backed only by the gaudy descriptions of Ms. Hill. In spite of his supposed loutish behavior toward her, Ms. Hill had followed Clarence Thomas for years as he moved up the career ladder at various government agencies; during these years Ms. Hill made absolutely no complaint against Mr. Thomas. Her public silence continued until a journalist (Nina Totenberg of National Public Radio) outed her as the anonymous author of a scurrilous exposé of Mr. Thomas. Since Ms. Hill was the author, to deny the truth of what she had written would have exposed her to a lawsuit for libelous allegations. Ms. Hill had to persist in her accusations or face professional and financial ruin. (Ms. Totenberg may have been stupid and did not know in what a fix she was placing Ms. Hill by revealing her as the source of the anonymous memo; or maybe Ms. Totenberg was acting as a partisan rather than a reporter and ignored a duty to keep her source anonymous.)

The “testimony” that the Senate allowed Ms. Hill to give reduced Senators to questioning Judge Thomas over the “artistic” and other merits of the pornographic “actor,” Daniel Arthur Meade. The exchange below between Senator Orin Hatch and Clarence Thomas illustrates how misogyny turned U.S. Supreme Court Nomination Hearings into a circus of debated debauchery:

The Senate Judiciary Committee headed by Joseph Biden of Delaware gave Anita Hill a respectful hearing, something that they would never have given the equally credible victims of alien abductions.

Mr. Biden's campaign for the Democratic nomination in 1988 ended somewhat prematurely in 1987 because of "the sheer number and extent of his fibs, distortions and plagiarisms."

SEN. HATCH — *Judge Thomas, today in a news statement, in addition to what she told the FBI, which I have to agree with you is quite a bit, she made a number of other allegations, and what I'd like to do is — some of the most specific were for the first time today in addition to these, which I think almost anybody would say are terrible. Now I'd just like to give you an opportunity, because this is your chance to address her testimony. At any time, did you say to Professor Hill that she could ruin your career if she talked about sexual comments you allegedly made to her?*

JUDGE THOMAS — *No.*

SEN. HATCH — *Did you say to her in words or substance that you could ruin her career?*

JUDGE THOMAS — *No.*

SEN. HATCH — *Should she ever have been afraid of you and your, and any kind of vindictiveness to ruin her career?*

JUDGE THOMAS — *Senator, I have made it my business to help my special assistants. I recommended Ms. Hill for her position at Oral Roberts University. I've always spoken highly of her. I had no reason prior to the FBI visiting me a little more than two weeks ago to know that she harbored any ill feelings toward me or any discomfort with me.*

SEN. HATCH — *It's new to me, too, because I read the FBI report at least 10 or 15 times. And I didn't see any of these allegations I'm about to go into, including that one. But she seemed to sure have a recollection here today. Now, did you ever say to Professor Hill in words or substance, and this is embarrassing for me to say in public, but it has to be done, and I'm sure it's not pleasing to you, did you ever say in words or substance something like there is pubic hair in my coke?*

JUDGE THOMAS — *No, Senator.*

SEN. HATCH — *Did you ever refer to your (private part) in conversations with Professor Hill?*

JUDGE THOMAS — *Absolutely not, Senator.*

SEN. HATCH — *Did you ever brag to Professor Hill about your sexual prowess?*

JUDGE THOMAS — *No, Senator.*

SEN. HATCH — *Did you ever use the term Long Dong Silver in conversation with Professor Hill? Had you . . .*

JUDGE THOMAS — *No, Senator.*

SEN. HATCH — *Did you ever have lunch with Professor Hill at which you talked about sex or pressured her to go out with you?*

JUDGE THOMAS — *Absolutely not.*

SEN. HATCH — *Did you ever . . .*

JUDGE THOMAS — *I have had no such discussions nor have I ever pressured or asked her to go out with me beyond her work environment.*

SEN. HATCH — *Did you ever tell Professor Hill that she should see pornographic films?*

JUDGE THOMAS — *Absolutely not.*

SEN. HATCH — *Did you ever talk about pornography with Professor Hill?*

JUDGE THOMAS — *I did not discuss any pornographic material or pornographic preferences or pornographic films with Professor Hill.*

SEN. HATCH — *So you never even talked or described pornographic materials with her?*

JUDGE THOMAS — *Absolutely not.*

The aforementioned Senator Biden who presided over the Judiciary Committee's "high-tech lynching" of Judge Thomas was at the master's side when Senator Kennedy was "borking" for the first time the eponymous Robert Bork. Mr. Biden enthusiastically joined Mr. Kennedy (some even say exceeded) in the fray. The title of a *Wall Street Journal* editorial expressed it succinctly: "How Joe Biden Wrecked the Judicial Confirmation Process." *The Journal* gave the primary "credit" for borking both Mr. Bork and subsequent nominees to the Supreme Court to the current Vice President of the United States, Joseph Biden. We must protest: without Mr. Kennedy's primal slander, the Senator from Delaware would neither have the wit, nor the courage to vilify first Mr. Bork and then Mr. Thomas.

Still, there is no denying that Mr. Biden has made lasting contributions to misology and hypocrisy (the two seem to go together except for children under the age of seven and the invincibly ignorant). Mr. Biden's campaign for the Democratic nomination in 1988 ended somewhat prematurely in 1987 because of "the sheer number and extent of Mr. Biden's fibs, distortions and plagiarisms." Mr. Biden's bid for the White

House drew attention to his inability to attribute source material (the mean-spirited would say habitual plagiarism) and being factually challenged (again, the meanies would say lying). Mr. Biden: 1) flunked a course at the Syracuse Law School for plagiarizing five pages of a published article (you have to admire someone who reaches the Senate, and is too challenged to plagiarize from non-obvious sources; perhaps the Delaware electorate has an affirmative-action vote for dummies); 2) plagiarized a speech of Britain's Neil Kinnock that meant lying about his heritage, family background and economic status (perhaps the Delaware electorate consists of people who vote when they are alcoholically or pharmaceutically challenged); 3) plagiarized segments of speeches by Robert Kennedy, John F. Kennedy and Hubert Humphrey; 4) lied about his engaging in sit-ins to desegregate lunch counters and theatres; 5) lied about being the recipient of a full scholarship in law school; and 6) lied about having three undergraduate degrees.

In 1987, Mr. Biden was Chair of the Senate Judiciary Committee. Anticipating Robert Bork's nomination for the Supreme Court, Mr. Biden set the stage for Ted Kennedy's "In Robert Bork's America" slander speech to the Senate; three days prior to the speech, Joe Biden told the press that the support for Mr. Bork he had expressed a year earlier (in a 1986 interview in *the Philadelphia Inquirer*) was "only in the context of Mr. Bork replacing a conservative." Just because Judge Bork was "brilliant," Mr. Biden added, didn't mean that the Court should be composed of "six or seven or eight, or even nine Judge Borks." We suppose that Mr. Biden has a point, no one who is intellectually challenged would want a court of brilliant jurists; after all they may, nay, will reject dumb arguments. What would become of American jurisprudence if only rational arguments were given a fair hearing? Cold reason leads to the logical conclusion that this solicitude for intellectually challenged lawyers may have been motivated entirely by self-interest. No matter how ingratiating Mr. Biden's sparkling smile, his blue eyes, his appeal to your emotions (he cares for the poor in spite of his lack of personal

contributions to charities), it is vital to remember at least one thing: Politicians are unlike Forrest Gump's box of chocolates; when you choose stupid senators, you know they are stupid throughout.

Juxtaposing Mr. Biden's 1986 praise for Mr. Bork in his interview in *the Philadelphia Inquirer* with his 1987 interpretation of the interview leads to cognitive dissonance or incoherent linguistic distortions. The highlight of Mr. Biden's 1986 interview had Mr. Biden painting himself as someone who will vote for candidates on merits alone:

"Say the administration sends up Mr. Bork, and after our investigations, he looks a lot like Judge Scalia. I'd have to vote for him, and if the groups tear me apart, that's the medicine I'll have to take"; adding: "That kind of vote may turn out to be a liability for the Presidential nomination process, but it would happen whether or not I was chairman."

In 1986, Mr. Biden was all about logical consistency; he would "have to" take "the medicine" associated with standing up for choosing on the basis of merits regardless of the possibility that it might be a "liability for the Presidential nomination process"; yes, Mr. Biden circa 1986 would "have to vote for" Mr. Bork if he looked "like Judge Scalia." But times change; by 1987 Mr. Biden was running scared for President in front of a breaking plagiarism scandal. Mr. Biden was not about to let little matters like intellectual honesty, individual merit and logical consistency stand in the way of his presidential ambitions. Mr. Biden circa 1987 would "have to" vote against Mr. Bork because he was too similar to others already there; Mr. Biden would have to vote against Judge Bork because he looked "like Judge Scalia." If Mr. Biden meant what he said in 1986, he couldn't possibly have meant what he said in 1987. Mr. Biden is either incoherent or lying; regardless, when the Misology Hall of Fame opens, Mr. Biden will be in the starting line-up; perhaps for misology and outstanding chutzpah.

Harvard Madrassa

What has Harvard got to do with the Kennedys? Well Harvard did graduate Ted Kennedy even after he was found cheating on a Spanish exam; and if that is not a

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Political correctness places evermore issues beyond the pale. Harvard's President, Lawrence Summers, found this out when he was dismissed from his office because he hypothesized that the lower proportion of women in the sciences and engineering was a result of the rigors of motherhood and differential abilities.

good enough reason to include Harvard in this chapter, well, that's just too bad; if you've gotten this far you have probably bought the book and we already have your money. If you haven't purchased it you are probably some cheap-low-life-speed-reading pointy head who is congenitally incapable of appreciating our pure reason and scintillating style. Still, you low-lifers can achieve redemption. Buy the book and keep reading.

Steve Pinker is the Johnstone Family Professor of Psychology at Harvard University. Mr. Pinker has won awards from the National Academy of Sciences, the Royal Institution of Great Britain and the American Psychology Association; he is the recipient of six honorary doctorates and the author of three widely acclaimed books: *The Language Instinct*, *How the Mind Works*, and *The Blank Slate*; he has been named Humanist of the Year, is listed in *Foreign Policy and Prospect* magazine's "The World's Top 100 Public Intellectuals" and is on *Time* magazine's list of "The 100 Most Influential People in the World Today." Not only is Mr. Pinker a really smart big-shot, he explicitly embraces reason and rational discourse and eschews political correctness (unlike most other academic glitterati). "Look," he said in 2005 in an interview with *The Harvard Crimson*, "the truth cannot be offensive." Elsewhere in the interview he was asked about whether "politically incorrect" hypotheses are "within the pale of legitimate academic discourse"; his response was incredulous:

Good grief, shouldn't everything be within the pale of legitimate academic discourse as long as it is presented with some degree of rigor? That's the difference between a university and a madrassa.

Precisely; no representative of the age of reason should, could or would fault Mr. Pinker's logic. This is the perspective one would expect at what has long been considered one of the world's finest institutions of higher learning.

But in today's era of unreason, political correctness places evermore issues beyond the pale. Harvard's President, Lawrence Summers, found this out when he was dismissed from his office because he hypothesized that the lower proportion of women in the sciences and engineering

was a result of the rigors of motherhood and differential abilities. This hypothesis was so uncongenial to hyper-ventilating faculty that Mr. Summers was thrown under the bus, road kill twitching spasmodically left to be recycled by rabid raccoons. In Mr. Summers' defense Mr. Pinker explained: ". . . we cannot reflexively assume that different statistical representation of men and women in science and engineering is itself proof of (gender) discrimination."

Then again, Steve Pinker could be wrong about there being a difference between Harvard and a madrassa. The transcript of Mr. Summers' remarks from January 14, 2005, reveals a careful, cautious approach in examining the under-representation of women in the sciences and engineering. Members of the gentler sex in Cambridge, Mass. (those across the pond in Cambridge, England, are made of sterner stuff), were flummoxed, enraged and sickened by such contemptible thoughts. Nancy Hopkins, a biologist at MIT, stated that: "I felt I was going to be sick. My heart was pounding, and my breath was shallow." Perhaps it might not be fair to slander an entire sex with foibles of a handful of sensitive feminists, and Prof. Hopkins is sensitive, but considerations of fairness, equity and taste do not inhibit us.*

The delicate souls of Harvard (and MIT) could not abide even the possibility that there is something beyond rampant discrimination in explaining the under-representation of the bearers of the XX chromosome in some disciplines. That was so outrageous and inflammatory that it could have even distracted faculty and students away from the sublime and ethereal, such as the wonders of Queer Theory. Be that as it may, indignation, ideology and ignorance won the day on March 15, 2005, when the Harvard Faculty of Arts and Sciences voted 218 to 185 a "lack of confidence" in Mr. Summers. He was forced to resign. The lesson to be learned here is obvious, and for the clarity-challenged we will spell it out: Don't mess with the morons and misologists at Harvard.

* But considerations of taste do constrain publishers; consequently, certain tasteless quotes and their references have been modified here.

What did Mr. Summers say that infuriated the Harvard mob? He hypothesized: "That the combination of the high-powered jobs hypothesis and differing variances (between men's and women's aptitude) probably explain a fair amount of this problem (the low proportionate representation of women in science and engineering)." The two components of his hypothesis were that:

1) Men have greater desires to pursue careers that require "high-powered intense work." Mr. Summers explained that there is substantial evidence that is consistent with the intensity hypothesis; that women in positions that demand 80 or so hours per week are disproportionately single and without children. Mr. Summers further observed that in academia: "in fields where the average papers cited had been written nine months ago, women had a much harder time (getting tenured and promoted) than in fields where the average citation was written 10 years ago." He cautioned against certainty about his hypothesis and suggested further testing; perhaps framing a survey that investigates willingness to expend time on task: Ask young men and women if they are unwilling to pursue careers "that they think" would require "about 80 hours a week," then compare the results by gender. Now you can argue about nuances and alternative hypotheses, but these are not the ravings of a misogynist.

2) "Differing variances" in ability between men and women are reasons for the gender disparity. Making the case that differing variances are unlikely to be due largely to socialization, Mr. Summers' explained:

It does appear that on many, many different human attributes – height, weight, propensity for criminality, overall IQ, mathematical ability, scientific ability – there is relatively clear evidence that whatever the differences in means – which can be debated – there is a difference in the standard deviation and variability of a male and a female population. And that is true with respect to attributes that are and are not plausibly, culturally determined.

In other words, differing variances do not disappear just because cultural influences are absent. Again, Mr. Summers' remarks are nuanced, founded upon evidence and reason. Is this what the

Harvard mob thinks is vicious male chauvinism?

Again and again Mr. Summers emphasized that he was presenting a hypothesis, a thing yet to be tested so as to be either confirmed or rejected. He also referred to scholars working in the area of gender discrimination: ". . . the work that Claudia Golding and Larry Katz are doing will, I'm sure, over time, contribute greatly to our understanding of these issues (gender differences in occupations) and for all I know may prove my conjectures completely wrong." In wrapping up, Mr. Summers made it impossible even for the clarity-challenged to deny that he had been discussing a hypothesis: one to be tested by empirics, subject to falsification:

So my best guess, to provoke you, of what's behind all this is that the largest phenomenon, by far, is the general clash between people's legitimate family desires and employers' current desire for high power and high intensity, that in the special case of science and engineering, there are issues of intrinsic aptitude, and particularly of the variability of aptitude, and that those considerations are reinforced by what are in fact lesser factors involving socialization and continuing discrimination. I would like nothing better than to be proved wrong, because I would like nothing better than for these problems to be addressable simply by everybody understanding what they are, and working hard to address them. . . . Let me just conclude by saying that I've given you my best guesses after a fair amount of reading the literature and a lot of talking to people. They may be all wrong. I will have served my purpose if I have provoked thought on this question and provoked the marshalling of evidence to contradict what I have said. But I think we all need to be thinking hard about how to do better on these issues and that they are too important to sentimentalize rather than to think about in as rigorous and careful ways as we can.

No traces of chauvinism, gender bias, bigotry or unreason here, just "guesses," speculations, hypotheses and suggestions for possible empirical tests designed to "provoke" rational thought and reflection. Still Mr. Summers' remarks were not to be tolerated and fascists and fools attacked; Susan Jacoby (who subconsciously titled her paean to misogyny: *The Age of American Unreason*) misrepresented almost everything about the incident. Clearly Jacoby can write, she has difficulty with the reading part:

Although there were no traces of chauvinism, gender bias, bigotry or unreason, just "guesses," speculations, hypotheses and suggestions for possible empirical tests designed to "provoke" rational thought and reflection, Mr. Summers' remarks were not to be tolerated.

Mr. Summers suggested that socialization ("culture" in the transcript) was not the major factor in the gender disparity in the sciences; and this may have been the great transgression.

What places Mr. Summers' speculative statements within the realm of junk thought is not the idea there might be some differences in aptitude between men and women but his unsupported conclusion that such disparities, if they exist, are more important than the different cultural messages girls and boys receive about whether they can expect to succeed in science.

Now how in the world did Susan Jacoby get this interpretation out of what Mr. Summers wrote? Candidates for explaining this bizarre reading are numerous: perhaps it is has something to do with the brain's wiring, maybe a hormonal imbalance (excessive estrogen?), alternatively it may be an excess of indignation and ideology that poisons her thought, more entertainingly, she may have imbibed a witch's brew of mind-altering substances. Regardless of its basis, Ms. Jacoby's criticism is inchoate; in context, her statements are non-sense.

Mr. Summers suggested that socialization ("culture" in the transcript) was not the major factor in gender disparity in the sciences; and this may have been the great transgression. Yet suppose he had said that it was, and female and male socialization from birth were entirely responsible for gender disparities: What difference would that have made in Harvard University's hiring and tenure policies? We suppose that Harvard could fund an off-shore (to get around the silly governmental restrictions that meddle in progressive female education) academy solely for talented girls and, separate them from parental influence, socialize, educate and train them in the manly ways of science, then wait for 20-plus years to see the results

of the experiment. Of course this would be unethical, exorbitantly expensive and a possibility only in fiction. Whether gender differences are innate or acquired makes no difference in hiring policies. Ms. Jacoby is unthinking; she does not want any evidence that contradicts her *weltanschauung*. We presume that Ms. Jacoby is not intentionally hypocritical; it is just that she cannot envisage any state of the world different from the way she views it. Comically, she manifests the thing she rails against; the "Americans today (who) have embraced a universe of 'junk thought' that makes almost no effort to separate fact from opinion." For the sake of Ms. Jacoby we will repeat again that Mr. Summers' statements were a reasonable compendium of guesses, speculations and hypotheses, devoid of any hint of chauvinism, gender bias or bigotry. Again, Mr. Summers said: "Let me just conclude by saying that I've given you my best guesses after a fair amount of reading the literature and a lot of talking to people. They may be all wrong." Ms. Jacoby's mind-set blinds her to any contradictions, regardless of the facts; qualms about the perfection of her thoughts are inconceivable. Ms. Jacoby, like the late Teddy Kennedy and Vice President Joe Biden, is a misologist.

The politically correct faculty of Harvard and sundry fellow travelers were outraged by the hypothesis that chauvinism might not be the dominant factor. The thought police forced Mr. Summers' resignation. More's the pity; Harvard was once a beacon of free thought; now ideology, ignorance and indignation prevail.

WITH the abysmal recent jobs report, it's tempting to point to flat hiring as another example of the federal government's impotence at stimulating growth. Lost amid the hand-wringing and focus on Washington, D.C., however, is the unhelpful role of state governments in making joblessness worse. Their harmful method is occupational licensure. By imposing onerous and usually pointless requirements on those wishing to enter a trade or line of work, state legislatures erect needless barriers around occupations perfectly suited for those entering the work force, midcareer switchers, and pink-slip recipients. Only one in 20 workers needed the government's permission to pursue their (sic) chosen occupation in the 1950s, notes University of Minnesota Prof. Morris Kleiner. Today that figure is nearly one in three. The Institute for Justice is examining the licensing requirements of 100 occupations across all 50 states.

— "Want Jobs? Cut Local Regulations," *the Wall Street Journal*, July 28, 2001

RIGHT-TO-WORK WOULD GIVE INDIANA AN ECONOMIC EDGE

We're not destroying unions; we're giving workers the right to decide for themselves.



by ANDREA NEAL

It doesn't take an economist to spot the common thread in these recent economic development headlines:

Chattanooga, Tenn.: "Volkswagen hires 2,000th employee." July 29

Shreveport, La.: "NJ-based bag manufacturer to build Louisiana plant." July 28

Decatur, Ala.: "Polyplex to build \$185-million plant." July 21

West Point, Ga. "Kia builds vehicle No. 300,000." July 7

All four stories have southern datelines. All come from states with right-to-work laws, which prohibit labor contracts that require employees to join a union or pay a union representation fee.

This is the issue that prompted the five-week House Democratic walkout during the 2011 Indiana General Assembly. The Democrats — a minority in both House and Senate — had no other leverage. So when a right-to-work bill came up unexpectedly in a session that was supposed to be about budget, redistricting and education, they bolted. Republicans capitulated and took the legislation off the table.

In 2012, it will return with a vengeance and this time Democrats can't avoid it. Right-to-work has been promised a full public airing. The Interim Study Committee on Employment Issues, chaired by Sen. Phil Boots, R-Crawfordsville, is taking a first crack this summer and hopes to recommend a bill by November. Gov. Mitch Daniels, who didn't support the bill last session, has hinted he might this time around.

The debate goes back to 1935 when Congress passed the National Labor Relations Act protecting employees' rights

to form, join and be involved in unions. One section of the law permitted contracts that made union membership a condition of employment. Congress modified that language in 1947 when it said states could prohibit these. In response, 22 states passed right-to-work laws. Indiana is one of 28 that does not currently have such a law.

Predictably, at last week's study committee hearing, business interests favored right-to-work while union leaders opposed it. The economists were divided. Richard Vedder of Ohio University summarized research showing that right-to-work states have higher rates of employment, productivity and personal income growth. Marty Wolfson of the University of Notre Dame testified that right-to-work laws result in lower wages and benefits.

Their conclusions are not mutually exclusive. If you grant Wolfson's point, the policy question remains: Which is better? A state with higher wages for some but a weaker economy overall or one with lower wages for some and more vibrant growth, not to mention freedom of choice for the worker?

Companies are voting with their feet. To the extent that manufacturers are expanding in the United States — and few are — they are choosing the South and West where right-to-work is prevalent.

Alabama Gov. Robert Bentley, in announcing the \$185-million project by Polyplex, the world's fourth-largest manufacturer of thin polyester film, was blunt: "Alabama is a right-to-work state and we will continue to be one. That's one of our advantages for companies who are looking to build on new sites."

Which is better? A state with higher wages for some but a weaker economy overall or one with lower wages for some and more vibrant growth, not to mention freedom of choice for the worker?

— Neal

"Well-meaning Americans are concerned about the marginally employed. They worry about exploitation for those they consider to be tied into "dead-end" jobs. Such concerns are legitimate, but potential exploitation exists in any job, with or without benefits. The best employee protection against exploitation is the possibility of walking out and finding another job."

— Keating

Companies won't readily admit this because what they say can and will be used against them. Currently pending at the National Labor Relations Board is a case against Boeing, which recently opened a second production facility in South Carolina for its 787 Dreamliner airplane.

South Carolina has a right-to-work law. Boeing's other production site is in Washington state, which does not. The board's complaint alleges that Boeing chose South Carolina in retaliation for past strikes by Washington workers in violation of the National Labor Relations Act. Its proposed remedy would force Boeing to move its South Carolina operation to Washington. This would be an extraordinary use of federal power to promote the cause of organized labor at one company's expense.

Right-to-work does not destroy unions. It gives workers the right to decide for themselves whether to join. "This greater accountability results in unions that are more responsive to their members and more reasonable in their wage-and-work rule demands," says the Mackinac Center for Public Policy.

It should come as no surprise to Indiana legislators that expanding industries favor that kind of relationship. The legislative choice is between protecting unions as we know them or protecting the long-term interests of Hoosier workers. — Aug. 3



by MARYANN O. KEATING

Low wages, earned part-time, are often ridiculed by those who do not have to justify their employment week by week. Most part-timers, though, maintain their skills, work legitimately, report taxable income and contribute payroll taxes. Their meager earnings buy groceries and pay for utilities. For many, part-time work is an entry or bridge to full employment. For others, it is a choice or the next-best option.

Over eight percent of Indiana's labor force needs jobs. Writing résumés, getting "dressed for success," beating the sidewalks

and going to interviews seem like a black hole. Many believe that their talents meet or exceed those with jobs and benefits, but there is no way to signal their willingness and availability to potential employers. Wage rigidities preclude competing with the presently employed.

It also is the case that about another 10 percent of Indiana's labor force consists of those who hold part-time positions. These individuals are not included in unemployment statistics. Some work multiple jobs. They earn, for example, less than \$20,000 a year in stores and restaurants, on farms, care-giving, consulting and substitute teaching.

Those unemployed and partially employed from good union-member households are conflicted. They were raised in homes where paychecks were steady, health benefits generous and pensions accumulated. But now they are on the outside looking in. Sure, they seek a well-paid position with benefits; they hope and pray that someone in their household lands such a job. They never give up hope of one day being on track for a job with full benefits. If successful, some would be willing to pay dues for collective bargaining to personally benefit themselves and their families. Meanwhile, they must explore other options such as part-time employment.

Well-meaning Americans are concerned about the marginally employed. They worry about exploitation for those they consider to be tied into "dead-end" jobs. Such concerns are legitimate, but potential exploitation exists in any job, with or without benefits. The best employee protection against exploitation is the possibility of finding another job.

How can any individual earning part-time wages and frequently changing jobs possibly have sufficient savings to maintain his or her standard of living on retiring?

The challenge, according to economist Martin Feldstein, is to assure all employees, not merely those with employer-matched contributions, that they are able to accumulate investment accounts to supplement Social Security and Medicare.

Suppose that once a year a full- or part-time worker could designate on his or her federal income-tax return one private broad-based mutual fund from a list approved by government. In addition to current payroll taxes, an employer would additionally remit anywhere from five percent to 15 percent of that individual's salary. This amount would be forwarded to the designated fund where it would grow untaxed until retirement or remitted the following year at the worker's request. This is similar to plans presently in place in Chile, the United Kingdom and Australia. Presently, each of these countries is experiencing a lower unemployment rate than the U.S.

There is indeed the belief that the availability of part-time positions drives wage compensation and work conditions down. It is more likely the case that employers just don't care whether their employees work either full- or part-time, with or without benefits. What they do care about is revenue earned from the sale of their products and their total labor costs.

With respect to jobs, one size does not fit all. Employees, employers and their associations need to hammer out mutually beneficial agreements differentiated by the needs of particular industries and those willing to work in them. Laws micro-managing employment conditions are inimical to job creation. Indiana legislators, however, can work to maintain an environment where jobs have a chance of flourishing.

What is the solution to less than full employment? It is to maintain the historic flexibility of U.S. labor markets. There always will be "bumps in the road," but we do not want a rigid two-tiered system of those who never have to think about the next paycheck and those who never have the chance to earn one — Aug. 10

TWO questions come to mind when considering recent public debt accumulation by Indiana state and local governments and the federal government: How did we get ourselves into this situation? How do we get out? Here we first consider the short-run alternatives to dealing with existing debt and then reflect on behaviors needed to avoid increasing public liabilities.

In 2009, state and local debt per person in Indiana was \$7,311 compared with \$8,420 average for all states. Federal debt per person exceeded \$38,600. The hodgepodge of TIFs (Tax Incremental Funds) makes it virtually impossible for the ordinary person to estimate local taxes paid indirectly for debt service; however, most of us realize that the tax liability is not insignificant.

James Baker, the former U.S. Treasury Secretary, has outlined the following short-term steps to bolster confidence in the public bond market and thereby avoid significant interest-rate hikes on existing public debt; interest paid out of tax dollars will increase four-fold to \$916 billion a year by 2020.

1. *Commit government units to honor interest on existing obligations with agreements to cap total spending for anything other than that needed for debt servicing.* The cap on total spending would be enforced by sequestering spending from specific programs. For example, if an Indiana county determines that additional funds for libraries are critically needed then funding for another program, such as highways, must be cut. If this approach is unacceptable, then cuts across the board on all programs are needed for any agreed-upon additional spending. No exemptions or exceptions should be permitted because they defeat the purpose of sequestered funds or across-the-board caps.

2. *Broaden the tax base by eliminating any loopholes and lowering marginal-income tax rates.* On the federal level in 2008, according to the Tax Foundation, 37 percent of all tax returns reporting positive adjusted taxable income had sufficient exemptions, deductions and tax credits to wipe out average tax liabilities. Without ignoring personal and political costs, Donald Marron in *National Affairs* suggests that making taxes simpler, fairer and more pro-growth would increase government revenue and reduce public debt. Any changes in tax rates should be revenue neutral, which means that increases or decreases in taxes for one group must be balanced by decreases or increases for another. To avoid failure and heated political debate, tax discussions should be separate from those

"The hodgepodge of TIFs (Tax Incremental Funds) makes it virtually impossible for the ordinary person to estimate local taxes paid indirectly for debt service; however, most of us realize that the tax liability is not insignificant."

— Keating

"Much of what federal, state and local governments currently provide does not meet the public-good criterion and exceeds, perhaps, deeply held and affordable community values."

— Keating

concerning the aggregate levels of taxes and expenditures.

In the long run, more tax dollars will be needed to correct federal, state and local government's fiscal problems. The present flow of tax revenue coming into government is inadequate to meet the flow necessary for income maintenance, social services, education, security and infrastructure. The least painful means to increasing government revenue is through economic growth. The best way to do this is through lower tax rates and less regulation on economic activity.

How did the public allow government to accumulate unacceptable debt? There is no consensus on the ideal percentage of total national, state or local income to be allocated for government spending but historically 15-20 percent of Gross Domestic Product (GDP) has been collected from taxpayers. Currently, combined with state and local taxes, the actual amounts exceed 25 percent of GDP.

Compare this revenue coming into government with current expenditures. In 2008, government spent 38 percent of GDP. Both debt and tax funds used to service debt is increasing, and this growth is unsustainable. Without a benchmark ratio of government share to total GDP, there is a tendency to overspend and under-tax.

Let's say that there is more or less a consensus that total U.S. spending of the federal, state and local levels over several years should average 25 percent of GDP. The question becomes, "How do public decision-makers decide how to allocate the budget between government programs?" The idealistic answer is that they do what the people want. The cynical answer is that they do what they need to do in order to get reelected. Economics offers a decision rule of thumb for government expenditures that is neither idealistic nor cynical, but admittedly somewhat theoretical.

Private goods like corn flakes, athletic shoes, vacations and automobiles are provided in markets, and individuals earn income to provide themselves and their families with these goods and services. Households are or should be responsible to provide themselves with food, clothing, housing, school supplies, recreation and

holiday gifts. Government neither provides nor finances private goods. Public goods, on the other hand, like national security, police protection, courts, information on health and nutrition, primary education and transportation infrastructure, are lacking in the absence of government. Public goods are characterized by the fact that any subset of citizens has no incentive to provide them and once provided it is impossible or too costly to exclude others from enjoying them. Therefore, taxes must be collected to provide public goods.

Much of what federal, state and local governments currently provide does not meet the public-good criterion and exceeds, perhaps, deeply held and affordable community values. Some argue forcefully that each new government program or tree, for example, planted in a public park represents an increase in society's well-being. However, logic suggests that at some point some legislative official or private citizen will cry out, "Enough already. Resources are limited. What must be given up for this new program?" — Aug. 1

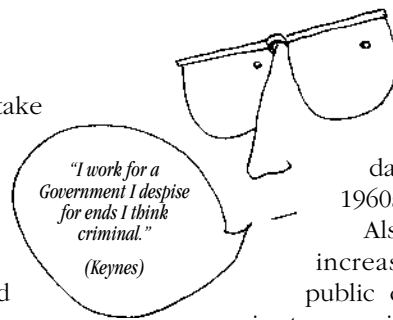


by JOHN TATOM

Keynesian economists, especially Alan Blinder and Nobel Laureate Paul Krugman, have been stridently outspoken recently about the notion that federal stimulus could destroy jobs. They are most concerned that this view is a threat to sound policy-making and that public opinion is swinging rapidly and heavily toward this conclusion. Some cite the dubious Congressional Budget Office estimates of at least 1.3 million net new jobs created in 2010 as a result of temporary stimulus. But for \$800 billion of stimulus, this works out to \$615 thousand per temporary job. Not so supportive of the Keynesian view, but even this estimate understates the job losses.

In fact, the hypothesis that federal spending destroys jobs is a well-founded and supported result. There is strong evidence that it is typically correct. Indeed, private-sector job destruction is often so strong that the net effect of government spending is to reduce the overall number of jobs. This is not a novel idea, nor is

it mythical. We need to take seriously the idea and fact that cuts in some types of government spending or taxes can be highly beneficial to economic performance and job creation.



About 50 years ago, a noted economist, Martin J. Bailey, formalized the notion that government spending can be a close substitute for private spending so that government provision of some goods and services could reduce the benefit or rate of return from private expenditures on such items and reduce private spending and employment. For nearly as long, there has been ample supporting statistical evidence that a rise in federal expenditures has no effect on aggregate demand, overall output and employment. Higher government spending is fully offset by reductions in private-sector spending and that, in turn, requires that private-sector employment decline.

Keynesians think that this reduction in private-sector production and jobs only occurs when increases in government spending lead to higher interest rates that “crowd out” private-sector spending. And since interest rates generally fell during the recent explosion of federal spending, Keynesian economists consider the notion that jobs were destroyed to be absurdly implausible.

But government spending is often a substitute for private-sector output. As a result, crowding out is “direct” and does not depend only upon interest-rate developments.

When government spends more for some items, private consumers or businesses have incentives to spend less on the same or comparable items. Keynesians focus on the stimulus in fall 2008, *i.e.*, more than \$600 billion of spending and more than \$200 billion of tax cuts. They do not mention that the tax cuts were temporary and that mainstream consumer theory indicates that such tax cuts are largely saved with no effect on employment.

A large number of temporary tax changes dating back at least to the 1960s bear this out.

Also, a large part of the increased spending was for public capital formation. There is strong evidence that such projects crowd out, directly, comparable private-sector investment resulting in no change in total output or jobs. John Taylor and John Cogan have demonstrated that the recent federal assistance to state and local governments, including public capital spending projects, had no effect on state and local spending — or by implication, on public or private employment.

The current administration also has reduced jobs by increasing subsidies for not working and by increasing regulation. The surge in new regulations and subsidies has reduced the work effort and jobs of many who would otherwise have been in the work force. New regulations have also reduced the incentives to invest and to hire for innovative entrepreneurs, and especially investment and hiring in the financial and healthcare industries, where new federal regulation has exploded.

Keynesian blinders have to be extremely powerful to ignore the developments in economic thinking over the past half-century and to miss the powerful evidence of the smaller but more numerous failed Keynesian experiments over the same period. Weak job growth is not a political myth; it follows from the types of policies we have adopted. We do not need to repeal the stimulus plan. That was baked in through its temporary nature. This has been a key feature in any recovery and expansion.

But this temporary stimulus has now morphed into permanent stimulus that has expanded unprecedented budget deficits for the indefinite future. This is all new spending and the first order of business for increasing growth and jobs is to roll these increases back. Then the expansion can blossom. And Keynesians will be even more perplexed. — Aug. 15

“Government spending is often a substitute for private-sector output. As a result, crowding out is ‘direct’ and does not depend only upon interest-rate developments. When government spends more for some items, private consumers or businesses have incentives to spend less on the same or comparable items.”

— Tatom

THE OLD GOP TRIES LEADERSHIP BY MATH

When is 'revenue neutrality' just another name for politics as usual?

by CRAIG LADWIG

THE upcoming session will be a battle of wills — not only between Democrats and Republicans but involving a group of GOP freshmen legislators challenging their leadership's arbitrary policy of "revenue neutrality."

The concept was explained — no, decreed — last session during a committee hearing on a bill to abolish the inheritance tax. A senior senator told the room that, yes, dropping the inheritance tax might make sense but nobody had worked out where the money would come from — bang went the gavel, measure denied.

This session, the Hobson's Choice is between abolishing the inheritance tax and creating a new tax on Internet sales.

What remarkable positions for conservative Republicans. They are not simply saying the budget should be balanced or we should make certain we could afford changes in the tax structure. They are saying it is wrong to be discerning — about whether a law is good or bad, whether it discourages investment or not, whether it serves liberty.

Only tyrannies operate like that. Hoosiers believe it is wrong for government to tax certain things or activities just as it is wrong for government to spend money in certain ways. And that is true regardless of how many beans are in which pots.

Regarding the issue at hand, here is Dick Patten of the American Family Business Institute, testifying before legislators last session:

Indiana currently imposes one of the most punitive inheritance taxes in the nation with an exemption of only \$100,000 for parents, children, grandparents and grandchildren. In fact, if you decide to bequeath your wealth to a non-relative, the exemption drops to the meaningless sum of \$100. The top rate in Indiana comes to 10 percent for direct lineal ancestors and descendants and as high as 20 percent for non-relatives.

Going further, it's my opinion it is wrong to tax people, among them the most active and dedicated citizens in your community, merely because they have saved money and died. It also is wrong to tax the same dollars multiple times for no other reason than the government needs the money. Finally, the arrogance behind the inheritance tax is the scaffolding for a giant billboard at the Indiana border reading, "Your Investment Is not Safe Here."

T. Craig Ladwig is editor of the journal. His article originally appeared in the Aug. 8 Indianapolis Star.



But those are just opinions. Others might try to prove that the inheritance tax is good for Indiana's fiscal health. Still others can doubt that rich people should mind being forced to share their wealth. And throughout history the envious have cheered when the wealthy were punished. It is not incidental that Karl Marx included the "abolition of the rights of inheritance" in his manifesto.

We have confidence, though, in the ability of Hoosier constituencies to think this issue through, and to do so on both factual and moral grounds. Institutional envy administered through an inheritance tax is unacceptable to most of us. A summary dismissal of its reform because of a political calculus will not stand.

Come to think about it, this all fits the neo-mercantile tradition of the Daniels administration, which saves money only to schedule a press conference on how it has been spent. This summer the administration, finding an extra \$1.2 billion in its accounts, authorized bonus payments of up to \$1,000 for state employees. James Taranto, writing in the July 18 *Wall Street Journal*, spoke for many of us:

Maine and Iowa are putting surplus funds into reserve accounts in case of future shortfalls. That makes sense, as would simply giving the money back to taxpayers. But we don't understand the (Gov. Mitch) Daniels and (Idaho Gov. C.L.) Otter approach. What's the point in spending responsibly and running a surplus if you're just going to blow it in the end anyway?

That is a position serving only the interests of the GOP leadership. It avoids the critical questions facing our state, beginning with "What should government be doing and not be doing?" And again, it reduces the democratic process to a mathematical equation.

We could program our laptops to do that.

* * *

I READ the column and appreciate the policy as well as the passion. However, I have three thoughts, observations:

1. There is nothing arbitrary about revenue neutrality. We have a constitutional and moral obligation to balance the budget. I have people lined up outside my door who would like to cut taxes and spend more money. Nice plan. If you affect the revenue or the spending stream, you have to have a way to pay for it. I follow it myself, and found a way to pay for the corporate-tax rate reduction by eliminating a loophole.

2. Where do you get the idea that an Internet tax is up for discussion with respect to the inheritance tax or anything else?

3. The hearing I gave on the issue last year was an attempt to start the discussion on this issue. (The sponsor) knew full well it was not ripe for passage and thanked me for giving him a hearing as it was more than was expected, especially considering the time crunch we were under due to the Democrats. To portray it as arbitrary gavel-banging is a mischaracterization of the whole thing. — Aug. 8

*Brandt Hershman
Chairman of the Senate Tax
and Fiscal Policy Committee
and Majority Whip*

THE idea that there might be a trade-off between abolishing the inheritance tax and creating a new tax on Internet sales came from *the Indianapolis Star's* veteran political reporter citing the chairman of the Indiana Senate Appropriations Committee:

Senate Appropriations Chairman Luke Kenley, R-Noblesville, said he'd support eliminating inheritance taxes, particularly if the state could replace the lost revenue through sales taxes on Internet sales.*

A response to the remainder of your note is more difficult, it being either a misreading of an Aug. 9 letter to *the Star* or a lament that your legislative efforts are not sufficiently appreciated, especially your self-proclaimed ability to get discussions going.

For the sake of accuracy, the letter did not say that you engaged in "arbitrary gavel-banging."

There can be no defense, therefore, against your related assertion that the letter perpetrated a "mischaracterization of the whole thing."

What the letter said was that the committee's action amounted to "a summary dismissal of our arguments because of a political calculus" — an apt characterization of the perfunctory treatment given that morning to the inheritance tax, a bellwether issue.

* Mary Beth Schneider in the Aug. 3, 2011, *Indianapolis Star*.

Moreover, you are wrong there is nothing arbitrary about revenue neutrality. A balanced budget is an algebraic equation. A legislature can choose to exchange all manner of values for its x 's and y 's, including those that are arbitrary to justice and those that are discerning of it.

For instance, the American Family Business Institute confirms that the Ohio Legislature didn't see a need to replace its inheritance tax with a different revenue generator in order to declare "revenue neutrality."

To detail an example mentioned in the letter to *the Star*, when the Republican administration earlier this summer found a surplus of 1.2 billion dollars (value x) did it recalculate our tax bills?

No, sad to say, it balanced the equation by making bonus payments to state employees (value y).

And how can a balance-the-budget Republican justify a decision to spend \$150 million on demonstrably ineffective full-day kindergarten at the expense of cutting a tax known to discourage investment?

In these economic times, that's not balance that's dereliction. — Aug. 9

*Craig Ladwig
The Indiana Policy Review*

P.S. Does the gratitude of a bill's sponsor for a hearing pertain to whether the public interest is ultimately served?

A balanced budget is essentially an algebraic equation. A legislature can choose to exchange all manner of values for its x 's and y 's, including those that are arbitrary to justice and those that are discerning of it.

AN analysis of indicators of economic and personal freedom in the 50 states reveals that states with 'citizen legislatures' — part-time legislators, low salaries, short sessions and small legislative staffs — enjoy more economic and individual liberty. New Hampshire, which enjoyed the top overall freedom ranking, also enjoyed the status of having the most minimalistic state legislature. By contrast, five out of the 10 least freedom-friendly states — New York, New Jersey, California, Massachusetts and Illinois — all shared the dubious honor of supporting state legislatures that are among the top 10 most lavish in terms of salary, staff and session length. (Indiana, alas, ranked 24th). Our findings confirm that citizen legislators — as opposed to career legislators — avoid legislating in areas that are normally private domains and prevent government from expanding unsustainably. Consequently, voters should continue to resist efforts to increase legislators' salaries, staff and the length of time the legislature is in session.

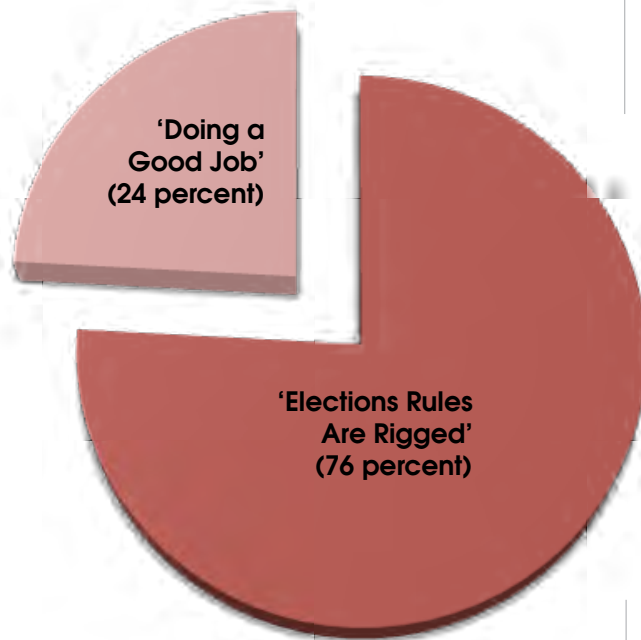
— William Ruger and Jason Sorens,
Goldwater Institute Policy Report, June 22, 2011



THE REALITY CHECK

People who know about opinion surveys don't think much of ours. The sample is inherently biased and so small as to be little more than a focus group. The questions, sometimes confusing, are casually worded and transparently drive at one point or another. That said, we have learned to trust our members and eagerly await their opinions on this and that.

Q. Members of the Indiana Legislature almost always get re-elected. Is this because they do a good job representing their constituents or is it because the election rules are rigged to benefit members of the Indiana Legislature?



(Aug. 15) — A summer Rassussen Poll found that fewer voters than ever feel the federal government has the consent of the governed — just 17 percent of likely U.S. voters. Ask our correspondents the same question about Indiana government, however, and you find that 63 percent think it has the consent of the governed.

And in a vote of confidence of sorts, 50 percent believe that current legislators are doing a better job than would a group of people selected at random from the phone book.

Seventy-six percent, though, believe state election rules are rigged to benefit members of the legislature.

The survey conducted by SurveyGizmo was opened by 104 correspondents between Aug. 12 and Aug. 14 with 30 responding (29 percent).

Comments:

- “Our guys and gals do a pretty good job. There are weak places but overall we are pleased.”
- “The decline in quality of our elected officials is truly frightening.”
- “Citizens bear the responsibility to ensure their consent is given. Failure to vote, voting for the same old crew, etc., essentially equals consent.”
- “My Indiana state senator and my representative do a good job of representing my views. They are responsive, hard-working and good listeners.”
- “The legislators could be a lot better, but the people do keep electing them. In that sense, we get what we deserve. Is their position giving them an unfair re-election advantage? Certainly there is a blurry line between legislative updates and campaign literature around election time. I had assumed we re-elect some of them because too large a portion of the electorate is driven by name recognition rather than paying any attention to record.”
- “The two major political parties, wings of the same bird, have informally conspired to rig the elections to: 1) Make it difficult to run for office; and 2) make it nearly impossible for an ‘outsider’ to run. The parties control the process, so our consent is conditional and diluted. The power of the parties must be broken for people to regain some control over elections and selections.”
- “By refusing to invest the time and effort necessary to cast an informed ballot, Hoosiers have acquiesced to their government and its abuses of their liberty.”
- “If the governed can’t be bothered paying closer attention to those they elect to public office, perhaps they are getting what they deserve.”
- “An independent, bipartisan commission should do Indiana’s redistricting. The new districts are gerrymandered to benefit Republicans. Random selection of legislators would not improve over the current legislature because Indiana citizens elected the current, poor legislature.”
- “I do not have great respect for our system, but it may be the best we can do. I do not think the legislators should be able to send propaganda to us at our expense; this is sickening.”
- “Informed voters vote for representatives who reflect their political views. Uninformed voters vote for the party their parents voted for.”

THE DESTINIES OF THOSE WHO SIGNED

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

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



Emanuel Gottlieb Leutze, oil on canvas, 1851



Thomas Hoepker, photograph, Sept. 11, 2001

Please Join Us

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

• **ANNUAL DONATIONS** are fully tax deductible: individuals (\$50) or corporations (\$250) or the amount you consider appropriate to the mission and the immediate tasks ahead. Our mailing address is PO Box 5166, Fort Wayne, IN 46895 (your envelope and stamp are appreciated). You also can join at the website, <http://www.inpolicy.org>, using your credit card or the PayPal system. Be sure to include your e-mail address as the journal and newsletters are delivered in digital format.

• **BEQUESTS** are free of estate tax and can substantially reduce the amount of your assets claimed by the government. You can give future support by including the following words in your will: "I give, devise and bequeath to the Indiana Policy Review Foundation (*insert our address and amount being given here*) to be used to support its mission." A bequest can be a specific dollar amount, a specific piece of property, a percentage of an estate or all or part of the residue of an estate. You also can name the foundation as a contingency beneficiary in the event someone named in your will no longer is living.



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please contact editor@indianapolicy.org.*



*An Indiana Journal of Classical Liberal Research and Opinion
Observing its 22nd Year*