

INDIANA POLICY

Review

'A future that works'



EDUCATION
REFORM

Let's Get It Right

*What role has the state and federal government played
in reducing the control of parents and educators?*

*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.

INDIANAPOLICY

Review

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A FUTURE THAT WORKS

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

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

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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A SOFTER SIDE

Winning intellectual arguments alone will not rescue the Hoosier polity.

Nominally correct policy will not be enough to position our state for prosperity. That is made clear by the poor yield of this Statehouse super majority. But a friend, a member of this foundation, would soften our criticism. Most Hoosier politicians understand at some level what is wrong with public policy, he says. What they need is help maneuvering in a strange new political culture:

A question that someone needs to ask is this: How valuable a purpose do we serve if we fail to frame our arguments in terms that politicians deem relevant? Perhaps less controversially, how do we describe relevant trade-offs so that political actors grasp the implications of their choices?

He is referring to actual politicians, not those whom we wish we had elected or those whom we hope we can elect or even those whom we can argue into irrelevance. For the problem with classical liberalism today is that there are too few classical liberals.

The most classical of them, Adam Smith, formed his philosophy surrounded by men like himself, persons who differed markedly from those you will encounter at a Wal-Mart or, for that matter, a faculty lounge. Myron Magnet, editor-at-large of *City Journal*, takes up the point in a widely circulated essay:

It is an error — generous-hearted but nonetheless mistaken — to believe that all people naturally yearn for freedom... it took Protestant ideas of individual responsibility and freedom; a Puritan tradition of self-governing congregations; British ideas of liberty, limited government, and patriotism; an Enlightenment spirit of rationality, freedom of thought, and tolerance; and the entrepreneurial spirit that created a nation out of a wilderness. It also took the amazing good fortune of having Founding Fathers of world-historical wisdom and magnanimity. For the Western democracies in general, the rule of law, the sanctity of contract, and the relative honesty of civil servants are immense cultural as well as political achievements, unmatched from China to Argentina.

It is right to lament that we have failed to instill any of that for several generations now — in our schools, our churches, our media, our political parties. But it is a lament, not a solution.

This American culture, — with or without Common Core and charter schools — will not produce enough Adam Smiths in the near term to extricate us from the hole that the Alinskian organizers, crony capitalists and advocacy journalists have dug.

The debate over the prevailing wage is instructive to all of this. The adjunct scholars of this foundation were compelling in their essays and before legislative committees that Indiana's Common Wage Law is counterproductive. We applauded politicians such as Rep. Jerry Torr who framed the issue forthrightly: "It's not that hard to understand; you have a group of people who get together to set an artificial wage rather than the free market."

Such insight won at least the intellectual battle. Could we have won it, though, in a way that drew working-class families to our side, families essential to reforming our state in a classically liberal model?

Our friend proposes a different approach:

I am not so dense that I don't grasp the theoretical arguments nor so distracted as not to give these arguments due weight. In its origin, Davis-Bacon is rooted in racism, and to the extent it ever had a legitimate purpose, that time has long expired. But do the increased incomes of non-union workers resulting from more hours of work at the same wage level, the savings to taxpayers from somewhat lower project costs, and the marginal gain to the broader economy resulting from repeal of a state statute that affects only a small segment of public works offset the loss in family income to union workers, the labor strife and the potentially adverse effect on a Republican Party that needs the white working class to win elections so it can advance a more culturally critical agenda? Frankly, I don't know, but my political gut tells me the likely gains do not outweigh the potential losses. There is also the issue of messaging: What impression does the political action convey to alert political audiences of the motive of the actors?

There is need to hold this wise advice close during such a historically dangerous time. We can do better framing the issues in ways that create adherence rather than offense, that win new hearts.

David Corbin and Matthew Park, writing in *The Federalist*, remind us that the Founders knew the way:

Their understanding of the reality and unity of justice gave them a fixed standard and rallying point for political reformation, suggesting practical measures that might be taken day by day without allowing a focus on those measures to transcend or obscure their ultimate goal.

All of that is said knowing an Indianapolis political elite opposes a government whose end is the justice promised by James Madison and his friends. But while we cannot agree to the moderation of the guarantees of liberty, the sum of it is we must work with what we have in coming General Assemblies.

And, yes, that is a hard, hard truth. — *tcl*

Adam Smith, for all of his towering genius, was oddly blind to a dazzlingly obvious characteristic of his rational calculating *homo economicus*: As a student and professor at the University of Glasgow, the thoroughly Scottish Smith best knew Scotsmen — and Scotsmen of the time when Scotland was one of the most brilliant centers of European Enlightenment thought. As a result, he ascribed to all men the Presbyterian rectitude and Enlightenment reason of the people around him.

What Smith didn't see, in other words, was that his rationally calculating man wasn't any and all men, wasn't *Man* in the abstract, but was instead a man formed by a particular culture — by a complex web of customs, assumptions, unexamined beliefs and loyalties. An Enlightenment Scot is the purest embodiment of the Protestant ethic that sociologist Max Weber saw as the cultural underpinning of capitalism: He works hard, is frugal and entrepreneurial, defers gratification and believes that his word is his bond and a deal is a deal — and that the fate of his very soul is inseparable from such virtues. These are not attributes of *Man* in general but of men raised in a particular culture that endows them with particular beliefs and habits, manners and morals.

— Myron Magnet, "What Must We Think About When We Think About Politics?" *City Journal*, winter 2015

EDUCATIONAL REFORM: LET'S GET IT RIGHT

Education differs from other products and services in that students who benefit do not purchase it, institutions that provide it do not sell it and those that finance it have little control over it.

by MARYANN O. KEATING

At the turn of this century, a growing consensus came to ahead. Something about primary and secondary education in the United States was amiss. Books were written, international comparisons of relatively low test scores for U.S. students became available, and the general impression was that those educated abroad in the Caribbean, Nigeria, Asia, etc. performed better in higher education, on standardized tests and on the job than U.S. students. In response, the No Child Left Behind Act (NCLB) passed with support from both sides of the aisle.

NCLB was generally perceived as an attempt to make schools accountable and to inform U.S. residents about a particular school's performance based on standardized tests. This goal was more or less attained as a result of federal government offering financial incentives to states that agreed to the testing provisions of NCLB. However, unintended and unanticipated results are legion: low standards in some states, abuses in test administration, teaching exclusively to the test, unrealistic standards, elimination of vocational education, etc. The overall effect of NCLB has been to increase the role of the federal government in education, and there is little doubt that measures to address the inadequacies of NCLB, such as the Common Core initiative, will further increase the visibility of the federal hand in K-12 U.S. education.

In this paper, we argue that the essential problem of K-12 education is that the standing of various educational stakeholders, *i.e.* parents, educators, taxpayers, nonprofits, etc., is out of alignment in setting priorities for successful academic outcomes. A stakeholder approach is essential because education differs from other products and services in that students who benefit do not purchase it, institutions that provide it do not sell it and those that finance it have little control over it. Furthermore, education is a transforming process with no guarantee that expected outcomes will be realized over 13 formative years in an individual student's development (*Buchanan and Devletoglu*, 8-13).

Good education, acceptable to a wide variety of stakeholders, evolves from give and take, success and failure —



Lisa Barnum, graphic design

not from design. Variety in how education is financed, produced and delivered is a means to allowing individuals to optimize their respective aspirations. It is conceivable that a consensus on shared principles together with a consistent operating methodology may actually result in overall policies that are academically and cost effective. Our purpose here is to present concepts that economists contribute to the national and

state debate on economic policy affecting kindergarten through secondary school (K-12) children.

Advocates and influential decision-makers arguing for more input from the federal government in setting educational standards suggest that democratic processes along with parental and teacher objections stand in the way of enlightened educational reform. We argue, on the other hand, that wholesale adoption of Singapore, Seoul, Shanghai or Finland's methods may not be the way to proceed and would not necessarily result in the U.S. matching global tests of student performance. There is a need, at this time, to logically consider the net benefits to Indiana and other states of accepting proposed Common Core initiatives and increased federal government funding in K-12 education.

Education is far more complex than realized, with little pieces of information dispersed among millions of individuals. The task of economists in educational policy is to demonstrate how little we know about what everyone imagines he or she can design. Intervention by those who imagine that they can design perfect educational policy tends to backfire with unintended consequences. Better to innovate at the margin and interactively determine what works and what does not. It would be much easier to destroy private and public American education, arguably the engine of technology and promulgator of liberty, than it would be to rebuild it (*Boudreaux*, 2014).

Education as a Private and Public Good

There is a long-standing argument about whether education is a "private good" or a "public good." If it is strictly a private good, individuals benefit from obtaining schooling, but the larger society does not. In this case, all education,

like automobiles, should be fully financed by individuals or their families, not courtesy of taxpayers or government at any level. If, on the other hand, all benefits from education accrue to the larger society, and none are specific to persons receiving it, individuals are foolish in spending anything out of pocket to receive better schooling. In this case, support of education properly come from taxpayer, corporate and nonprofit funding. It is generally accepted that education stands between these two poles, conferring both private gain and public benefits (*Finn, 43*).

There is a case to be made that K-12 is a particularly good investment both for society as well as for individuals. In recent decades the U.S. has made strides in solving the problem of equitable access and the supply of educational services at all levels. Average earnings of workers with a high school education remain significantly above those of the less educated, and the earnings of workers with certain third level education dwarf those of high school graduates. Society as a whole benefits from public education. The nation is strengthened economically by having workers with more and better skills. The better educated are more likely to vote in local and national elections, and a better-informed and more responsible electorate improves the workings of a democratic society. Increases in the level of education individually and in the community are associated with reductions in crime and the ability to attract and retain firms. Education plays a role as well in greater social equality and greater equity in the distribution of economic resources. The central reason that the U.S. is “at risk” today is not because we are not supplying enough education but because certain U.S. students are either dropping out or not absorbing enough of what education is expected to offer in the way of behavioral and academic objectives. The more difficult challenges are those of increasing student performance in a way that is cost effective (*Finn, 44*).

Public and private benefits gained through formal education are demonstrated by comparing holders of General Equivalency Diploma (GED) with those holding a regular high school diploma. Dropouts from American high school can take a seven hour battery of tests to obtain a GED credential. The GED program grew from 50,000 takers in 1960 to over one million in 2001. Although the most frequently cited reason for dropping out of high school is listed as having too many absences, the difficulty of high school and exit exam requirements induce some students to dropout or attempt GED certification (*Heckman, 12*). Over 95 percent of employers and college admissions’

officers indicate that they accept the GED in lieu of a high school diploma. However, the GED is not equivalent.

Economists generally applaud true second-chance opportunities, are not biased against GED programs and laud the aspirations of those seeking the certification. However, it appears that traits or circumstances that lead GED holders to drop out of school also lead to less success in employment, family life and military than regular high school graduates. Heckman and other researches find that, adjusted for intelligence as measured by scholastic achievement tests, the earning effect associated with further education and work experience is much larger than the direct effect of just having a GED. A small percentage of GED holders are successful in higher education or in the job market. Non-cognitive deficits, such as lack of persistence, low self-esteem, low self-efficacy and a high propensity for risky behavior explain the lack of success for holders of GEDs (*Heckman, 4-5*).

The GED provides on average no benefit to male test takers and only a small benefit for females after controlling for either years of completed schooling or ability. For regular high school graduates, however, long-term economic benefits persist after controlling for pre-existing cognitive ability. This suggests that high school graduates possess a valued trait not captured by an achievement test (*Heckman, 19*). Is it possible that some of the difference between graduates and GED holders may actually be due to the transformative process that takes place in the classroom?

Until recently, GED holders were considered equivalent to high school graduates. This inflates the relative returns to college as compared to high school graduation. Previously, assuming equivalence between graduates and GED holders failed to identify a drop in high school graduations rates, disguising minority graduation rates with the rest of the population. GED studies shed light on the importance of non-academic skills and the lesser importance of performance on tests of scholastic aptitude (*Heckman, 61*). GED studies indicate that there is a definite return to completing an additional year in high school, but it is uncertain whether

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It is the job of cultural anthropology, not educational policymakers, to explain why some parents are willing to forfeit traditional parental responsibilities in return for the socialization of child rearing up to virtually complete custodial care.

this effect is due to the more diligent choosing to stay in school or due to the transformative effect of formal education.

To paraphrase Abraham Lincoln, not every child benefits every year, but most children benefit during each year of formal K-12 instruction. As economists, we operate on the premise that there are positive benefits to education exceeding costs. This remains true, as long as we continue to observe individuals, nonprofits, corporations and taxpayers willingness to finance a process that they believe create value.

The distinction between private and public benefits is an important one. If all or most benefits were private, parents would contract with providers, monitor their child's progress, re-evaluate periodically and subjectively determine whether services received exceed out-of-pocket expenses. On the other hand, if it were generally accepted that civil society benefits from having young people educated, taxpayers, donors and various stakeholders subsidize all parents, including those either able or unable to fully finance their children's K-12 education. In this case, stakeholders jointly provide and vie for standing in determining what and how education is delivered.

Setting Educational Priorities: Divergent and Common Stakeholder Interests

"Disengaged" parents, on one hand, and "helicopter" parents, on the other, are stereotypes purported to adversely affect current K-13 education. It is the job of cultural anthropology, not educational policymakers, to explain why some parents are willing to forfeit traditional parental responsibilities in return for the socialization of child rearing up to virtually complete custodial care. It would be helpful as well to understand factors contributing to the so-called "helicopter" parents' loss of confidence in formal K-12 education and their lack of trust in a school's capacity for protection and instruction consistent with their values and aspirations. Meanwhile, certain parents, still engaged in the process, often insist on the unrealistic customization of public and privately provided educational services and stakeholders, with less standing than parents, proclaim absolute certainty in knowing what is best for every child. Such stereotypes and generalizations are beside the point.

The true focus of education and educational policy is the child. Establishing the proper standing of various stakeholders, highlights divergent and common interests throughout

the educational process. The contribution of economists entering this discussion is to emphasize the development of each child as the bottom line, to identify who are or should be primary decision-makers and to outline conflicting and common interests between principals and agents providing K-12 services.

In spite of rhetoric about "our children" having a right to the best education, available resources are finite. As arguably the wealthiest country in the world, the U.S. is incapable of providing the best possible education for each and every child. The overall goal, for those financing education, is to maximize the educational benefits received for each dollar allocated. There is no overriding consensus in the United States on educational policy; decisions are made without perfect knowledge; there is always the risk that an educational program is ineffective for certain children. Conflicts and competition between and among K-12 stakeholders are inevitable.

For the purpose of analyzing vested educational interests, we divide stakeholders into two groups. The first group consists of parents/guardians, civic society/taxpayers and, finally, philanthropic/humanitarian/religious/sectarian organizations directly financing or acting in trust for the child. The second group, with admittedly technical know-how but less standing in the decision process, consists of both educators delivering educational services and those businesses/organizations employing graduates.

Parents

Children's stake in the educational process is primary. Yet, children are incapable of acting in their own behalf in terms of educational objectives. Parents, or at least one primary legal guardian, act in trust for dependent children. Certainly, government must adhere strictly to the function of defending everyone, including children, from the active aggressive violence and the severe neglect of others, including parents. In a free society, generally, other stakeholders avoid interfering with the parent/child bond, even and especially when the child becomes increasingly aware of and strives to compensate for any parental inadequacies. Parents are primary stakeholders in education because they have the greatest legal standing, ideally the greatest interest and the most at stake if the process fails.

If the benefits of quality education are considered so subtle that ordinary parents are incapable of comprehending them, then parents, likewise, could claim that the nuances of their personal aspirations are such that

they could not possibly delegate the task to government experts (*West, 1997, 155*). All of us lack certain skills in making crucial decisions about our health, home maintenance, finances and careers, but we do not forfeit the opportunity to make these decisions. In fact, parents' affection for and knowledge of the aptitudes and personalities of their children make them uniquely qualified to at least direct, if not instruct, the education and development of their offspring. A parent who fails to perform his or her duty and neglects a child's education is wrong, but omitting good instruction or making the wrong decision about a particular school is not a crime (*Rothbard, 13*).

Indicating that parents have priority when it comes to making decisions about their children is not to say that all parents act admirably in the educational arena. Like all stakeholders they operate with a personal agenda. Consider parent incentives in any educational process, private or public, in which the user pays virtually zero percent of costs and there is a single, sole monopoly provider. Their incentive is to act strategically to get the most and better resources directed towards their own particular interests, which may or may not be aligned with the interests of all students, perhaps even their own. In addition, they have an incentive to act politically to increase funds allocated to education collected either voluntarily or coercively from others, including those without children. Finally, certain parents, unless firmly resisted, will act intrusively so as to obstruct the interests of administrators, teachers and other educational stakeholders.

Parents or a legal guardian need to be reasonable informed with respect to school policies, curriculum and the developmental and academic progress of their child on standardized tests and relative to peers. However, parental expectations come with the responsibility to cooperate in a system subsidized by others; parents, unless they establish a fully self-sufficient cooperative school, cannot dictate vision and policy, but they do have a voice and can operate collaboratively. Teachers lament that some parents are uninterested in their children's academic process, fail to attend parent-teacher conferences and appear to be incapable of caring for themselves, no less their children. Is this merely an excuse rather than a reason for the poor test performance of so many students in the U.S.? Not so, teachers say. They point to students of all ethnicities, races and income levels who are succeeding wonderfully in U.S. schools. In those instances, a culture of good parenting compensates for random hardships allowing these students to thrive.

The K-12 experience, if the goal is to educate, cannot be one primarily oriented to providing custodial care. Therefore, to participate effectively in this educational process, parents need to be informed about their responsibility to foster basic life skills within their children, to stock their home with supplement educational materials, to provide developmental experiences and to supervise homework assignments. Traditionally, it has been primarily the parent's job to ensure the nutritional, emotional and physical well-being necessary for child development. The effectiveness of any educational program depends on having age-appropriate cooperative and resilient students, regardless of background or ability, ready to benefit from the educational program offered.

What if a parent becomes aware that a child is not benefiting from school due either to inadequacies in the program or the needs of a particular child? What if the parent fears for his or her child's safety? There are basically three solutions: exit, voice or loyalty. If alternatives exist in terms of an affordable educational program or home schooling, parents should be free to exercise these options. Otherwise, they can actively express their concerns, work towards and hope for some sort of accommodation. However, there is little incentive for a dissatisfied parent to take on the "system." Lacking a choice between alternative academic programs and a system unresponsive to parent concern, unfortunately there is little choice but to supplement the educational experience informally and assist the child in "fitting in."

Government and the General Public

The role of government in education is to secure the safety of children in general, to enforce compliance when education is compulsory and to assist in financing and/or providing educational services, not elsewhere available or collectively demanded through a public-choice process.

Therefore, the measure of the government's role is defined by the will of those governed. Officials, charged with the care and education of children financed by the general public, do not necessarily have to maintain government schools but can finance or subsidize these services in intermediate institutions with tax credits or vouchers. However, in the United States, for the most part, local, state and federal government collect and allocate tax revenue to quasi-public school corporations/districts who actually build, maintain and operate schools.

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In the U.S., nationality is defined ideologically in terms of beliefs, not blood or territory. Law is above the state. Maintaining this civic sense requires a common educational effort, and the taxpaying stakeholder, funding public education, should expect some accountability in this area.

Civic stakeholders in education rightly hold government accountable for tax expenditures. We generalize here but it is reasonable to assume that, in general, taxpayers expect educational funds to be used to prepare students to be literate individuals who are capable of self-care, who play a positive role in establishing ordered and pleasant communities, and who are prepared to play their role in participatory democracy. It is expected that government at all levels act in trust for residents to ensure against fraud and corruption in the use of these tax funds. In addition, those financing education should expect information on value created through the educational programs offered in specific schools and districts; yet it is in no one stakeholder's personal interest to finance the collection of this data. It could be argued that the collection and dissemination of information provided the public about schools and student performance should be a top priority of government.

The planks of a particular political party do not dominate U.S. educational policy, unlike an edict of the Communist Party in mainland China seeking to institute patriotic education forbidding educational topics dealing with democracy, universal values, civil society, free markets, free press, criticism of the Party and questioning of the current regime (Crovitz). Major parties in the U.S., fortunately, are in agreement and hold a consensus on the importance of democracy, universal values, civil society, free markets, free press and open criticism of all political parties including the one in power. Undoubtedly, schools play a role in preserving these core American values. Nevertheless, politicians, like other stakeholders, will attempt to leverage their influence and advance personal agendas, at times subverting good education.

Compliance with government laws and regulations dealing with education is not optional, and, thus, eternal vigilance is necessary to prevent government from overreaching. There is particular concern when comprehensive inflexible policies are initiated by the federal government. Of legitimate concern to parents, however, is the belief that mandates of the Federal Department of Education reflect the positions of a sub-set of residents, rather than a consensus among those most affected. Should the position of parents in choosing how a child is educated, school discipline, psychological development from innocence to maturity and academic objectives be ignored? Unless there is a national consensus on these issues and unless national interest or accountability requires involvement, the government should avoid bias in adopting a uniform code specifically addressing these issues.

Schools, reflecting an increasing pluralistic secular society, have essentially retreated from the responsibility of providing moral and civic instruction, other than a weak attempt at values clarification. Some indeed argue that this is not the business of education or cynically suggest that all formal education merely serves the selfish aspirations of certain interest groups. In the U.S., nationality is defined ideologically in terms of beliefs, not blood or territory. Law is above the state. Maintaining this civic sense requires a common educational effort, and the taxpaying stakeholder, funding public education, should expect some accountability in this area. Jefferson knew it, but somehow we may have forgotten the important public role of education in American life. Civic devotion, instilled at school, is essential to a good society. Democracy requires a careful balance between the political and constitutional rights of the individual, where absolute equality is the only acceptable principle, and other aspects of life, such as education, where equality of opportunity and reward on the basis of merit are appropriate and fostered (Hannan).

Private Nonprofit and Profit-Seeking Schools

Donors voluntarily subsidize nonprofit schools and private investors in profit-seeking schools voluntarily place funds at risk. It should be realized, however, that trustees of these organizations make decisions in line with the interests of members of those sponsoring organizations, as long as they follow the law and do not intentionally harm clients. A nonprofit organization, such as a church, may sponsor and operate a K-12 educational facility. Unless such a school has completely disassociated, it will act in accordance with the intentions and agenda of its sponsor. A profit-seeking school will generally operate to maximize shareholder value, however calculated and perceived.

If a parent chooses to enroll their child in a program sponsored by a nonprofit or profit-seeking organization, we assume that the parent adheres to the mission of the organization, has no strong objections as to how the school implements this mission, or merely perceives this option as offering the best program presently available for his or her child.

Sponsors of and donors to a private school are stakeholders, even if they are not necessarily users of its services. They are free to discern, express concern and withhold support if the methods, procedures and direction of a particular school are in conflict with their personal interests. Information is needed to

monitor output and the quality of the services provided.

A government dispersing taxpayer funds, used to pay or supplement private non-profit or profit-seeking school tuition, must accept the educational philosophy of that organization as being in harmony with the civic goals of the general public. Government is most likely to do this given a mandate from its constituency valuing parental choice or determining that private provision can be a means of maximizing educational services per taxpayer dollar. We should not fail to mention that, even with zero taxpayer subsidies, government regulations and reporting requirements could potentially preclude all non-government schools and eliminate the prerogative of parents of enrolling their child in a private nonprofit or profit-seeking school.

It is important to differentiate between well-known individuals who voluntarily contribute to funding educational policy and institutions and the desire of the business community as such to affect educational policy. For example, philanthropists such as Bill Gates, Warren Buffett, Richard Branson and Ted Turner and several others, have signed on to a "Giving Pledge" donating a minimum of 50 percent of their personal wealth to a variety of causes (*Allen et al., 4*). These individuals, who happen to be business people, pledge freely and support whatever activity they choose, including education. In this role, they act as stakeholders who choose to affect education in line with their personal objectives by setting up foundations, influencing government policy, creating scholarships, contributing to operating expenses and endowments, sitting as trustees on school boards or establishing separate educational institutions. In all but the last two functions mentioned (trustees and owners), these individuals join others subsidizing education as donors rather than "principals" such as parents, government and institutions who may have greater standing (rights and responsibilities) in determining educational policy and practices at a particular institution.

Donors do not have the standing of parents, government and school trustees in determining educational policy, but we make a serious mistake, waste vast amounts of resources and harm generations of students by failing to take donor concerns seriously. In many instances the educational aspirations of parents, government and school officials depend on understanding and respecting the interests of donors and two additional groups of stakeholders, *i.e.* those providing educational services and employers of K-12 graduates.

Providers of Educational Services

Teachers, school administrators, staff, textbook and testing corporations and all providers of school services have personal and professional interests in education and educational policy. We must recognize the strong policy and financial interests of corporations supplying tutoring and testing services. For example, CTB/McGraw-Hill, Harcourt Assessment, NCS Pearson, Riverside (Houghton Mifflin) and Educational Testing Service are companies that dominate the K-12 achievement test market. Seldom do states develop, score and report test results using state civil servants. Many of the same firms that supply tests also supply textbooks and other curricular materials (*Bracey, 4-5*).

The global educational sector is estimated at 4.5 to 5.1 trillion dollars a year (*Nahal*). Throughout the United States, over 1,800 companies have their names on approved provider lists for supplemental educational services (SES), such as tutoring. Local school districts must set aside up to 20 percent of their total Title I federal grant for the combination of either a transfer choice option or supplemental educational services (*Bracey, 27*). Although these providers naturally operate in their own interest, they also function as useful intermediaries facilitating schools in dealing with government regulations. However, it is in the interest of all stakeholders to create incentives such that most of the funds received by corporations from delivering educational services is allocated towards providing good products and services rather than rent-seeking through political lobbying.

Our focus, here, is mainly on employees of educational institutions, rather than corporate suppliers. Today, unionized workers are more likely to be teachers, librarians, trash collectors, policemen or firefighters than they are to be carpenters, electricians, plumbers, auto workers or coal miners. As private-sector union membership has declined, public-sector unions have grown dramatically. The Bureau of Labor Statistics reports that, in 2009, for the first time ever, more public-sector employees (7.9 million) than private-sector employees (7.4 million) belonged to unions. Prior to the 1950s, most politicians, labor leaders, economists and judges opposed collective bargaining in the public sector. Even President Franklin Roosevelt and the first president of the AFL-CIO, George Meany, believed it was "impossible to bargain collectively with the government (*DiSalvo, 6*)."

Three conditions prepared the ground for collective bargaining within the K-12

A government dispersing taxpayer funds, used to pay or supplement private non-profit or profit-seeking school tuition, must accept the educational philosophy of that organization as being in harmony with the civic goals of the general public.

Ironically, teacher unions have increased the profile and influence of teachers in politics but have lessened the role of the teacher in creating the classroom environment, in setting school policy and in developing curriculum.

public education sector. Under the partisan machine system operating in some public school districts, a culture of professionalism never took hold. Therefore, certain civic groups, the press and public-employees' associations believed that greater collective expression would reform education, increase effectiveness and reduce corruption (*DiSalvo*, 7). The second precondition for public-sector unionization was economic and demographic change. To teach the baby-boomer generation, the number of Americans working as teachers, principals and administrators increased dramatically. Some of the first public employees to unionize (and some of the most militant) were teachers. In the 1970s, in New York State alone, there were, on average, 20 teacher strikes a year. (*DiSalvo*, 8).

Finally, the third impetus for public school union growth was the solidification of the alliance between organized labor and the Democratic Party. Public-sector workers were viewed as the most promising means of broadening the labor base of the Party as private-sector union membership declined.

From the mid-1960s through the early 1970s, states and cities issued a plethora of laws offering collective-bargaining rights to public-employee unions. Between 1960 and 1980, the American Federation of Teachers (AFT) grew from 40,000 to more than half a million members. Today, its membership stands at more than 1.5 million, larger than any exclusively private-sector union. The AFT, however, is dwarfed by the largest labor union in the United States, the National Education Association, claiming 3.2 million members (*DiSalvo*, 10). Ironically, teacher unions have increased the profile and influence of teachers in politics but have lessened the role of the teacher in creating the classroom environment, in setting school policy and in developing curriculum.

Public-sector unions have significant advantages over traditional unions that necessarily have to respond to market forces and, ultimately, consumers who are free to purchase or not purchase products. Public unions can utilize the advantage of the political process itself, thus exerting direct influence over their members' employers — that is, government. This influence becomes particularly apparent in low-turnout elections for appointing school boards and local officials or in voting on ballot initiatives and referenda. Only in rare cases do private-sector unions demand more hiring, because of their awareness of market pressure to keep operating costs minimal. Government, on the other hand, is the monopoly provider of K-12 education in many areas and paying taxes is not a choice; therefore public school districts

neither experience market pressure nor fear of going out of business (*DiSalvo*, 13).

A Northeastern University economist, Barry Bluestone, has shown that, between 2000 and 2008, the price of state and local public services increased by 41 percent nationally, compared with 27 percent for private services. Insofar as government collective-bargaining agreements touch on a wide range of economic decisions, public-sector unions have extraordinary influence over government policies. With respect to the educational sector, a Stanford University political scientist, Terry Moe, argues that "Teachers unions have more influence on the public schools than any other group in American society. Their massive memberships and awesome resources give them unrivaled power in the politics of education, allowing them to affect which policies are imposed on the schools by government — and to block reforms they don't like." One need only look at the debates over charter-school caps or merit-pay proposals to see Moe's point. (*DiSalvo*, 17).

The ability of public school educators to unionize is by no means a fundamental civil or constitutional right. In fact, many educators were reluctant to join unions when legally required to do so by states and localities about half a century ago. Presently, some teachers admit that, although unions offers them legal protection in an increasingly litigious environment, they would prefer to operate as professionals, selected and supported by their immediate principal. In some instances, they lack any opportunity to negotiate the terms, conditions and compensation of their employment and are expected to start the academic year without a contract. It is not clear that the present collective bargaining of teacher contracts has served the interest of K-12 children and other stakeholders well (*DiSalvo*, 19). Educators have become defined in the public square mainly by their demands for higher salaries and benefits. At times, union leaders do act as spokespersons for the professional concerns of teachers and realistic teacher evaluation, but absent from the public discussion and determining school policy is the voice of educators who stand and deliver every day in schools and classrooms. At present, graduates in educational policy from schools of education are more likely to be in charge of designing courses and determining school policy than seasoned professionals.

Much work needs to be done in addressing the potential economies, not to mention liberty and justice, of collective bargaining in benefiting educators, their employers and the general

public. Meanwhile, is it not wrong to dismiss educators, in particular actual teachers, from a major if not dominant role in formulating professional norms and teaching practices? The key element defining a school's impact on student achievement is teacher quality. No other aspect of schools, such as spending per student, facilities, etc., is nearly as important in determining student achievement as teacher quality.

Surprisingly, it is impossible for researchers to identify any specific teacher characteristics that are consistently related to student outcomes (*Hanushek, 1-2*). This means that good teachers, responsible for building the academic base needed by the next generation of K-12 students, are not easily identified by credentials, personalities, test performance, etc. Yet, Hanushek and other researchers believe that they can estimate the gains in student learning that certain teachers produce year after year as compared with other teachers. The magnitude of the differences is truly large, with some teachers producing 1½ years of gain in achievement in an academic year while others with equivalent students produce only ½ year of gain (*Hanushek, 6*). In other words, two students starting at the same level of achievement can know vastly different amounts at the end of a single academic year due solely to the teacher to which they are assigned. If a bad year is compounded by other bad years, it may not be possible for the student to recover (*Hanushek, 3*). Surprisingly, most studies indicate that learning is little affected by reducing class size by a few students. The reduction in class size needed to have a significant effect would be expensive relative to ensuring that students are well taught.

Therefore, increasing teacher “quality” and salaries need to attract and retain good teachers is the fundamental answer to the education dilemma. The issue, though, is complicated. Previously, we noted the lack of association of teacher characteristics and quality makes teacher selection difficult. Performance-pay studies give little justification to feel that enough is known about teacher training. For example, the Teach for America (TFA) program recruits high-performing graduates, even though they lack traditional certification, from generally selective colleges and universities and places them in hard-to-staff schools. Several careful studies of the performance of the TFA teachers show generally positive results for math and equal results for reading when compared to traditionally trained teachers (*Hanushek, 7*).

In a competitive economy, individuals’ salaries are aligned to their productivity. Teacher salaries, however, are mainly determined

through collective bargaining between teachers’ organizations and school districts. Unfortunately, proposals to link teacher salaries with performance are being filtered through the political process in which the variation between teachers’ salaries may or may not accurately represent variation in teacher effectiveness or improve the pool of those willing to teach. Hanushek cites studies indicating that currently teachers are drawn from deeper in the group of people going to college and that the best college graduates are not going into teaching. He suggests that this could explain the recent pattern in teacher salaries that have fallen dramatically in relation to the rest of the economy (8).

Average salary comparisons between professions does not shed light on wages needed to attract good teachers because doctors, lawyers, accountants, etc. have much larger discrepancies in salaries along with noticeably higher employment risks than are found in teaching. Although it is true that higher levels of salaries would tend to increase the pool of potential teachers, the impact of being able to differentiate between teachers on the basis of pay depends on the ability of principals and human resource personnel to choose the best teachers. (*Hanushek, 10*). Designing effective compensation systems is no easy task in any organization.

Because of the challenge associated with determining who is and who is not a good teacher, researchers changed their focus from identifying the characteristics of good, average or inadequate teachers to assessing the value created by a particular instructor. Economists use a concept called “derived demand,” which in essence says that the demand for shoe leather is determined by the demand for shoes. Similarly, if we accept the idea that the demand for good teachers is derived from the demand for well-prepared graduates, then we may be able to use the expected increase in student earnings as a proxy for good teaching. This is certainly a roundabout way of measuring teacher productivity. Also, this approach ignores concerns about teachers’ personalities on impressionable children. However, measuring the earnings of teachers’ former students is one way of looking at academic quality.

Academic skills are associated with graduates’ annual earnings. U.S. studies provide consistent estimates of this relationship. Higher annual incomes are associated with high skill levels throughout a person’s career. Hanushek, an economist researching in this area, maintains that it is possible to statistically identify, within a given school, those teachers

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The focus needs to be on teaching students rather than credentialing schools of education or collective bargaining agents, however necessary. A new generation of teachers, like millennials in other fields, crave opportunities for social connection and collaboration with co-workers.

whose work significantly leads to gains in student performance, adjusted for student ability. Furthermore, there is some indication that these gains persist over time (*Hanushek, 16*). Kindergarten increases in performance carry through to adult earnings. The analysis of incremental annual earning derived from incremental gains in cognitive skills, depends on how teacher performance varies around the average and how earnings evolve over time. Based on calculations, sensitive to these differences, Hanushek calculates that above-average teachers do indeed raise students' earnings, translating on average into a present value exceeding \$100,000 for a class of 20 students. Below-average teachers lead to a decrease in lifetime earnings (*Hanushek, 17*). He then extends his analysis to calculating the increases in national GDP growth that would be derived from replacing less effective with more effective teachers.

Hanushek, when interviewed, is not suggesting that good teachers be paid on the basis of their students' future earnings. Carefully controlled studies, which can and should be replicated, merely show that there is a relationship. Therefore, it is essential to identify teachers whose work increases student performance. In addition to personal student gains, there are gains to the nation of merely replacing ineffective teachers with average ones. Globally, the best school systems do not allow ineffective teachers to remain in the classroom for long (Waiting for "Superman").

To attract and retain educational expertise, teachers should not be infantilized but rather treated as professionals, especially with respect to program development and classroom practices. The focus needs to be on teaching students rather than credentialing schools of education or collective-bargaining agents, however necessary. A new generation of teachers, like millennials in other fields, crave opportunities for social connection and collaboration with coworkers. They will resist directives from those who have never taught a class by leaving the profession. They seek professional equity with administrators and state politicians in designing curriculum and in connecting to the higher purpose, as they perceive it, of K-12 education.

Students' Future Employers

The future employers of K-12 student in all sectors of the economy, profit-seeking, nonprofit and government, represent our final stakeholder group. Companies benefit when they are able to employ well-educated persons. This reduces their training costs and, in the case of businesses,

increases profits. As such, corporate leaders, hedge-fund managers and foundations become vocal advocates for educational policy, and they support educational policy consistent with this agenda. Such boosterism obviously influences education, and like all taxpayers attempting to have a voice, it is mostly legitimate if it does not crowd out the concerns of stakeholders with greater standing. The effectiveness of the corporate role as a stakeholder in education must be evaluated in terms of student development.

Businesses and business-sponsored foundations increasingly desire a more direct effect on educational outcomes, and they are more organized than parent groups. Their contribution is welcomed when associated with developing skill sets needed for students' long-term well being. Businesses have much to offer K-12 education in providing resources, expertise and equipment. For example, businesses share technical know-how when they direct teachers and ultimately students to the software required for employment in their industry. They are in a position as well to assist educators with information on how to manage physical and human resources in a changing legal and technical environment.

Recent American K-12 education has been too insistent on college preparation to the neglect of career and technical education. Ironically, college-bound graduates are the ones most vocal about their peers striking out on required tests or floundering in programs in which they have little hope of success. The lack of emphasis on vocational education is understandable given most teachers' academic orientation and parents' aspirations. Besides, vocational education is expensive, quickly becomes obsolete and requires instructors having alternative opportunities for higher income outside education. However, it is wrong to relegate non-college-bound students seeking employment following K-12 to mere survival or failure in unsuitable programs. Their talents, achievements and aspirations must be recognized by redirecting educational dollars to prepare these students, with the consent of their parents, to entry level job skills or certificate training. Florida has recently adopted three paths to a high school diploma as a means of achieving this without lowering academic standards (*Walberg and Bast, 99*).

Incentives and rewards that prepare students for the workplace, such as recognition for punctuality and attendance, are not at odds with academic objectives. Nor are they part of some invidious plot to condition students for lives as workers serving some elite (*Walberg and*

Bast, 87). Teachers, in motivating middle and high school students, are not deviating from task when class time is used to show why grades and industriousness are needed, to explain the inter-relationship between disciplines, or to apply a particular academic skill to solving simulated work-place challenges. (*Walberg and Bast*, 93). Presently, 6th graders are doing algebra in preparation for pre-calculus in 11th grade, and that sounds impressive. But can they also calculate square feet needed to tile a floor, rolls of wallpaper to cover a wall or gallons of fuel needed to travel to Indianapolis?

Businesses, ideally, prefer that employee-training costs be borne by parents and other stakeholders. Business associations, such as the Chamber of Commerce, need not apologize for this. Rather than merely expressing platitudes about education and attempting to dictate educational policy, business associations could play a unique role in providing parents and educators with valuable information not available elsewhere. Understandably, given the present short tenure of employment, companies do not wish to educate the future employees of competitors. Perhaps they fear as well that proprietary information, about hiring and promotion, could open the firm to costly litigation. Nevertheless, businesses continue to invest in employees who demonstrate promise of yielding a return to the firm. At association meetings, employers complain that many K-12 graduates lack basic mathematical and verbal skills and personal initiative. Furthermore, young employees expect constant assurance that they are doing a good job. It is in the interest of parents, educators and school sponsors to address these issues in terms of their own objectives. Firms seeking to minimize their costs could document the behavior and skills associated with new hires who adapt well in entry level positions. Parents and educators, of course, will process and respond to this information in terms of their own objectives.

It is not customary in American education for schools to share information about particular students with potential employers unless an individual student specifically requests it. The primary relationship is always between the student and the school. This is not the case in other countries where schools are willing to provide, for example, a list of their 10 best students in return for a company's offer of technical expertise and equipment. Reasonable accommodations between schools, businesses and students in the United States could be agreed on and made transparent. However, we must always be mindful of the standing of various

stakeholders and conflicts of interest in the educational process.

Our emphasis on the standing and proper alignment of stakeholder interests admittedly yields little in the way of practical advice on educational policy. However, we maintain that any comprehensive reform incorrectly weighted in terms of any one stakeholder, such as the federal government, could forfeit the particular advantages of our present system. Schools serve a valuable civil function in every community. Educational institutions act as public utilities that, paraphrasing George Will on baseball, infuse a unifying sense on divergent stakeholders. School allegiances can transform a fragile mosaic of mutually wary neighborhood groups into something like a community, one united albeit tenuously and intermittently by a shared vocabulary of affections, loyalties, hopes and anxieties (*Will*, 191). Centralized government is capable of identifying and getting performance for a few individuals in a few dimensions, but local schools and private independents are probably more effective than federalized bureaucracies in increasing average levels of academic performance at lower per-student costs. Furthermore, liberty and freedom require that towns, universities, the press, schools, business and industry, the arts and every faith community have the right to educate, within the law, in terms of its own standards and parents, the right to apply for enrollment of their child in these programs.

Eduction, like any craft, is worth doing well. And when we note excellence in any school it is worth honoring. Stakeholders of all types are willing to finance education for every child over many years, 13 years in the United States to be exact. Why is this so? Do children not learn spontaneously from parents and their environment? It appears that certain knowledge involves an exercise of reasoning powers over a long period of time. Furthermore, this body of knowledge must be learned systematically, proceeding in orderly, logical steps. A child can never learn these subjects by himself alone, as he can other things such as walking and talking. Formal instruction requires an instructor who painstakingly explains concepts, oversees the mastering of skills and directs student to the work of others more proficient than he or she (*Rothbard*, 4).

Given a formal, systematic course of instruction, there is an infinite variety of pace and curriculum combinations suitable for a particular child. The best type of instruction is individual instruction in which a competent teacher instructs one pupil. Therefore, it would be foolish to ban parent instruction. As such, each state has worked out a pragmatic consensus

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permitting but regulating home schooling (*Rothbard, 7*).

Nevertheless, the price of individual customized instruction is prohibitive, strengthening the case for schools, which offer as well important student/peer and student/teacher relationships. There are scale economies in which one teacher instructs many children in one classroom sharing fixed resources such as administrative staff, plant and equipment. To the chagrin of some, schools necessarily impose uniformity, bureaucracy and collectivism versus individualism. However, educational resources are limited. Therefore, in any district, resources must be allocated in terms of stakeholders' conflicting priorities. Some parents, for example, will advocate for the special needs of their particular child, and educational professionals will advocate for higher salaries and benefits. Indeed, unless these conflicting interests are constrained and coordinated, any advantage formal schooling confers on children is reduced.

Private and public benefits aside, there is a type of education that becomes so dysfunctional and inadequate that few stakeholders would want to support it. All educational reform and policy should be evaluated in terms of addressing the common and divergent interest of parents, educators, taxpayers and business. If we fail to get the educational structure of stakeholder standing right, neither liberty nor learning can flourish. K-12 networks address practically and pragmatically stakeholders' conflicting interests, yet remain committed to outcomes consistent with common aspirations (*Hannan*).

The Call for Educational Reform

No Child Left Behind

The No Child Left Behind Act was passed in 2001 in response to widespread concern about the quality of public education in America. The act was meant to decrease the gap between students who were performing well and students who were performing poorly, not necessarily to increase educational quality in general. The main provisions of the act required schools receiving federal educational funding to administer statewide standardized tests to students at the end of each year. If schools did not show improvement from year to year on these tests, they were asked to work to improve the quality of the education they offered by hiring highly qualified teachers and providing tutoring for struggling students.

Each year, the White House Office of Management and Budget announces projected spending on grants to the 50 states and the District of Columbia. Federal spending directed to the states for education includes grants for special education, funding telecommunication connectivity and Head Start, a program distributing Department of Health and Human Services funds to local agencies offering educational services to low-income children before they enter kindergarten. Federal grants for the No Child Left Behind program are distributed through the Title 1 program. However, it should be emphasized that the explicit priority of Title 1 is not education in general but to provide equitable education to children in low-income schools (*National Priorities*).

The expansion of Title I in the federal government's Elementary and Secondary Education Act of 2001, generally referred to as No Child Left Behind or NCLB, represented the largest single federal involvement ever in education. The act, exceeding 1,000 pages, required each state to submit to the U.S. Department of Education a plan indicating how the state would move from 2002-2003 baseline achievement to attain the final goal: One hundred percent of students at "proficient" or better by the year 2013-2014. Well, 2014 has come and gone and the 100 percent goal is generally accepted as unattainable and unrealistic, although "proficiency" has been uniquely defined by each state. Schools were also expected to raise test scores each year to achieve Adequate Yearly Progress (AYP) as demonstrate on state-administered tests; failure to achieve AYP subjects a school to sanctions. In grades three through eight and one grade in high school, all students were to be tested annually in reading and math, with science to be added in some grades in 2007.

Technically, schools that do not receive Title I funds are neither required to test nor subject to adequate yearly progress (AYP) sanctions. However, school districts tend to test all students, report test scores and rank all schools. Few districts have refused to take part in NCLB, to avoid forfeiting Title I funding for which they could be eligible given the family poverty level of students at a particular school (*Bracey, 2*). In every school, adequate AYP is required for subgroups of students classified by: gender, ethnicity, socio-economic status, special education status, migrant status and English Language Learner status. The minimum size for reporting group results varies by state, but if that minimum is realized 95 percent of the students in that subgroup must take the test to meet the law's requirements. If any subgroup

fails to make AYP, the entire school is labeled to be “in need of improvement” (*Bracey, 3*).

A school, failing to meet adequate yearly progress at the end of year two, must offer all students the option of transferring to a “successful” school within the district. At the end of year three, a school failing to meet AYP must offer “supplemental educational services” (SES). These services typically consist of: 1) after-hours programs of small-group work; 2) individual tutoring at the school; or 3) on-line instruction at the school or at the student’s home. At the end of year four, a school must choose from a variety of corrective actions including replacing its staff, changing curriculum, appointing outside experts, extending the school day or days of instruction, etc. Options at the end of year five include reopening as a charter school, essentially replacing all staff or contracting with an outside entity to operate the school (*Bracey, 8*).

There were NCLB cost considerations from the outset because most states did not operate a testing program of the magnitude annually required for specified grades. The U.S. Department of Education has adamantly insisted that all grades covered by the law be tested each year with required parent reports. Thus, many states have experienced large increases in compliance costs. In addition to testing, the law requires that states adopt “scientifically based research” curricula that meet criteria established through the U. S. Department of Education or risk having applications for Reading First funds rejected.

When students under the law are given the option to transfer to a different “successful” school within the district, the sending school must pay transportation costs. The logistical realities of the transfer-choice option, however, have resulted in little enforcement because receiving schools would be required to add classrooms, extra teachers, etc., or, in some cases, rural or small districts lack reasonable or “successful” options. When tutoring, referred to as Supplemental Educational Services (SES), is mandated, each state develops a list of qualified providers, which the U.S. Department of Education can override. For example, *Chicago Public Schools* is ineligible to provide these services because Chicago is itself a “failing” district. While the law demands and sets out demanding criteria for establishing whether or not classroom teachers are “highly qualified,” no such criteria exist for the SES tutors unless required by the organization providing the tutoring.

Projections from both the Government Accounting Office and Accountability Works greatly underestimated funds required to

implement NCLB. This is particularly the case if state tests use open-ended questions in addition to multiple choice, or if they test all schools not just Title I schools. The National Council of State Legislatures concludes that at best federal funding comes close to covering compliance costs, but not performance costs required to bring children up to proficiency. The state of California projected that by the year 2013- 2014, when all students are required to be proficient, NCLB will declare 99 percent of the Golden State’s schools as failing (*Bracey, 63*). California has among the lowest test scores in the nation as measured by National Assessment of Educational Progress (NAEP), but even in Minnesota, one of the country’s highest scoring states, the projection indicates an 80 percent failure rate by 2014 (*Bracey, 25*).

Is No Child Left Behind an unfunded mandate? Many state-level officials and school administrators fear that the requirements of NCLB are so onerous that compliance would cost as much or more than the total of federal funds received for NCLB (*Gius, 29*). One study suggests that, in 2011, Federal aid covered 20.9 percent of the required increase in per student educational expenditures in Kansas and only 8 percent in Missouri. There is no doubt that NCLB had a rather significant impact in escalating per-student educational costs between 2002-2007. After passage of NCLB, per-student educational expenditures increased by 7.88 percent holding all other factors constant, including the increased services requested by parents under the more broadly defined American with Disabilities Act (ADA) (*Gius, 34*).

In a letter to *the Wall Street Journal* (October 16, 2014 A18), State Delegate Jim LeMunyon notes that Virginia’s local school divisions are required to send 39 reports a year to the state capitol documenting an array of educational activities. The federal government specifies the information required in 35 of these reports. Time and resources used in preparing forms and tabulating results could be better directed towards classroom learning.

A 2004 survey commissioned by Hawaii of school superintendents offers further insight into how NCLB is perceived on the local level. Asked to identify major changes within their districts, 79 percent of the superintendents indicate they have revised classroom curricula and 66 percent they have reassigned or redefined the jobs of existing instructional and administrative staff. NCLB certainly had an effect. However, only 7 percent of superintendents believe that the educational benefits resulting from implementation of

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No Child Left Behind failed to address problems unique to Fort Wayne's Geyer School and neighborhood children. Closing a school and transferring these students to schools with better scores does not address the problems of students failing to make adequate progress.

NCLB would, on balance, outweigh any adverse impacts of the legislation on their district. Nevertheless, once NCLB was in place, most superintendents (82 percent) did not favor opting out (*Augenblick, Palaich and Associates*).

In addition to compliance costs, NCLB resulted in some adverse unexpected consequences. For example, enormous resources are allocated by districts to students at the margin of passing to the neglect of high and low achieving students. Consider the case, when certain schools are closed and school districts taken over. Initially embraced as a means of correcting deficiencies in U.S. education, particularly for those children stranded in areas with poor public schools with high dropout rates, the good intentions of NCLB can be subverted. Due to its inability to meet this standard in 2006, Geyer Middle, a neighborhood school in Fort Wayne, Indiana, was renamed and converted into a magnet Montessori program serving a more affluent population.

At Geyer, most of the students were poor, 18 percent were in special education and many did not have English as their first language. Geyer's passage rate on the state proficiency test (ISTEP) was 42.5 percent, compared with a statewide average of 72.9 percent. In the year following the transfer of Geyer students, most of the other district schools saw their ISTEP scores drop. Geyer along with other schools had been following a uniform curriculum model and sequence of instruction created by administrators and teachers and aligned with state academic standards. The federal NCLB failed to address problems unique to Geyer and neighborhood children. Closing a school and transferring these students to schools with better scores does not address the problems of students failing to make adequate progress (*Neal*).

Forty years of Title I has taught us that neither money itself nor federal intrusion creates better schools or increases learning. What are the lessons learned from NCLB? We now have statistical support to buttress the feeling that schools in general in the U.S. may not be geared to maintaining or raising academic standards for K-12 (*Neal, 30*). We now realize that states have an incentive to redirect resources and lower standards to achieve NCLB goals. The most painful lesson learned is that NCLB's goal of having 100 percent of all students show mastery on standardized tests by 2014 is unachievable, and that some harm may have been done in trying to achieve the unattainable.

NCLB's greatest achievement is to improve as a nation our ability to identify pockets of excellence and failure within U.S. education. In addition, it inspired academic research

that identified false educational assumptions, particularly those associated with the bigotry of low expectations for children in low-income families. It became clear that the KIPP charter middle-school model, launched in 1994 by David Levin and Michael Feinberg, achieved remarkable results and high pass rates with a demographic similar to failing schools. Secondly, the research emphasizes the importance of good teachers. The challenge is to translate this information into good policy. Three policy changes appear warranted: offering parents more choice; increasing the number of effective teachers; and giving principals more budgetary, hiring and curriculum discretion.

National Assessment of Educational Progress

We may never know the net positive or negative effects of the No Child Left Behind Act. When the measure passed, there was widespread discontent about K-12 education as well as political gain to be made in addressing or appearing to address the problem. We do know that, prior to its passage, most states were using standardized tests to assess students, and were improving their curriculum and teaching practices. Some states were doing this better than others, and perhaps NCLB incentivized other states to get on board. Unfortunately, requiring states to precisely follow federal testing provisions merely to qualify for Title I funds, targeting a social rather than educational agenda, reallocated funds away from true educational reform and duplicated an existing federal program assessing public and private K-12 education in the United States. Prior to No Child Left Behind, The National Assessment of Educational Progress provided a valid, well-respected measuring stick that offered states and citizens the ability to compare schools' progress across state lines (*Pullman, 5*).

Since 1988, a 26-member independent National Assessment Governing Board, including governors, local legislators and educators, business persons and the general public, set policy for NAEP and developed a test framework to serve as an assessment blueprint. From 1990, the National Center for Education Statistics in the U.S. Department of Education has been legally responsible for carrying out a national program to evaluate education; this is referred to as the NAEP project.

NAEP assessments are administered with the assistance of contractors and uniform test booklets across the nation. Therefore, as NAEP moves into computer-based testing, it is expected that its assessments will continue to provide a common metric of performance over

time with only carefully documented changes. NAEP, based on representative samples, does not provide scores for individual students or schools, although it does report results for certain large urban districts.

The nationwide NAEP assessments include math, reading, science, writing, the arts, civics, economics, geography and U.S. history for grades 4, 8 and 12. Four subjects (mathematics, reading, science and writing) are reported by state, usually for grades 4 and 8. Table 1 shows the results of NAEP assessment for selected Midwestern states. Note that the percentages for public school students (including charter schools) in grades 4 and 8 represent proficiency in math and language arts.

NAEP tests students in public and private schools, but assessment by state is for public schools only. The nationwide assessment shows that for grades 4, 8 and 12 students in all categories of private schools had higher average scores in reading, mathematics, science and writing than their counterparts in public schools. In addition, higher percentages of students in private schools performed at or above proficient compared with those in public schools. Presently, private schools enroll a higher proportion of white students than public schools and a smaller proportion of students with disabilities, English Language Learners and students eligible for free or reduced-price school lunch. It is the case that parents of private-school students are likely to have more years of education and higher terminal degrees. All three major types of K-12 private schools (independent, Lutheran, Catholic) have few differences in their student demographics,

except that Catholic schools generally enroll a greater proportion of Hispanic (*National Assessment of Educational Progress*, 1-36).

Every state has long participated in the National Assessment of Educational Progress testing under carefully controlled conditions and providing a rock-solid means for comparing performance. NAEP results are used to flag states that appear to be gaming and manipulating their No Child Left Behind tests. As such, there is no reason that the federal NAEP could not be used as a control on any standardized test chosen by states, districts or private schools to drill down and meticulously assess individual schools and students. Of course, stakeholders need to initiate and insist on this type of accountability.

Note in Table 1 how NAEP is capable of showing changes in proficiency through K-12 grades. In the State of State Standards 2006, the Thomas B. Fordham Institute gives Indiana an "A" in contrast to the rest of the nation that received an average of "C-" on standards and curriculum. However, in spite of good standards, 33 school corporations and 350 schools were failing NCLB performance criterion (*Snell*, 7). Of particular concern is a decline in proficiency on this particular test as students advance from 4th to 8th grade.

No Child Left Behind either ignored existing NAEP assessments, dismissed them as not being comprehensive enough or duplicated them with national mandates for states to qualify for specific types of federal funding. Something similar appears to be happening with the national quest for an educational curriculum.

Three policy changes appear warranted: offering parents more choice; increasing the number of effective teachers; and giving principals more budgetary, hiring and curriculum discretion.

Table 1: Federal and State K-12 Funding and NAEP Assessment of Proficiency for Selected States in the Midwest

	INDIANA	ILLINOIS	KENTUCKY	MICHIGAN	MINNESOTA	OHIO	WISCONSIN
Per Pupil Expenditure (K-12) 2011	\$11,231	\$13,818	\$10,389	\$12,266	\$13,053	\$13,096	\$13,213
Federal Revenue Per Pupil 2011	\$999	\$1,387	\$1,708	\$1,705	\$1,080	\$1,541	\$1,208
State Revenue Per Pupil 2011	\$6,240	\$4,449	\$5,382	\$6,753	\$7,634	\$5,656	\$6,066
Total Public K-12 Enrollment 2 012	1,040,765	2,083,097	681,987	1,573,537	839,738	1,740,030	871,105
Student Poverty Rate 2010	19.6 percent	18.1 percent	23.7 percent	21.2 percent	13.6 percent	20.8 percent	17.0 percent
4th Grade Reading NAEP 2013	38 percent	34 percent	36 percent	31 percent	41 percent	37 percent	35 percent
4th Grade Math NAEP 2013	52 percent	39 percent	41 percent	37 percent	59 percent	48 percent	47 percent
8th Grade Reading NAEP 2013	35 percent	36 percent	38 percent	33 percent	41 percent	39 percent	36 percent
8th Grade Math NAEP 2013	38 percent	36 percent	30 percent	30 percent	47 percent	40 percent	40 percent
Nationally Defined Graduation Rate 2010	77.2 percent	81.9 percent	79.9 percent	75.9 percent	88.2 percent	81.4 percent	91.1 percent
Charter School Student percent of K-12 Students	<5 percent	<5 percent	0 percent	5-9.9 percent	<5 percent	5-9.9 percent	<5 percent

SOURCE: New America Foundation, Federal Education Budget Project. Accessed on-line Oct. 15, 2014.
The Nation's Report Card <http://nces.ed.gov/nationsreportcard/subject/publications/stt2013/pdf/20144651N4.pdf> Accessed Oct. 15, 2014.

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Rather, the government
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states failing to meet
No Child Left Behind
proficiency targets.

The Quest for National Standards

The Common Core Initiative

Although the 2001 No Child Left Behind Act marked a dramatic win for educational reform it abandoned any move in the direction of setting “national” standards. The crucial compromise was that states could set their own standards. In fact, NCLB specifically prohibited national testing or a federally controlled curriculum. It explicitly prohibited federal departments or agencies from mandating, directing or controlling “a state, local educational agency or school’s specific instructional content, academic achievement standards and assessments, curriculum or program of instruction.” Inevitably, more than a few states adopted easy tests and lower scores required for proficiency. A “race to the bottom” was soon underway, and this prompted a renewed effort to set national standards in order to combat the NCLB gamesmanship (Hess, 1-2). This new initiative for national standards is referred to as Common Core (CC).

In December 2008, the nonprofit Achieve, Inc., the Council of Chief State School Officers (CCSSO) and the National Governors’ Association (NGA) issued “Benchmarking for Success,” a report urging states to develop and adopt common standards. The report called for federal incentives to promote that effort; and it advocated aligning textbooks, curricula and tests to those standards. It was hoped that if all states played by the same rules, the nation could avoid a race to the bottom. Encouraged by bipartisan interest in the initiative, the CCSSO and NGA launched the Common Core effort (Hess, 1-2). The National Alliance of Business, Business Roundtable and the U.S. Chamber of Commerce joined the effort to “set tough academic standards that apply to every student in every school.” Union leaders viewed the Common Core as an opportunity for teachers nationwide to throw off the “stifling” strictures of old state standards and focus on “authentic” learning, while reformers cheered the promise of more difficult tests that would push teachers to ensure student mastery of tested skills (Hess, 3). Powerful stakeholders were on board, including the federal government.

In 2009, with funding from the American Recovery and Reinvestment Act, the administration created a \$4.35-billion “Race to the Top” program in which states could compete for federal funding by promising to fulfill certain requirements. As legislated by Congress, Race to the Top funds were intended

to help states “enhance the quality of (their) academic assessments” and “take steps to improve (their) academic content standards.” Translated by the Federal Department of Education, this required states competing for Race to the Top dollars to pledge adoption of “college- and career-ready” standards. The Education Department made it clear that the surest way to meet this requirement was to adopt the Common Core and to promise to use one of the federally funded Common Core-aligned tests. (Hess, 2).

By the end of 2010, 39 states and the District of Columbia, cheered on by Barack Obama, prominent Republicans such as Jeb Bush and Chris Christie, national teachers’ unions, the United States Chamber of Commerce and the Business Roundtable, had adopted the new Common Core education standards for reading and math. Common Core was billed as a state-led, technical, apolitical initiative to modernize and rationalize American education in line with countries whose students perform well on international tests.

Common Core standards were not adopted on their merits by states after deliberate evaluation by all educational stakeholders. Rather, the government held out the carrot of increased federal funding for states adopting Common Core standards and granted waivers for states failing to meet No Child Left Behind proficiency targets.

By 2014, the initial enthusiasm for Common Core encountered state and local resistance. Indiana, Oklahoma and South Carolina abandoned the Common Core and, in North Carolina, Ohio, Missouri and Wisconsin, some legislators made repealing Common Core a top priority.

Clearly, Common Core gives the federal government increased influence over educational policy. The Department of Education has funded a new testing consortia that in effect will drive instruction and curriculum. There is cause to question federal official restraint going forward. Because Common Core does not have a strategy to update the standards or vet materials, the Federal Department of Education will likely be called on to fill this vacuum (Hess, 3-4).

Six divided by three is the same in Ohio as in Indiana, so how do we explain the intensity of opposition to Common Core? The problem is that Common Core damages the broad coalition of stakeholders for educational reform. The fury surrounding Common Core seems to center on the quality of the standards themselves, the way in which they are being implemented and the extent to which it

increases the role of federal government in education.

Quality of Common Core Standards

Amidst a housing crash, a bitter recession and ferocious fights over healthcare and the proper size of government, the desire of many for educational reform suggested that the timing was right to push through changes in reading and math standards (Hess, 3). Common Core advocates saw the initiative as simply a set of standards, not a curriculum. They viewed the initiative as a list of recommendations for what K-12 students should learn in reading and math. Earlier setbacks had warned national-standard advocates to stay away from history or social studies to avoid identifying which books or authors students should read, and to cling to the safe ground of “skill-based” standards.

Common Core changes appear to stem from the belief that the traditional way of teaching math in the United States simply does not work, resulting in innumeracy — the mathematical equivalent of not being able to read. Even in Massachusetts, one of the country’s highest-performing states, math students are more than two years behind their counterparts in Shanghai (Green). Common Core math standards deemphasize performing procedures (solving many similar problems) in favor of directing students toward a deeper cognitive understanding. The goal is to place equal emphasis on conceptual understanding and procedural skills. The “college- and career-ready,” claim of Common Core suggests that its math and language recommendations better prepare students for third-level coursework and on-the-job training.

However, it is essential to get the pedagogy right. Conceptual understanding generally follows practice. True experts have a profound conceptual understanding of their field. Research, and true expertise, involves extensive practice. This involves plenty of repetition in a flexible variety of circumstances. In the hands of gifted teachers this repetition is mixed with new material to become a form of deliberate practice and mastery learning (Oakley).

The Common Core emphasizes “close reading” and stipulates that student reading should be 50 percent literature and 50 percent “informational texts” in elementary school and that the ratio should be 30-70 by high school. High-stakes testing will emphasize close reading, and English teachers will feel pressed to spend plenty of time teaching this particular skill rather than focusing on a more traditional approach to teaching literature. Common Core is more than just a list of academic objectives;

its pedagogical methodology implies changes in the kind of education that children receive (Hess, 5).

Although the standards themselves appeared reasonable and improve on existing standards in most states, claims about their value were grossly exaggerated. For instance, “internationally benchmarked” actually meant that the committees that wrote the Common Core standards looked at the standards in countries that score well on international tests. Their “evidence-based” claim implied scientific research, but the authors had merely reviewed educational literature and conducted surveys asking professors and hiring-managers what they thought high school graduates should know and which courses college-bound students usually take. Therefore, declaration that the Common Core is more rigorous than standards in some states is really a subjective judgment, not compelling proof of rigor (Hess, 2). Furthermore, no internal governance has been set up to revise or modify Common Core (Pullman, 13). Centralized government can arbitrarily and quickly change and codify how things are done but it has less advantage in creatively adapting to change.

Using new tests to evaluate teachers and schools in 2015 means that tests of uncertain quality form the backbone of a system of evaluation dictating teachers’ job security. Teachers, who otherwise would be allied with educational reformers, have reason to fear that Common Core advocates who have never taught a class are placing them in the crosshairs of educational reform. These conflicts sabotage any support for using rigorous standardized test to measure students’ proficiency and, on the other hand, serious attempts to evaluate teacher effectiveness.

What critics rightly intuit is that the Common Core very well could have profound effects on classrooms in several ways (Hess, 4). Common Core, because it is a national program, could change American education; it already has started to affect instruction, textbooks and curriculum. For example, Boston Public Schools, as part of its Common Core implementation, folded its history and social-science departments into a larger “humanities and literacy” department. Will Common Core’s politicization and hasty adoption adversely affect the movement on the ground in the states to develop and defend standards, upgrade technology, ensure valid and reliable standardized testing and reassure teachers (Hess, 6)? Does it represent just one more faddish pedagogy into American education? Will it distract from the call for educational reform in

Teachers, who otherwise would be allied with educational reformers, have reason to fear that Common Core advocates who have never taught a class are placing them in the crosshairs of educational reform.

There is little doubt that Common Core together with tests based on these standards, accountability systems and teacher evaluation, has the potential of becoming the invisible but omnipresent foundation of American education

empowering stakeholders directly responsible for children's overall development?

The real power of standards lies in their ability to change what is tested, and what is tested will drive the curricula and textbooks choice and thus how teachers teach. There is little doubt that Common Core, together with tests based on these standards, accountability systems and teacher evaluation, has the potential of becoming the invisible but omnipresent foundation of American education (Hess, 2). But will it address problems for which it was designed?

Stakeholders should push for answers to hard, practical questions about national educational standards. At a minimum, an independent governance board could be set up that has the authority to update standards, determine acceptable tests, set passing scores and spell out technology requirements and acceptable testing conditions. States should opt in only if they are willing to embrace these arrangements, without federal inducement or coercion (Hess, 6).

Common Core Implementation

Few efforts have been made to cost out the implementation of the Common Core.

Georgia testing officials, for example, indicate that previous tests cost taxpayers \$5 per student per year, but Common Core tests would cost \$22, more than four times as much. Common Core provisions are not required to replicate NAEP's careful procedures, and are not explicit in specifying test conditions, in designating mandatory passing scores or in establishing strong oversight boards. The swift adoption of the Common Core lacked commitment from states to implement Common Core well. Consequently, test results will lack comparability if certain states implement computer-administered test technology and others rely on a paper-and-pencil format (Pullman 9-10).

In Indiana, as in most states, Common Core was adopted by the Board of Education without consulting the Legislature. In June 2012, local Indiana Tea Party members, concerned about the substitution of Common Core for well-regarded state tests (Indiana Statewide Testing for Educational Progress-Plus), raised the issue. Subsequently, the Indiana legislature voted down a bill to withdraw from Common Core. The bill was reintroduced. Eventually, the anti-Common Core bill passed, although the Indiana Chamber of Commerce had spent more than \$100,000 in adds opposing the bill. The Governor ordered the creation of new academic standards as well as new tests for grades 3-8.

Aside from the current controversy between Gov. Mike Pence and elected Superintendent of Public Instruction Glenda Ritz on suspending grading for every school for a year, Indiana is in the process of figuring out which standardized test to give students for the purpose of holding schools and teachers "accountable" as required by the federal No Child Left Behind law. The request by Indiana to use this year as a transition to a new test was rejected by the U.S. Department of Education (Strauss).

Furthermore, Indiana's state tests had to be written in terms of the Common Core approach in such a way that Indiana could continue to qualify for federal education funds. Therefore, the new ISTEP+ exams include pilot questions, which would have seen third grade testing time jump from just over five hours to more than 12 hours. Governor Pence has signed an executive order to shorten the exams to lessen its burden on students, their parents and teachers. He also has hired consultants to advise the state on how to proceed with the testing.

Common Core and Increased Federal Involvement in Education

Common Core proponents dismiss any fears of federal encroachment. Justifying the standards, Education Secretary Duncan told the American Society of News Editors in 2013, "The federal government didn't write them, didn't approve them and doesn't mandate them. And we never will. Anyone who says otherwise is either misinformed or willfully misleading." Advocates argue that critics have "politicized" an apolitical enterprise.

CC devotees, claiming political credit for nationwide standards, fueled a backlash among CC skeptics observing steady federal encroachment in education and believing CC was sold under false pretenses. CC skeptics are concerned with the public's need to be fully informed about private interests owning or influencing the Common Core as well as incentives offered states to maintain state databases to track students from preschool to workforce entry (Gallagher).

An education policy analyst, Rod Hess of the American Enterprise Institute, offers helpful suggestions both to advocates of the Common Core and to its detractors. To advocates of Common Core, he says that the less-than-serious way that CC is being implemented undermines whatever value the exercise might possess. Worried about keeping states in the fold, the implementation has destroyed transparency by encouraging states to strategically rebrand the standards in an attempt to hide the link to the Common

Core. Hess suggests that advocates should focus on designing mechanisms to ensure that the Common Core standards are professionally governed and that test results are valid, reliable and comparable across states. Finally, advocates should support already drafted legislation to scrub any link between Common Core and NCLB waivers, reject all efforts to coerce states into adopting the Common Core and pledge to oppose future federal intrusions.

Hess suggests that the Common Core is not inherently a bad or malicious idea, and he may be correct. His main criticism is that change was pursued on a political rather than practical timeline. Our argument is that a uniform national Common Core is not the preferred or best means of moving K-12 education onto a higher academic level. Consider competing voluntary standards issued by a variety of trade organizations.

The Alternative to Federal Government Standards

The process of developing and modifying educational standards needs to include stakeholders at all levels representing a range of K-12 programs. Pedagogical expertise is available at every level of the standard setting process outlined in Table 1. Only in the case of a compelling national interest should a standard be mandated. A central government faces high transaction costs in issuing instructions to thousands of school districts, which in turn face even higher costs in supervising tens of thousands of individual public schools (*West, 1997, 155*). On the other hand, if parents, educators and sponsors of education are permitted to voluntarily strive towards attaining particular and common interests, it is quite likely that almost uniform standards and best practices will evolve naturally and result in better educational quality. The analogy limps, but we have seen this process work in automobile tires and athletic shoes.

K-12 educational reform is urgent and time and resources are scarce. However, there exists a vast ground between the imposition of “one best way” and the promotion of “anything goes.” Government and educational experts get mixed signals from stakeholders at the base of Table 1. Parent stakeholders have the most to gain by good K-12 education but they are the least likely to organize because of the costs involved and the limited expected benefits accruing directly to their child. If given a chance, they will, however, choose in favor of some programs and abandon others. By encouraging K-12 options, negotiation between theoretical and methodological educational standards will take

place. Given a variety of academic exchanges, we can avoid appealing to a mythical universal standard best for all schools and all students (*Cairney 16*).

Totalitarian regimes give witness to the fact that federal influence in education cultivates champions and prodigies among the top 1 percent. The question for the United States is how to educate the remaining 99 percent, those ultimately responsible for continuing a tradition of freedom, innovation and creativity available to all. If this remains the goal of U.S. education, policies should reflect the distinct interest and conflicting agendas of the wide range of stakeholders, parents, educators, businesses, general taxpayers, officials, etc.

The formation of a quality network of K-12 institutions probably requires a nudge, suggesting a direction for parents and schools without being coercive. Government can require school accountability in terms of costs and benefits, and distribute this information to all stakeholders. This is not the same as disinterested experts’ molding social institutions in the interests of the collective. All top-down structures for civil society, with government at the top, are distortionary and conflict with a vision of voluntary organization that integrates the activities of people in all walks of life in fulfillment of their diverse purposes. Civil order, voluntary compliance with the law and prosperity will not be realized unless the government itself respects the prerogative and standing of families in making decisions regarding their children and of schools in setting their own policies.

America’s unique heritage necessarily results in major differences on what should and should not be taught in school in addition to reading, writing and arithmetic. This limits government’s role in setting K-12 educational standards or mandating them except when the national interest is at stake. The advantage of this American Way is that decentralization leads to more innovation, choice and freedom. The disadvantages are the time and resources required to achieve a consensus on how to proceed. Perhaps a lack of uniform tests curriculum and textbooks makes schools, teachers and students less accountable. However, this alone does not necessarily justify precluding stakeholders from creating standards or demanding accountability (*Walberg and Bast, 56*). Decades of experience and available research are available to assist in designing systems and adopting policies in line with uniform educational objectives (*Walberg and Bast, 45*). For example, it is reasonable to assume that Americans hold a loose consensus on five measures of school performance:

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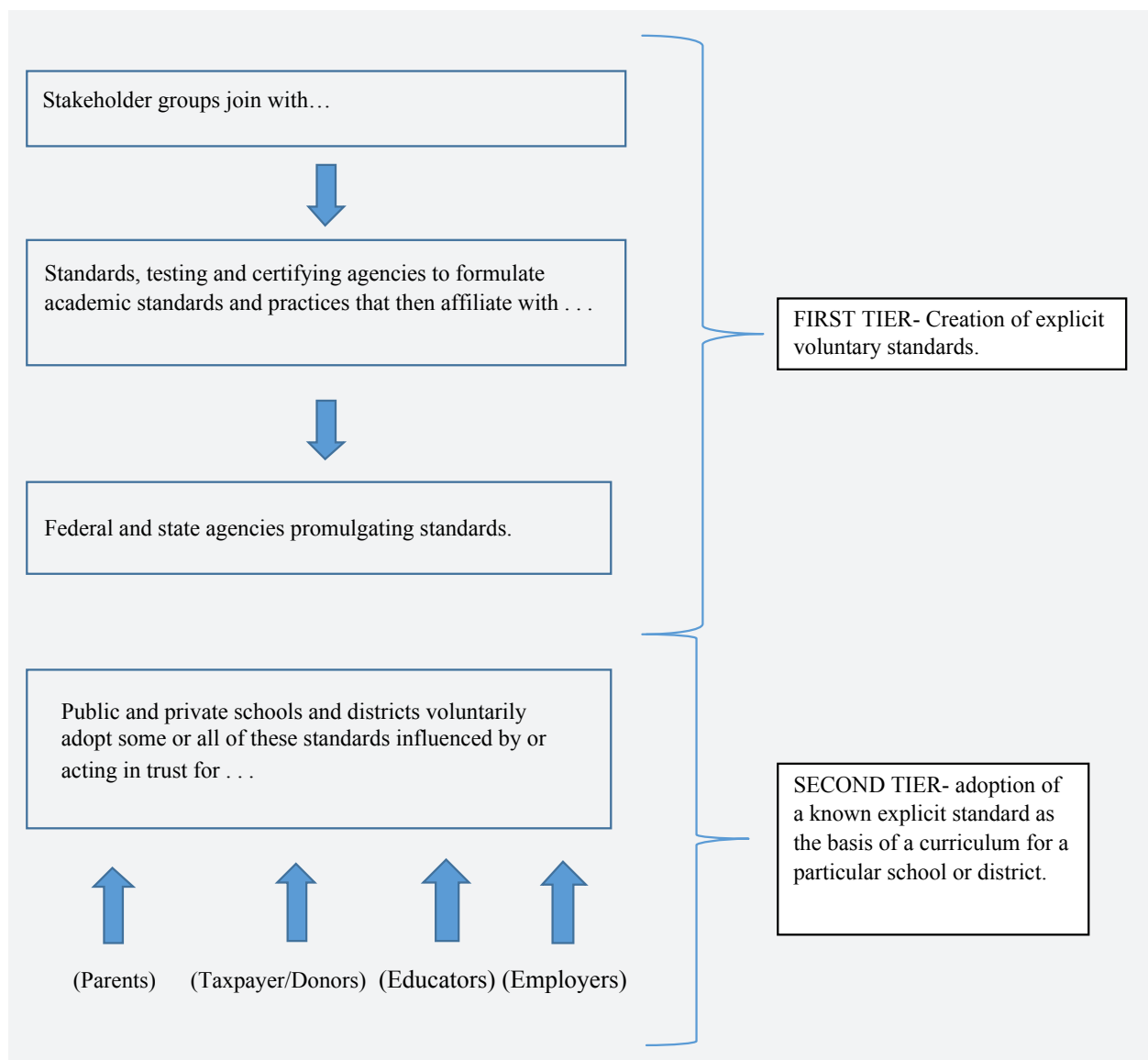
COVER ESSAY

- K-12 academic achievement measured periodically in terms of test scores, graduation rates and on-going rates to third level education.
- Over-time achievements estimated with a value-added approach in comparing annual gains in student achievement, along with post K-12 employment participation or educational attainment adjusted for personal differences.
- Cost economies measured in terms of per-student expenses including all public- and private-stakeholder subsidies plus tuition.
- Stakeholder satisfaction observed through client choice, willingness to pay and survey responses.
- Social, civil and civic goals assessed through student interactions with diverse ethnicities, participation in voluntary

sports and other civil activities, plus reports on absenteeism, expulsion and delinquency.

We have examined the diverse and at times conflicting priorities of diverse stakeholders coming together to fund and operate educational programs. Let us assume that stakeholders are united on a student-centric academic progress. In the pursuit of curriculum and best educational practices, we learn much about the progress or lack thereof by children with special needs, differing abilities and interests or those from minority or low-high income families. Data generated offer glimpses into the socio-economic effects on student learning and on the effectiveness of stakeholder contributions to furthering non-academic objectives, such as citizenship, civility, diversity and religious preference. These characteristics, however

Figure 1: Two-Tier Process of Educational Standard Creation



carefully monitored in terms of stakeholder accountability, are nevertheless separate from the goal of maximizing student academic achievement in terms of the average student.

It is helpful to think of K-12 education as a well-managed network negotiating theoretical standards in academic exchanges. State and nation educational policies synthesize public and private educational practices, determine which are complementary or unique to each system, and connect outcomes based on different philosophies of K-12 learning. There is no mythical universal standard but there is a need to adapt and accept insights from a mix of theories that initially appear to employ very different assumptions (*Cairney 3*).

Again, the real power of standards lies in their ability to change what is tested, and what is tested will drive the curricula and textbooks choice and thus how teachers teach. Again, there is little doubt that Common Core together with tests based on these standards, accountability systems and teacher evaluation, has the potential of becoming the invisible but omnipresent foundation of American education (*Hess, 2*). But will it address problems for which it was designed? And does it give certain stakeholders, such as the federal government, the ability to overleverage their financial contribution to K-12 education?

Expansion of federal government into educational policy is resented by some as imposing the morality of a liberal elite on the American people, rather than a partial refund for taxes paid to assist parents in the significant costs associated with rearing and educating the next generation. The reaction is associated with the seemingly unstoppable expansion of regulations. The increasing control over family and education is taking America in a new direction, away from the free association of self-governing individuals towards a society of obedient dependents who exchange their freedom and responsibilities for federal funds (*Scruton, 34*).

Costly failed programs such as forced busing, extensive testing and the labeling of failed schools and teachers are increasingly perceived as reflecting the mind-set of a substantial and powerful elite. If politicians believe they are losing the support of those alienated or marginalized, they are in a position of imposing their rules and regulations on K-12 schools as an incentive for funding popular programs, such as pre-K education. Schools have been used as an instrument to address social and economic problems, and academics suffer. This contributes to creating an educationally dysfunctional underclass. By making schools and teachers solely accountable, parents and other stakeholders are excused, and learning suffers.

Educational budgets on the local and federal level compete with essential government tasks — defense of the nation, upholding law and order, infrastructure and emergency relief. If these services are not effectively provided, politicians will increasingly be looked upon with contempt. Resources are limited and wasteful spending must be cut. The correct response is not to banish the state from intruding into areas like education, but to limit its contribution to the point where citizen initiatives can once again take the lead and increase the return on funds allocated to public education (*Scruton, 38*).

Does reform come from the activity of pressure groups or from within the profession? Is there a problem with sanctioning only one standard? Consider mortality associated with childbirth in the 1950s compared with midwifery in the

1800s. And then compare the childbirth experience in the fifties with the present options, arguably more satisfying and better for mothers and babies. Did government signal out one particular childbirth practice as preferable and require hospitals to adopt it in return for government subsidies? Or, rather, did medical professionals in cooperation with interest groups advocate for change? In industry, as in the professions, national standards evolve through a voluntary interactive process (*Keating, 1980, 1981*). The work of codifying standards takes years, is a continuing effort, and mandates only those that are absolutely essential.

Figure 1 is an attempt to show the ordinary process for creating standards modified for education; it is a voluntary process, mandated only at the lowest possible level whenever necessary.

The national educational market affects many, represents a significant share of national income and its long-run effects penetrate deeply into the quality of American life. Curriculum change should be rolled out slowly and deliberately; it should not be a comprehensive national curriculum foisted on educators, students and parents.

The implementation of standards can certify that certain procedures have been followed but do not guarantee results. Even if Common Core usurps other standardized tests, overhauls teacher preparation, influences teacher evaluations and changes teaching methods, it could have no direct effect on improving student achievement (*Pullmann*). The economics of institutions demonstrates how important it is to permit individuals to make their own choices even when their decisions are contrary to those of “experts” (*Walberg and Bast, 31*).

State and Local Educational Initiatives: On Track to Real Reform?

Federal Funds for Education

Each year, the White House Office of Management and Budget announces projected spending on grants to the 50 states and the District of Columbia. Federal spending directed to the states for education include the following:

- **Special Education** — A program of grants to the states to help offset the costs of providing a free appropriate public education to children with disabilities.

- **Title I** — A program to help provide equitable education to children in low-income schools.

- **Universal Service Fund E-Rate** — a program administered by the Federal Communications Commission to fund discounts on telecommunications connectivity — such as Internet — for schools and libraries.

- **Head Start** — a program distributing Department of Health and Human Services funds to local agencies offering educational services to low-income children before they enter kindergarten.

There are more than 1,100 federal grants-in-aid programs, including No Child Left Behind and Race to the Top, allocating one-sixth of the federal budget to virtually every activity primarily a state and local government

Educational grants come with detailed federal directives, depriving state and local officials the flexibility to address issues effectively and taxpayers' ability to determine local priorities rather than those of federal regulators in Washington.

responsibility. Educational grants come with detailed federal directives, depriving state and local officials the flexibility to address issues effectively and taxpayers' ability to determine local priorities rather than those of federal regulators in Washington. Congress justifies the legal authority to enact programs in which it is constitutionally forbidden to act as long as state participation is voluntary (*Buckley*). The unintended consequences of these grants can be detrimental to K-12 students in general.

Layers of federal and state administrative expenses, without accountability, are added to the cost of subsidized projects. Costs for implementing the incentives or mandates associated with obtaining these grants are not completely federally funded. Additionally, even when implementation of these unfunded federal mandates are perceived to yield positive local benefits, there is often a tangential relationship between the grants and benefits. For example, the lists of grants offered in return for implementation of NCLB are not necessarily targeted to improving education in general. Furthermore, accountability is undermined because state officials bound by federal regulations are not held responsible for the costs and failures of the projects they administer. Although states are free to decline to participate in these programs, it is politically costly to forfeit lucrative grants when taxpayers see their federal taxes sent elsewhere (*Buckley*).

Many low-income and disadvantaged students in the United States are caught in a low-quality educational trap. The federal and state goal of providing safe, reliable, empowering education in neighborhoods where children live is a major challenge. Federal government subsidies, such as Title I, ostensibly designed to target these students, instead has locked them into low-quality education. Economists are well aware that such subsidies can be distortionary, affecting urban neighborhoods with inadequate K-12 schooling. If federal subsidies pay for these programs, there is little incentives for local districts or private nonprofits to invest in and upgrade educational networks in low-income neighborhoods. External funding, as compared with internal cross-subsidies between low- and higher-income households or donor support, perpetuates both high subsidy payments to school districts and low quality education for children. Because low-income households do not directly contribute revenue and affect policy, the externally financed subsidy becomes a direct transfer from the federal government to the schools, not from the federal government to children (*McRae*).

On state and local as well as on the federal level educational reform initially focused on equalizing educational funding between public school districts rather than focusing on general educational performance. As such, local educational funding became less attached to local property taxes and more on state tax distributions. Using a weighted-student formula policy, in which state educational funds include a base allocation equalized across the state, additional weighted funds were distributed to districts for students with additional needs, including special education, poverty and English Learners. In 2006, the Thomas B. Fordham Foundation came out in support of weighted-student formulas as did former Secretary of Education, Rod Paige (*Snell*, 6). Unions gave cautious approval to the concept.

With weighted funds, states could take advantage of its largely centralized funding system but allocate funds to public schools on the basis of student characteristics within a district (*Snell*, 12). A state, for example, supplies 83 cents of every dollar spent on teachers and operating costs with a complexity index to transfer funds to low-income districts. The problem is that districts with declining enrollments can be allocated more funds than those with increasing enrollment. Note, however, that in order to be effective the weighting used to allocate funds between districts must follow through to schools within the district.

As in federal programs, state taxpayer revenue flows to school districts and is not attached to the child. In most cases, families do not have the choice of moving freely between schools based on their perception of quality, tastes and preferences.

If, so to speak, school funding were placed in the backpacks of children and followed them to the school of choice, principals would be empowered to control resources at the local level and to make informed decisions about how to spend resources on the unique needs of their school. Schools appear to have better academic outcomes and lower costs per student when there is parent choice over schools and local control of school budgets by principals. In San Francisco, Hawaii and Houston, a funding structure allows individual schools to compete for students and allows principals to control over 70 percent of their budgets tailored to the needs of their specific school populations. Principals in New York and Los Angeles report discretion over only 6 percent of their budgets (*Snell*, 8).

The Direction of State Educational Reform

Although it is recognized that the federal government acts in trust for the distribution of tax revenue, it should be able to do this without decreasing the effectiveness of state provision or limiting educational freedom. One suggestion is that federal funding come in the form of block grants with state discretion on how to allocate funds. This alone would allow more of the funding to be spent on program and service implementation, reducing administrative costs (*Office of State-Based Initiatives, 2*).

Indiana receives annually roughly \$12 billion from the federal government or roughly 38 percent of its total expenditures. Included in that \$12 billion, are \$975 million for schools and education programs, representing about 9 percent of total tax dollars spent on education in the state in 2011. There is a cost to this “free” money. Most of this funding requires a state monetary match or for the state to enact new laws and reallocate funds (*Office of State-Based Initiatives, 7*). Because federal funding comes with strings attached, Indiana Executive Order 13-20 requires that all federal grant funding opportunities be approved by the Office of State-Based Initiatives prior to application. The office is expected to develop a cost-benefit analysis to determine when the cost of federal dollars exceeds the benefits or determine if accepting a federal grant doesn’t make practical sense in terms of Indiana’s financial priorities.

If Indiana turns down the federal funding, will other states receive federal tax dollars paid by Hoosiers? This is a concern but not necessarily the case. For example, with state competition for Race to the Top grants, there was no guarantee that Indiana would be awarded funds in the first place. States receive grants according to a set formula based on the eligibility of individuals in the state and not on whether the state next door accepted or refused a certain amount of federal allocations (*Office of State-Based Initiatives, 8*).

In order to continue receiving Federal grants under the No Child Left Behind Act passed in 2001, states had to develop plans to demonstrate steps they were taking to improve the quality of education in their schools. The act mandated that states fund the required improvements in their schools as well as provide appropriate training for less qualified teachers. An unfunded mandate is a statute or regulation that requires a local government, public individual or organization to perform certain actions, with no money provided for fulfilling the requirements. In the School District of Pontiac, Michigan vs. Duncan case, the plaintiffs alleged that the school district need not comply with the act

because the federal government did not provide sufficient funding; the court concluded that insufficient federal funds were not a valid reason to not comply with a federal mandate.

Monopoly is generally associated with higher prices, lower quality and reduced output. Critics of increasing school options maintain that educational services are different from other goods and services in that clients are not in a position to judge quality. Others say that duplication of facilities increases educational costs per students. Also, the experience of many with traditional neighborhood public education was excellent, and they frequently contend that alternative K-12 options will destroy the public school system. This argument rests on the questionable assumption that the public system will refuse to adjust in the face of competition (*West, 1997*).

Trends suggest that past public school performance experience cannot be replicated. The number of adults in the U.S. per child is increasing. If each child, 0-15 years old living in the U.S. in 2013, was assumed to be living in a separate household, 44 percent of all households would be left without a child in residence (*Wolfram Alpha*). This demographic fact partially explains efforts to contain K-12 educational funding and increases the stake of persons, who are not parents, in directing educational reform.

How are parents responding to this challenge? Parents increasingly prefer K-12 options. In many cases, low-income parents are willing to exercise these options by paying out-of-pocket tuition, which economists interpret as the dollar value of a K-12 option. Parents, exceeding one million, who apply for vouchers and scholarships illustrate the tremendous demand for alternatives. These parents have experienced resistance from educators, union leaders and politicians who believe that parental choice is a luxury. What is needed are not simply new legislation and regulation; what is needed is new thinking, new leadership and a new collaborative relationship among union representatives, policymakers and business. At stake is not just our failing infrastructure and failing schools, it is the country’s ability to compete successfully on a global scale. (*Courtovich*).

Figure 2 and Table 2 indicate approximate enrollment in K-12 education by type of school. Public education remains dominate but the availability of options help in identifying best educational practices as parents vote with their feet. There are movements in the U.S., led by parents, public officials and the general public, working towards increasing K-12 educational

If, so to speak, school funding were placed in the backpacks of children and followed them to the school of choice, principals would be empowered to control resources at the local level to make informed decisions about how to spend

COVER ESSAY

Figure 2 and Table 2 indicate approximate enrollment in K-12 education by type of school. Public education remains dominate but the availability of options help in identifying best educational practices as parents vote with their feet.

options both in terms of types of institutions and how education is funded.

Consider the following K-12 provider options:

- **A Neighborhood Public School** with enrollment determined by residency and tax funded.

- **Public School** with open enrollment and tax funding with or without an out-of-area tuition

- **Public Magnet/Alternative Schools** that are tax funded for particular types of students.

- **Charter Public Schools** are tax funded but independent of local public school districts.

- **Independent Private School** charging tuition accounting for some or most of the costs.

- **Private Schools** sponsored by a congregation and funded by tuition, donations and vouchers.

- **Home Schooling** with curriculum approval and required testing varying by state.

- **On-Line Learning** fully substituted for regular classroom instruction.

The government remains the dominant player as provider and financier in K-12 education, with publicly funded charter schools permitted in 42 states and in Washington, D.C. Presently, there are 2.3 million students attending 6,000 charter schools in the United States. In addition, more than six million students attend nearly 34,000 private schools. Growing numbers of K-12 aged children,

estimated to be between 1.7 to 2.1 million, are home schooled. In 2011-12, about a quarter of a million students enrolled in full-time on-line schools (*Friedman Foundation, 4*). Educational choice transcends political partisan differences and K-12 options across a variety of institutional providers will lead to greater stakeholder satisfaction and hopefully a general rise in K-12 educational attainment.

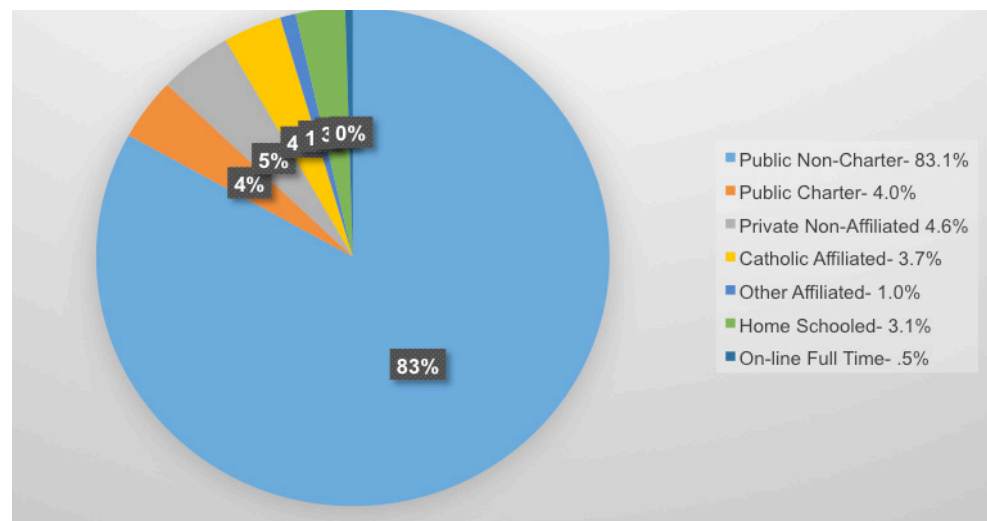
As K-12 options are created, local government is exploring ways to reduce costs and to subsidize parents' choice (*Friedman Foundation, 3*). These measures include:

- **Vouchers.** States or local government offer parents the freedom to choose a private school for their children, using all or part of the public funding set aside for their children's education to be used for full or partial tuition at private schools, both independent and religious.

- **Education Savings Accounts.** Certain states allow parents to withdraw their children from public district or charter schools and receive a deposit of public funds into government-authorized savings accounts with restricted but multiple uses. Those funds can cover private-school tuition and fees, on-line learning programs, private tutoring, community college costs and other higher-education expenses.

- **Tax-Credit Scholarships.** In some states, individual and business taxpayers receive full or partial tax credits when they donate to nonprofits that provide private school scholarships. In some states, scholarship-giving

Figure 2: Approximate Share of K-12 Enrollment



nonprofits also provide innovation grants to public schools and transportation assistance to students choosing alternative public schools.

• **Individual Tax Credits and Deductions.**

These measures permit parents to receive state income tax relief for approved educational expenses, which can include private-school tuition, books, supplies, computers, tutors and transportation.

Educational policy reform in Indiana and nearby states is focused on two goals, accommodating parents in exercising choice and offering tax credits, tax deductions and vouchers to low-income families or those having children with special needs. Consider the measures some Midwestern states have taken in this direction:

• **Illinois:** Individuals can claim a credit for educational expenses for dependent students attending a private or public school or being home schooled. Qualified expenses include tuition, books and laboratory or activity fees. The credit is worth a maximum of \$500.

• **Indiana:** Indiana has three private-school choice programs (tax-credit scholarships, vouchers, individual tax deduction). Indiana sponsors charter schools, offers limited public

virtual schooling and certain districts permit open (non-resident) enrollment.

Indiana's Choice Scholarship Program provides vouchers to students from low- and middle-income families to attend private schools. Through the School Scholarship Tax Credit program individuals and corporations can claim a 50 percent tax credit for contributions to approved nonprofit Scholarship Granting Organizations (SGOs). Indiana gives a tax deduction for individuals who make educational expenditures on behalf of their dependent children. A taxpayer with a child presently enrolled in private school or home schooled is eligible for a state tax deduction up to \$1,000.

• **Kentucky:** Kentucky does not have a private-school choice program, and it is one of only 10 states that has not passed charter-school legislation. Kentucky allows for limited public virtual (on-line) schooling. Limited open enrollment exists, both for intra-district and inter-district public school choice.

• **Minnesota:** Minnesota has two private-school choice programs (individual tax deduction and individual tax credits). The state does have a charter school law. Minnesota enables public virtual schooling. Inter- but not intra-district open enrollment is available. Minnesota provides a tax credit covering educational expenses for students in any private or public school, including home schooling. The tax credit reduces the family's total tax liability and covers books, tutors, academic after-school programs, etc.

• **Ohio:** Charter schools and public on-line schooling along with limited intra- and inter-district public school choice are available. The Ohio Supreme Court upheld the voucher program under both the state and federal constitutions. Voucher programs exist for students with autism, those enrolled in low-performing schools and those in low-income families. Voucher participation is capped at 60,000. Approximately 17,000 students are enrolled with an average value of \$4,105 (2012-13). Voucher amounts cannot exceed actual tuition and fees charged by the school to non-voucher students; schools are required to accept the voucher payment in full for students with family income at or below 200 percent of the federal poverty level. Ohio also offers educational tax credits.

Indiana has three private school choice programs (tax-credit scholarships, vouchers, individual tax deduction). Indiana sponsors charter schools, offers limited public virtual schooling and certain districts permit open (non-resident) enrollment.

Table 2: United States 2010 Estimated Enrollment in K-12 Education by Type of School

Total U.S. K-12 Enrollment:	54,876,000
Elementary	38,716,000
Secondary	16,160,000
In Public Schools:	49,484,181
Elementary	34,624,530
Secondary	14,859,651
Charter Schools	1,941,831
In Private Schools:	5,488,000
Elementary	4,179,000
Secondary	1,309,000
Catholic Elementary	2,031,455
Catholic Secondary	574,145
Full Time On-Line*	1,508,000
In Home Schooling*	1,508,000

*Estimated

Sources: The Center for Education Reform, Digest 2011, Tables 2, 37, 67 and 73. Updated as of September 2014. Accessed

Vouchers should be directed not at the school but at the scholar (via his parent or guardian). We argue that the process by which a voucher program is administered affects the school-parent relationship and ultimately its effectiveness.

• **Wisconsin:** Wisconsin has four private-school choice programs (three voucher programs as well as a tuition tax deduction). The state also has a charter school law. Wisconsin enables public virtual schooling. Open enrollment exists, both for intra-district and inter-district public school choice.

Wisconsin's statewide Parental Choice Program is open to any income-qualified child who resides outside the specific Milwaukee and Racine voucher programs. The statewide program was capped at 500 students in its first year (2013).

Sources of Voucher and Charter Effectiveness

Voucher and charter advocates are not necessarily in agreement as to the source of their effectiveness in improving educational outcomes. Unless any comparative academic advantages of charter and voucher schools are maintained, potential benefits will not be realized.

Are higher test results and student retention in private or charter schools due to student selection? Many charter schools are prohibited from selecting on the basis of test scores on which magnet public schools are permitted to select. The selection argument is a bit more complex. Parents often enroll their child in a private and charter schools knowing that it is deficient with respect to public schools on the basis of average test scores, teacher qualifications, facilities and extra-curricular activities. While acknowledging the quality of high performing public schools, parents know either that those schools are not available to their child or believe that they would not work out as well for their child's particular demographic.

Since 1969, Jack Coons, emeritus professor of law at the University of California Berkeley, has been unwavering in endorsing school choice. Coons believed that the quality of child's education should not be a function of the wealth of the school district in which a child happens to live. At first, Coons's goal did not necessarily parallel the economic efficiency and anti-government school choice arguments (*Sugarman, 191-192*). By 1978, Coons's focus shifted from public school district finance reform to the funding of elementary and secondary education through a regime committed to school choice. In the name of the "subsidiarity" principle, family power equalizing would, in effect, convert every family into its own school district (*Sugarman, 193*).

However, it appears that a commitment to educational opportunity in the United States

led Coons' to believe that better outcomes are associated not merely with choice but also with parental commitment, including some financial responsibility. If so, this would explain his increased emphasis on vouchers to be used in private schools, religiously affiliated or otherwise. The limited use of private religiously affiliated schools, according to Coons' co-author, is explained, not by constitutional limitations, but by a combination of political commitment to the separation of church and state, the strength of the teacher unions and the insufficiency of private-market justifications on their own to generate legislative adoption of school voucher plans (*Sugarman, 193*).

The point to be made is that private-school effectiveness is not due necessarily to student selection, but rather co-payments in the form of time, energy and cash. Increased donor and parents' stake partially explains private-school performance. Therefore, voucher advocates should be concerned if private schools are precluded from charging tuition exceeding the amount of a tax funded voucher. An additional concern, is that, in the name of administrative control, vouchers are transmitted to certain schools rather than directly to parents. Vouchers should be directed not at the school but at the scholar (via his parent or guardian) (*West, 1967, 382*). We argue that the process by which a voucher program is administered affects the school-parent relationship and ultimately its effectiveness.

Tuition charges exceeding voucher amounts are under discussion in Chile. Chile's popular voucher program, begun in 1981, allows students to get an education at private schools with a combination of government resources and parental assistance. Nearly 54 percent K-12 students now attend private schools, some of which are for-profit. A proposed law, designed to equalize educational expenditures, would prohibit students from using vouchers to attend for-profit schools, prohibit co-payments and ban student selection at all private schools receiving public subsidies. If the proposal passes, wealthy families will adapt, but large numbers of children would be disenfranchised and denied the right to progress academically (*O'Grady*).

Getting voucher amounts right is important both in terms of taxpayer expenditures per student and in terms of educational effectiveness. Educational incentives to parents and schools are forfeited when voucher amounts approach the annual expenditure per K-12 student in public schools or tuition charged at most private schools. This requires that a co-payments be paid by parents, school sponsors, donors or other non-government stakeholders.

To remediate this burden on low-income families and give donors an incentive to subsidize K-12 programs, the Indiana Department of Education sponsored a bill approving the formation of Scholarship Granting Organizations (SGOs). It did this in 2011, the same year it established the Indiana Choice Scholarship program, known as vouchers.

Requiring a school accepting vouchers to conform to regulations on student testing, teacher credentials, facilities, etc. increases costs and affects the viability of private schools, intentionally or unintentionally. Andrew Catt, of the Friedman Foundation, analyzed 23 school-choice programs governed by state statutes comparing the relative regulatory impact on private schools accepting vouchers and those depending only on tax-credit scholarship programs. Paperwork and reporting requirements had the most negative impact on all private programs followed by regulations on student eligibility, admissions, enrollment and tuition. On average, school receiving voucher payments were three times as likely to be negatively impacted by regulations as schools depending only on tax-credit scholarship programs. Voucher schools are more adversely affected by regulations tied to paperwork and reporting, but non-voucher tax-credit scholarship programs experience their greatest negative effect with student eligibility, admissions, enrollment and tuition. It should be realized that private-school regulations existed prior to recent school-choice initiatives. Because there have been a longstanding regulatory relationship between state governments and private schools, at this time additional regulations may not be necessary (Catt, 73).

Charter schools face resistance as well because they are fully funded public schools exempted from some of the regulations affecting traditional public schools. In the United Kingdom, for example, Education Secretary Michael Gove confronted teaching unions when he expanded an academies program. Like charter schools in the U.S., academies, introduced by the Labor government in the early 2000s, make government-funded schools independent of local government bureaucracies. Some 4,000 secondary schools, about two-thirds of the total, now control their own staffing, curriculum and budgets.

Improvements in the UK due to these independent schools are significant. The ARK academy chain has turned around a Portsmouth school in a deprived area. The school produced a 3 percent pass-rate in five key subjects on national exams for 16-year-olds in 2006, and 79 percent by 2014. The results are mixed; however, academy pupil performance in general has improved more quickly than those in mainstream schools. Teachers, associated with the new schools, have taken the initiative in fostering changes and cutting weaker staff. Undoubtedly, the size and speed of changes in educational provision carries risk; England's inspectors have been called on to closely examine chains of academies and all for-profit secondary schools (*The Economist*, 18).

Educational reform measures will not necessarily result in positive outcomes for all K-12 students. Parents make poor choices or put too much weight on the "right" school. Many charter schools are below par, and excellent charter programs may not scale onto a national level to significantly affect the overall quality of education. Nevertheless, parent applications for charter school enrollment exceeds openings in Los Angeles, Washington, D.C., and New York City (Waiting

for "Superman"). As of June 2014, there were 197 charter schools in New York City with 83,200 student enrolled and about 50,000 on wait lists (Finley).

Charter schools are generally funded at a lower level than other public schools. Why, then, are parents entering lotteries for placement in charter schools that more often than not inconvenience families? It may be that they deem the local public school to be inadequate or it has been determined to actually be so by No Child Left Behind. Or, perhaps they perceive that their child's unique talents or special needs are not being met. Consider a student, who has never performed above the 50th percentile on any standardized test, required to pass exams normed at the 75th percentile. It is difficult for a parent, teacher or counselor to see a student mired for years in a program in which there is little likelihood of personal success. Given a few years in a private or charter school, a child may be able to bridge back into a traditional program in a neighborhood school and succeed.

The academic programs of public schools in general and charter schools in particular are at risk. It should be realized when a student transfers out of a charter school, a charter does not automatically fill that empty seat. Interest groups are pressuring charters, because they are publicly funded, to fill empty seats, and argue that by not back-filling charter students' average proficiency scores are not comparable with local public schools. Admittedly, selection bias is hard to overcome in comparing schools, particularly in public school districts permitting magnet schools to select students on the basis of test scores. However, there are strong pedagogical reasons for not admitting transfers at every grade level if doing so jeopardizes the progress of returning students. Public schools, charter or traditional, increasingly face pressure from parents, whose children are home schooled or enrolled in private schools, to open up parts of their academic, music or athletic programs. The issue, for charters, is whether or not educators can set policy with respect to transfers and thus realize the economies of students progressing together rather remediating at each grade level or setting up multiple tracks. The ability of any school, public or private, to set and enforce its policies is necessary for academic effectiveness.

Conclusion

Federal and state educational policy in a liberal democracy is unable to fulfill the aspirations of its advocates because it assumes that the consequences of policy measures are sufficiently knowable to achieve specific and intended outcomes (Wagner). The standard assumption, that government can intervene to repair educational failures and, at the same time, address the deficiencies of children in low-income families, has been shown to be incoherent because government lacks the expertise to influence educational and socio-economic outcomes. Once the full complexity of education is recognized, the unintended consequences of existing policy measures become apparent. What is needed is a focus on policy for creating and maintaining K-12 educational networks that supports a process in which people and institutions select, trade off, compromise and accept the consequences of their choices.

Federal and state educational policy in a liberal democracy is unable to fulfill the aspirations of its advocates because it assumes that the consequences of policy measures are sufficiently knowable to achieve specific and intended outcomes

Given compulsory schooling along with full or partial tax funding, the government is necessarily involved in adjudicating disputes between and among stakeholders; adjustments are inevitable to ensure justice and the long-term interests of the country. For example, if particular groups of students, such as those with special needs or, on the other hand, those considered gifted and talented, are enrolled in high cost programs, other students are necessarily enrolled in below-average cost programs. Government, however, does not necessarily have to produce these services or even control how they are provided. On the other hand, government, charged with maintaining civic order and collecting tax revenue, does have a role in providing information and insuring educational accountability.

In educational policy, as in medicine, the prescription is only as good as the diagnosis. The first question, we should ask ourselves is how what once was perceived as a good if not excellent K-12 educational system appears to be failing or floundering. There is certainly enough blame to go around. Is low academic achievement due to inadequate funding, household poverty or the breakup of the traditional family? Is it the result of inadequate teaching or teachers' unions, in general?

Seldom discussed is the role state and federal government may have played in reducing the control of parents and educators within a school or throughout a district — forced consolidation, busing, No Child Left Behind and, more recently, Common Core. To get the right prescription for effective educational reform, it will be necessary to re-establish the standing of various stakeholders, free K-12 education from monopolistic supply and determine what works.

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BEFORE THE CRADLE UNTIL AFTER THE GRAVE

How's government doing in regard to life, liberty and our pursuit of happiness?

by ERIC SCHANSBERG

Government is supposed to help individuals with life, liberty and the pursuit of happiness. Using this metric, let's see how our government often struggles and how people are damaged as a result, especially the most vulnerable in society. We'll look at a host of economic and social policies, chronologically — from before the cradle to beyond the grave.

Before the cradle, we start with abortion, where life is snuffed out before it reaches the cradle. Archaic knowledge of science and certain metaphysical views can lead one to believe that life does not begin in the womb. But if one has any doubts, we should obviously err on the side of life, rather than risking fatal errors. (We must go “beyond a reasonable doubt” to put the most serious criminals to death. Why not the same “reasonable” standard here?)

A civilized society should protect the vulnerable. But abortion has a disproportionate impact on the poor and “disadvantaged” minorities. According to the Alan Guttmacher Institute, 42 percent of abortions are for women below the poverty line; 30 percent are black; 25 percent are Hispanic. At present, there is a great focus on African-Americans and the police. But hundreds more are killed by citizens and thousands more are killed by abortion.

Once out of the womb, we offer “welfare” policies to poorer parents and children — redistribution of wealth based on income and family structure. As a society, we want to help those with fewer resources in more vulnerable family structures — most notably, single-parent households. The problem is that when you provide big resources for those in state *x*, you inevitably encourage people to enter and remain in state *x*. As such, our policies have encouraged the poor and lower middle class to bear and raise children in single-parent households. The resulting family instability has caused a range of serious, long-term problems for these children.

Charles Murray ably describes this in his book *Coming Apart*. In the middle- and upper-income classes, marriage and two-parent households have faded a bit over the last 40 years but have generally remained strong. But in the lower income classes, the vast majority of children are born and raised in single-parent households — the new norm.

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With childhood, we have our government's education system. In pre-kindergarten, government offers Head Start for poor children. Unfortunately, research has shown that it's quite expensive (\$8,000 per student) and generally ineffective.

For kindergarten through grade 12, parents are usually offered a free education at the government-run school in their neighborhood. The education is free, but the school is assigned. Poorer people, as a captive audience, are prone to abuse by the monopoly power of the local school. Where else can they go?

Of course, there are profound challenges in teaching within poorer areas. They have a far higher concentration of the social pathologies that generally follow from the single-parent households subsidized by the government. Still, one would not expect a government-run entity with tremendous monopoly power to be the height of efficiency or effectiveness.

Our War on Drugs naturally leads to Prohibition-style violence and gangs, especially in inner cities. The artificially high profits are a temptation for teens to work in that sector. Sentencing guidelines allow children to engage in crimes with the promise that their records will be expunged when they become adults. Combined with poverty, the prevalence of single-parent households and less-than-optimal education, the current drug policy provides

a wide road from school to prison.

If one tries to get a legal job, we have many laws that make it more expensive to hire workers. In particular, when productivity is low, artificial increases in compensation can make it prohibitively expensive to hire less-skilled workers. From workers' compensation to the Affordable Care Act, the flip side of trying to help workers is making them more expensive and less employable.

The most famous of these interventions is the minimum wage — where we try to help heads of households who need a “living wage” by making millions of workers more expensive to hire. Even with the policy's benefits, the costs are troubling and the policy is clearly not well-targeted.

Other laws serve to lock out workers directly. For example, taxicab medallions erect artificial barriers to entry into a profession that would be ideal for many low-skilled workers. (Uber and Lyft are now rapidly eroding this monopoly power.) Occupational licensing makes it more difficult to get



into dozens of professions — for example, hair braiding and working on nails.

If you're fortunate enough to get a job, many of the working poor get to pay local and state income taxes. In 2013, the National Center for Children in Poverty reports that 16 states impose income taxes on workers at and below the poverty line. In 2011, the Center for Budget and Policy Priorities reported that 24 states imposed income taxes on workers within 125 percent of the poverty line.

The federal government won't make you pay income taxes if you're poor (unless you're a one-person household). But they'll nail you with payroll (Federal Insurance Contributions Act or FICA) taxes on income to finance entitlement programs for retirees: 15.3 percent of every dollar earned — no deductions, no exemptions, no credits. If you're at the poverty line, you lose about \$3,000 per year to FICA.

Government redistribution is often used to "reverse Robin Hood" — taking money from those with less income to redistribute to those with more income. Two huge examples:

First, the federal government subsidizes the purchase of health insurance through employers. This policy causes the bulk of our problems in health insurance and health care, but that's a topic for another day. Here, the problem is that the subsidy is pricey (more than \$250 billion per

year; \$3,250 from the average family of four). And it is regressive, disproportionately helping those with more income. Second, the home mortgage interest deduction is also regressive and pricey (\$1,700 per family).

What about spending your legal take-home pay? Unfortunately, there are a range of policies that drive up the price of food (farm policy), clothing (trade protectionism), shelter (regulations in housing) and healthcare (dozens of policies).

When you retire, you can hope to receive Social Security and Medicare from people who are then paying their FICA taxes. Well, Medicare is OK, but they're reducing it now — and will cut it much more. And the rate of return on Social Security now averages 0 percent — and is less for the poor and disadvantaged minorities (since they die earlier than average).

Beyond the grave, estate taxes are famous for taxing the same money for a second or third time at death. But for more marginal people, Social Security is their nest egg. In addition to its anemic low rate-of-return, Social Security is only a stream of income, not an asset that can be passed along to descendants — quite a death tax on those with lower incomes.

From before the cradle to beyond the grave, government imposes huge costs on people, even the most marginal in our society.

From workers' compensation to the Affordable Care Act, the flip side of trying to help workers is making them more expensive and less employable.

The Voter and the Two Voices

It is calmly assumed that the only two possible types of society are a Collectivist type of society and the present society that exists at this moment and is rather like an animated muck heap. It is quite unnecessary to say that I should prefer socialism to the present state of things. I should prefer anarchism to the present state of things. But it is simply not the fact that collectivism is the only other scheme for a more equal order. A collectivist has a perfect right to think it the only sound scheme; but it is not the only plausible or possible scheme. We might have peasant proprietorship; we might have the compromise of Henry George; we might have a number of tiny communes; we might have cooperation; we might have anarchist communism; we might have a hundred things.

I am not saying that any of these are right, though I cannot imagine that any of them could be worse than the present social madhouse, with its top-heavy rich and its tortured poor; but I say that it is an evidence of the stiff and narrow alternative offered to the civic mind, that the civic mind is not, generally speaking, conscious of these other possibilities. The civic mind is not free or alert enough to feel how much it has the world before it. There are at least 10 solutions of the education question, and no one knows which Englishmen really want. For Englishmen are only allowed to vote about the two which are at that moment offered by the Premier and the Leader of the Opposition. There are 10 solutions of the drink question; and no one knows which the democracy wants; for the democracy is only allowed to fight about one licensing bill at a time.

So that the situation comes to this: The democracy has a right to answer questions, but it has no right to ask them. It is still the political aristocracy that asks the questions. And we shall not be unreasonably cynical if we suppose that the political aristocracy will always be rather careful what questions it asks. And if the dangerous comfort and self-flattery continues much longer there will be less democratic value in an election than in a Roman saturnalia of slaves.

— G.K. Chesterton in *A Miscellany of Men*

IMMIGRATION FROM THE INSIDE OUT

An Indiana businesswoman addresses cultural and political viewpoints on immigration from her quarter-century perspective as an employer of both native-born and foreign-born workers.

Before you assume the collective, assume the individual; this is the greatest thing about the idea of America."

— AAYAN HIRSI ALI

by JO MARCH

One often hears that we are “a nation of immigrants built upon the rule of law.” This is reasonably followed by a call for border security and enforcement of existing immigration laws. Homage may also be paid to an immigrant ancestor, although most came to these shores before immigration law became the issue it is today.^{1,2}

Such generalization, though, does not consider the myriad real-life success stories of immigrants, current and past. Nor does it soften uncomfortable comparisons that can be drawn between woeful mishandling of ethnicity early in our history and current attitudes toward Hispanic immigrants.

The United States Naturalization Law of March 26, 1790, did not restrict immigration per se; it only addressing qualifications for citizenship. It limited naturalization to immigrants who were free, white and of good character. It thus excluded American Indians, indentured servants, slaves, free blacks and Asians.³

The Chinese Exclusion Act, signed into law on May 6, 1882, by President Chester A. Arthur, effectively halted Chinese immigration for 10 years and prohibited Chinese from becoming U.S. citizens.⁴ This stood until 1943, reflecting the exigencies of the time, when China was our ally against Japan. Still, only 105 Chinese immigrants per year were permitted entry until the Immigration Act of 1965 abolished national origin quotas.⁵

With the Bracero Program, initiated in 1942 in response to wartime labor shortages, several hundred thousand temporary workers were admitted from Mexico annually. The program ended abruptly in the 1960s, however, with no comparable new path for temporary workers. In a recent paper, the Immigration Policy Center summarized the situation thus: “New admission

restrictions made it virtually impossible for workers without close U.S. citizen relatives or a college degree to immigrate lawfully. People who could have come lawfully before the 1960s could no longer do so. All of a sudden, they had no line to stand in.”⁶

As for the individuals who make up our “nation of immigrants,” their stories are too varied and numerous to even attempt to draw conclusions upon which national policy ought to be based. I offer three, however, that combined provide a basis on which to begin:

The German Patriarch — My paternal great-grandfather emigrated from Germany in 1854 at the age of seven. His father had come several years before with fellow Germans supposedly escaping Bismarck’s prisons. (This is according to my paternal grandmother, an avid genealogist and member of the Daughters of the American Revolution, but unverifiable beyond that). When my great-great-grandfather had enough means, he sent money back to Germany via a trusted fellow German courier with detailed instructions to his young wife about what she was to sell and bring as well as warnings about life on the ship she was about to board. My great-grandfather arrived safely, survived the Civil War as a young orderly for a Union regiment and started a successful carriage-making business with his brother. He built a substantial home in town (still standing), was active in local politics and retired as a gentleman farmer. His son, my grandfather, attended college but apparently never desired nor achieved the same level of success. In the Depression, he lost the house his father built and seemed less interested, according to my father, in running the family farm than in burying his nose in French and German texts. He died when my father was 14, a shadowy unknown between my great-grandfather and my own father.

A Teenager From Michoacán — One of our most-valued current employees (more about our business later) was sent by his parents at age 13 to Mexico City from his home in Michoacán, Mexico, to sell household items door-to-door. As the oldest of eight, his earnings were needed to send his younger siblings to school. He came to the United States as a 17-year-old and didn't see his parents again until he returned as a married adult 15 years later. It is noteworthy that he chose not to bring his American wife and children with him to Mexico for that visit — too dangerous in the cartel-controlled town near his parents' home. In the 18 years he has worked for our company, he has continually found new ways to make himself indispensable. He manages large crews effectively, runs most projects with little supervision and uses our sophisticated data-collecting and job-costing technology more expertly than any other employee, white or Hispanic. Some of our white foremen with more education outperform him in customer relationship-building but he's working on that. He recently began citizenship classes.

An Intrepid Grandmother from Austria-Poland — In 1911, at age 15, my husband's maternal grandmother left Austria-Poland for America at the behest of her mother and accompanied only by an uncle. She never again visited her homeland nor expressed a wish to do so. She married a fellow Austrian-Pole in the U.S. at age 16, bore two daughters and worked her entire life at menial jobs to support her family and a philandering, alcoholic husband. Yet despite her hardscrabble life, her demeanor in photographs or in family lore was one of boundless love, kindness and generosity. There was not a trace of bitterness about her situation. Her youngest daughter, my mother-in-law, inherited that spirit and raised six children, all of whom were the first generation in the family to graduate from college. Two of them started their own businesses, one of them being my husband, whose ability to stare down risk with a cheerful grin — not because he doesn't know the danger and responsibility, but because he is brave enough to hide it from the rest of us — amazes me to this day.

What is the unifying theme? Only this: It is impossible for earthbound humans to predict with any certainty the potential of millions of

different human lives arriving on these shores. Some may succeed economically and socially, only to have their descendants, who may lack the desperate ambition and work ethic that brought their forefathers here, fall short. Others may lead seemingly inconsequential lives but somehow manage to instill in their progeny an internal resilience and optimism that sustains families and communities for generations.

Our Story

Twenty-five years ago, my husband and I started a small construction service business (thank you, Ronald Reagan, we never appreciated what an ideal climate for business you provided until we met the current administration). About 1996, when we reached a point where we needed more employees to serve our expanding customer base, we published advertisements in newspapers with regional circulations. We received over 80 responses, interviewed 40 applicants and hired the 10 best prospects. By the end of the summer, six months later, all had left.

The reasons varied from personal problems, including drugs or alcohol problems, traffic violations and other legal entanglement, to the physical demands of the job. They did not include low pay or unsafe working conditions.

Not knowing where we could find a reliable source of future employees, we turned to the placement director of the local college where we had found students willing to work on a part-time basis. He suggested instead contacting a member of his church who might know some recent Hispanic immigrants looking for work. Thus we officially became employers of a (partly) Hispanic workforce.

First, let it be clear that we have always done everything legally required when hiring any employee — Caucasian, black or Hispanic. Everyone completes the same I-9 and W-4 form, everyone is reported to the state as a new hire, everyone takes a pre-placement physical and receives training and safety equipment appropriate to their job.

I bristle when I hear generalizations accusing employers of exploiting their employees by paying low wages, paying in cash or skimping on safety or benefits. We have been a Drug Free Workplace for 14 years, and that has helped our OSHA (Occupational Safety and Health

It is impossible for earthbound humans to predict with any certainty the potential of millions of different human lives arriving on these shores.

The author, who writes under the pen name Jo March, is a member of the foundation and the co-founder of a successful Indiana business. She lists her greatest honors as her husband and children. The couple took out a small life-insurance loan 25 years ago and used a tax refund to meet their first contract. "That year my husband would run around in the morning buying and delivering supplies to the job, where the part-time help would show up in the afternoon. He'd work with them until dark, sometimes coming home to a sobbing new mom to help get our firstborn to sleep. We survived and eventually thrived because of my husband's sales ability and unflagging work ethic."

The number of visas granted annually by the U.S. government falls well below the demand by employers. There simply were not enough American citizens born 20 to 30 years ago.

Administration) rating (3.1) as well as our safety record (Experience Moderation Rate of .7). We pay for 75-100 percent of Blue Cross Blue Shield group health insurance for all full-time employees (36 covered employees, plus 66 dependents at this writing).

In the past, we held free regular English as a Second Language classes during the off-seasons. Those have been discontinued, however, due to rising health-insurance costs and the improved fluency of our employees. We've been to weddings, Quinceaneras (a Mexican celebration of a girl's fifteenth birthday) and soccer games. At company Christmas parties, the children of Mexican employees chatter away about their teachers and classes, no less fluent in English than their white counterparts. Our Hispanic employees have been introduced to softball, technology and merit raises, the latter, interestingly, meeting some resistance.

A Missing Workforce

Well-meaning advisors have suggested that we take advantage of the H2B temporary visa program. We find it paternalistic, though, even ignoring the patronage system in Mexico that feeds it. And if it could supply the number and type of employee we need — and it cannot — it still is in direct conflict with the type of permanent, trained and ambitious worker that would help our company grow.

The number of H2B visas granted annually by the U.S. government falls well below the demand by employers (pre-2008, anyway). There simply were not enough American citizens born 20 to 30 years ago.

Tangentially, the economists Steven Levitt and Stephen Dubner⁷ speculate that the drop in crime rates in the 1990's was due to the national legalization of abortion in 1973. In their eyes, abortion rights played a bigger role in reducing crime than a robust economy or police work.

Maybe some of those unborn citizens could be working instead of illegal immigrants, but they were never born. In 1990, 25 percent of all pregnancies ended in abortion — 1.6 million lives lost in all, just that year.⁸

A few years ago, the owner of a small engine-manufacturing facility in Wisconsin complained to a friend of mine about the lack of reliable workers. "We used to be able to hire kids off the farm, right out of high school, but that source seems to have dried up," he said. There may have been other causes for this shortfall (more young adults going off to college, etc.) but wouldn't one million more births per year after 1973 have helped the labor pool just a bit, 20 and 30 years on? Despite all, it has only been since Barack Obama took office in 2008 that the

lack of resolution on immigration has become a top concern for our company. I didn't vote for Mr. Obama because I disagreed with his views on just about everything. I was hopeful, though, that his election would bring positive change to the national immigration situation.

My hopes for clarity and national unity on immigration law are dashed. Mr. Obama apparently eschews collaboration and seems uninterested in the drudgery of turning speeches into reality.

Sometime around 2008, about one-third of our employees' driver licenses were not renewed by the state of Indiana. In our service-related business, drivers are essential to our work, and no one whose driving record can't be checked on an annual basis can drive company vehicles.

In 2010 or 2011 we began to E-Verify new hires, since we couldn't afford to hire any new non-drivers. The E-Verify system uses an individual's state driver's license number as one document to verify employment eligibility, so the state has become the de-facto E-Verifier for us.

Now, seven years after the 2008 recession, which hit the construction-related industry pretty hard, we're still in business, with most of the key employees we had then.

But things are more somber and uncertain; bonuses and raises are scarce. Our health-insurance premiums increased by double-digit percentages in 2012 and 2013 and 9 percent this year, and this with our group plans still not fully subject to the Affordable Care Act regulations until 2016, thanks to solid advice from an insurance agent and the prudent timing of our policy renewal.

We're now paying \$10,000 per family after employee contributions for high-deductible plans (\$6,000-\$10,000 in-network). We used to make contributions to Employee Health Savings Accounts to help offset the high deductibles but dropped that in 2014 in order to maintain employee premium contributions at the same dollar level as 2013. We looked at the exchange options available to employees and discovered that the plans would be just as expensive as our current ones, only with narrower networks. And some employees hired before we began to E-Verify might not be able to purchase insurance at all.

In summary, the Affordable Care Act is more of a threat to our future than the unresolved immigration situation, but together they form a potential knockout punch for our company.

As the decision-maker on health insurance for our company, I squirm at the paternalistic and personally invasive nature of this role. But,

pace Jonathan Gruber's revelations concerning the intelligence of the American voter, the candidates themselves did not understand the intricacies of healthcare and health insurance well enough to clarify for voters the details and pitfalls of the various options. In addition, most citizens and especially most politicians have never purchased health insurance on their own, and certainly most have not done so on behalf of employees.

Similarly, those who bemoan all immigration-reform proposals as gifts to big business⁹ or as a threat to the jobs of American workers should listen harder to small-business owners who have been hiring less-skilled workers in good economic times and bad. The immigrants that we have hired have helped sustain the jobs of the native-born Americans we employ because they have allowed our company to grow. Our company is not the only one that understands that the skills of native-born high school graduates and the skills of less-educated immigrants complement each other in ways that benefit individuals and a company as a whole.

A study in 2013 confirmed this: "Less-skilled native-born workers have a comparative advantage in jobs that require communications skills and managerial ability. Less-skilled immigrants have a comparative advantage in jobs that require physical strength and stamina: labor-intensive occupations such as building maintenance, landscaping, construction, food processing, food preparation and food service."¹⁰ Our company's situation could not have been described better.

But again, no generalization can describe each individual. Within both groups, there are individuals who fit the norm and those who defy it.

Competing views abound. In June of last year, George Borjas' book, *Immigration Economics*, found that where immigration increases the number of workers in a skill group by 10 percent it reduces wages by 4 percent.¹¹

A visiting scholar at the American Enterprise Institute concluded: "Rather than claiming that immigrants perform work Americans are unwilling to do, perhaps it is more accurate to say they perform tasks at wages Americans are unwilling to take."¹²

The discussion echoes the Wal-Mart debate: That is, Americans may be unwilling to work at these wages but they are also unwilling as consumers to pay the price for their fellow workers' higher wages.

Studies such as those by Professor Borjas, when used by opponents of more-liberal immigration policies, seem to argue that selective hiring and retention based on

employers' concern for their bottom line is unfair. Yet, the same researcher who referenced these immigration economics approvingly cites another study describing the unintended negative effects of minimum-wage laws on low-skilled workers.¹³

Some politicians think that tax policy can encourage or discourage hiring, and to some extent our company has found that to be true. Certainly, we're not going to employ more than 50 full-time people as long as the Affordable Care Act exists. But no tax relief or stimulus can magically produce ambitious, productive employees, especially those who haven't been born. Good employees, whatever their origin, will always be worth the investment in training, benefits and promotion. Even in a good economy, one in which we're desperate for workers, we still can't afford at any wage employees who fail drug screens, frequently miss work due to personal problems, or who just have a poor work ethic and disruptive attitude.

Conclusion

Any so-called comprehensive reform — whether of immigration, healthcare or the financial sector — that presumes to account for every situation and every adaptation an individual might make will be in need of reform itself a few decades on. Indeed, the failure of most social reforms is rooted in an attempt to make every outcome "fair" for those who fall into its clutches.

It is better, I believe, to simply allow varied opportunities to exist, unfettered by new regulation, and allow success or failure — or something between — to be carried on the shoulders of the individuals involved.

So I do not support reform that extends the benefits and attendant moral hazards of a nanny state to any immigrant who does not go through the long and costly process of becoming a U.S. citizen. Perhaps the privilege of ever attaining citizenship (or bringing family members here) should be denied to anyone who is granted amnesty after illegal entry.

I do support ways to allow more workers to enter legally. Why, for example, can't we expedite the visa applications of people "waiting in line" from the Philippines or Iraq (like the translator who fought alongside a Medal-of-Honor recipient)?¹⁴ Add to that list guest workers, scientific and engineering geniuses and, really, anyone who wants to work for his or her own happiness and doesn't want to blow us up.

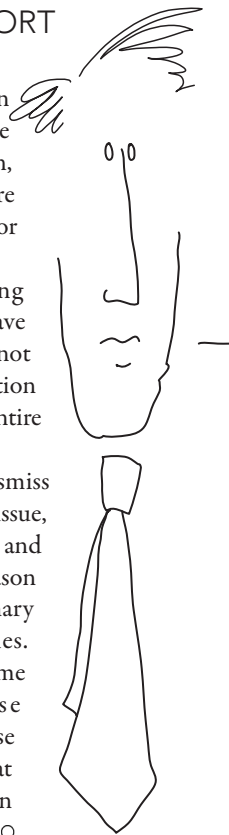
Our experience is that it is not welfare that draws immigrants here. It is the chance to

The immigration discussion echoes the Wal-Mart debate: That is, Americans may be unwilling to work at these wages but they are also unwilling as consumers to pay the price for their fellow workers' higher wages.

I do not support reform that extends the benefits and attendant moral hazards of a nanny state to any immigrant who does not go through the long and costly process of becoming a U.S. citizen.

elevate their station in life, to paraphrase Alexander Hamilton, an immigrant before there was any legal or illegal designation. Hamilton, along with wave after wave of later immigrants, not only elevated his station but the station of an entire nation.

But you can dismiss the history of this issue, even the economics, and still have strong reason to oppose exclusionary immigration policies. I do so for the same reason I oppose abortion — because you never know what difference one life can make.



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"Whereas by an intermixture with our people, they, or their descendants, get assimilated to our customs, measures and laws: in a word, soon become one people."
(Washington)

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To me, it's nonsensical that we allow people to come into our society and use the freedom that we give everybody to undermine those very freedoms. We don't discriminate against anybody who wants to come and live in our country and follow our laws and adopt our values. What does that mean? That means we should be unafraid to teach English in our schools. That means we should be unafraid to insist that when people come here they're not here to set up their own cultures (to) overtake ours, they're here to become a part of America. . . . We risk it all, that American exceptionalism, if we allow the elites — oftentimes unelected, behind closed doors, with no transparency — to dictate to us how our children are going to learn about American history and civics.

— Gov. Bobby Jindal of Louisiana speaking to the American Principles Project in Washington, D.C.

OLD PROGRESS

Sorry, Congressman, but Your Vision Is Crushing Us

by RYAN CUMMINS

"I know, up on the top you are seeing great sights, but down here at the bottom we, too, should have rights." — Yertle the Turtle by Dr. Seuss

Two articles that came across my desk recently illustrated such poor understanding of what government is — what it actually does and the consequences — that I must speak out.

The first is by a former Indiana congressman turned academic, Lee Hamilton, generally considered an elder statesman whose opinion about government is taken seriously by many people. That is troubling, though, given his thesis. It recommends a course of action that is immoral, unethical and destructive.¹

Writing for the Center on Congress at Indiana University, Hamilton contends that government failures (he cites the Veterans Administration, the roll-out of ObamaCare, the attack on the World Trade Center, among others) could be solved if we had better people in government doing a better job.

"No matter how good a policy, if good people aren't available to carry it out, it will fail," he states.

I have little doubt he means well — don't they all? — but his evaluation is wrong, and the solution will make a bad situation worse. To paraphrase software writers, what Hamilton sees as government failures are not mere bugs but features.

Sorry to say, I wouldn't expect better analysis from someone who has spent 34 of his adult years in government. But I'm just a guy who sells flowers in a small town in western Indiana. Who am I to challenge the word of a congressman?

I'll answer this way: I have spent about the same number of years working in the private sector as Mr. Hamilton has spent in office. These last three decades I paid my own payroll, paid my own invoices, paid the price of regulations imposed by all levels of government and was the unfortunate bearer of actual burdens

resulting from those government "failures" described so clinically and dispassionately by the congressman.

And like Dr. Seuss' Yertle the Turtle, the experience has taught me that the solution is to step off the rock and out from under the crushing burden of someone else's grand, self-serving vision. Indeed, it tells me that the state is acting, operating, imposing, legislating and regulating exactly as any reasonable person might expect — that is, not very well, even destructively.

The point here is that the scandals and problems cited by Hamilton are the inevitable outcomes resulting from disincentives that are fundamental to government in general and to politicians and bureaucrats in particular. And they are not limited to Washington, D.C.; the same disincentives exist for state and local governments.

Hamilton's retort might be that when good people in government do good work, the incentives in government align for the better. If this were true, my argument — that the very nature of government, the "state," leads to bad results, to a diminution of both individual liberty and property rights — could be safely dismissed.

A Statist Success Story?

But it cannot be so dismissed, and this leads to a second unsettling and related article. It was published by Inside Indiana Business and was coupled with a press release from the U.S. Department of Agriculture.² It reflects the type of good news, the success of the state, that Hamilton might put forward as an example of what happens when competent people implement "good" policy in government.

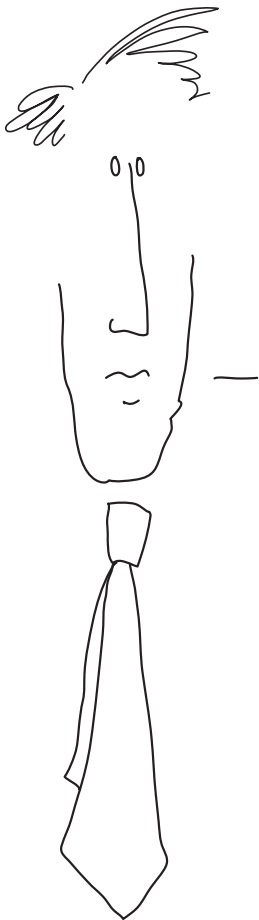
To summarize, the article and release tout a government program known by the tongue-twisting name of "USDA Rural Development Value-Added Producer Grant Program." With a name like that, believers in government might say, it's got to be good. Anyone with even a modicum of faith in the state would consider this glowing report as evidence of a successful government program, run by qualified people. It is, perhaps, the congressman's view of what good work is possible, what keeps people like him going.

What Lee Hamilton sees as government failures are not mere bugs but features of a system that his policies created and now maintain.

Ryan Cummins, a business owner and an adjunct scholar of the foundation, is a former chairman of the appropriations committee of the Terre Haute Common Council.



Neither Indiana state government nor this particular bureaucracy earned any profits on other operations with which they are now “investing” in rural businesses.



“If, from the more wretched parts of the old world, we still find the greedy hand of government thrusting itself into every corner and crevice of industry.”
(Thomas Paine)

The report tells of several businesses receiving government “grants” to fund new commercial activities. Presumably, these firms can now expand, hire more local people, sell more and enjoy greater potential because of this government program.

Indiana’s lieutenant governor encourages similar programs under the umbrella of the state’s Office of Small Business and Entrepreneurship. Here is a sample of its acronym-studded gobbledygook:³

Our teams at the Office of Community and Rural Affairs (OCRA), Indiana Housing and Community Development (IHCDA), the Indiana State Department of Agriculture (ISDA) and the Indiana Office of Defense Development (IODD) are already providing outreach and opportunities for Indiana small businesses. We believe the synergies created by our cross collaborations will foster greater capacity building for individuals and their communities as they explore new ways to create jobs and expand.

Is that Hamilton’s vision for us? Such programs are anything but successful. In fact, they are much more than just unsuccessful. Those politicians and bureaucrats who enable such programs, as well as the business owners who

participate, should be ashamed and embarrassed rather than congratulating themselves in press releases.

Frederic Bastiat, in his famous 1848 essay “What is Seen and What is Unseen” wrote this:

In the economic sphere, an act, a habit, an institution, a law produces not only one effect but a series of effects. Of these effects, the first alone is immediate; it appears simultaneously with its cause; it is seen. The other effects emerge only subsequently; they are not seen; we are fortunate if we foresee them. There is only one difference between a bad economist and a good one. The bad economist confines himself to the visible effect while the good economist takes into account both the effect that can be seen and those effects that must be foreseen.⁴

We can find the unseen of the USDA Rural Development Value-Added Producer Grant Program in its own press release and related article.

The U.S. Secretary of Agriculture is quoted as announcing “investments” to help rural businesses grow, diversify and create jobs. That is obviously a good thing because successful private businesses do things such as grow larger, diversify into new products and services, and hire more people as a result. Oddly, though, no explanation is given as to why rural businesses

would need that help and suburban or urban businesses would not.

Be that as it may, the agriculture secretary further describes in detail the size of this “investment” — \$25 million in 2014, over \$100 million since 2009. The word investment is in quotes when referring to this money because the secretary’s meaning of the word is at odds with its commonly accepted economic meaning. Investing, as truthfully understood, means to risk one’s own money in hopes of creating profit, ROI (Return on Investment) being a common financial term.

But you should suspect that the secretary and former Representative Hamilton have in mind something else entirely. For what is going on here is not an investment in any free-market sense but rather usurpation. The money did not come from the private funds of the secretary or the representative or even monies accountably budgeted to the USDA or the federal government. Neither the government nor this particular bureaucracy earned any profits on other operations with which they are now “investing” in rural businesses.

Rather, the state confiscated, under severe penalty, the property (profits) of successful businesses and turned it over to those clever enough to have lobbied for it. Economists call this “rent seeking,” the spending of wealth on political persuasion to increase one’s share of already existing wealth without creating any new wealth.

But that doesn’t make for a compelling political speech or press release, does it? It is not even news. The Indiana businesses receiving the money merely used the force of government to get what they could not gain voluntarily, a distressingly common occurrence throughout history when the state intervenes in a market. This supposedly successful government program constitutes welfare pure and simple, fancy names and fuzzy wording notwithstanding.

The Destruction

Earlier, I described this general approach as immoral, unethical and destructive. Bastiat helped us understand why it is immoral and unethical. Let’s turn to Henry Hazlitt and his seminal book, *Economics in One Lesson*, for why it is destructive:

The government spends for forget they are taking money from A in order to pay it to B. Or rather, they know this very well, but while they dilate upon all the benefits of the process to B, and all the wonderful things he will have which he would not have had if the money had not been transferred to him, they forget the effects of the transaction on A. B is seen; A is forgotten. It sees the people in whose hands the capital

is put; it forgets those who would otherwise have had it. It sees the project for which the capital is granted; it forgets the projects from which the capital is withheld. It sees the immediate benefit to one group; it overlooks the losses to other groups, and the net loss to the community as a whole" (emphasis mine). Government aid to business is sometimes as much to be feared as government hostility. The government can give no financial help to business that it does not first or finally take from business. The government's funds all come from taxes. When the government makes subsidies to business, what it does is to tax successful private businesses in order to support unsuccessful private businesses.²⁵

Not only are successful business people deprived of their property and the ability to use it as they see fit, Hazlitt tells us, but also inferior and less-capable business people are given the use of the confiscated property.

How can I call the business recipients of this government program inferior and less capable? It is self-evident. They came into possession of the money through force and coercion, not through voluntary exchange or increased productivity. It is crony capitalism, a destructive aberration of the morally superior voluntary actions found in true free-market capitalism.

The profitable, more efficient businesses will now have less ability to grow, diversify and create jobs. The less efficient businesses now have use of the property but because they are less efficient, and they will not grow, diversify and create jobs to the same extent. This is a net loss (destruction) in production and wealth; the nation is now poorer than before.

This is failure by any reasonable person's definition but it is touted as a "successful government program." You should doubt if this country could stand much more success of this nature.

There are identifiable villains in this story. They are the politicians like Lee Hamilton who fail to understand the fundamental nature of government and wreak destruction in their attempts to "do good" with the force of the state. These same politicians are the enablers of the bureaucrat, the source of rationalization for such policy, and, when in office, their votes put the stamp of approval on destructive tax expenditures.

They are the bureaucrats, such as the secretary of agriculture, who claim to work for the common good but actually work to perpetuate the existence of bureaucracy. They indulge a fatal conceit in trying to pick winners and losers with other people's money. They make it their job to make sure the USDA Rural Development Value-Added Producer Grant Program continues regardless of its destructive consequences.

Finally, there are those rent-seeking business owners, large and small, local and national. It is critical to make the distinction between those who make a profit because they provide a good or service others value, and those who are wealthy because they are close to government and are granted special privileges by the state and not the market.

They gladly accept the Faustian bargain of a short-term gain for themselves at the cost of long-term loss for everyone else, including, eventually, their own companies.

Conclusion

Is there a way out of this? Well, the first thing is to reject the self-serving clichés of Congressman Hamilton. Indeed, he finished his article for Indiana University with the suggestion that it is our fault, that as an electorate we have not been diligent: "As election season approaches, insist that your favored candidate work harder on making government more efficient and effective."

Really? Hardly a candidate in the history of this country hasn't made that claim at some point in a campaign. And if everyone wants efficiency and effectiveness from their government, why are the results of statist efforts so pervasively, so uniformly the opposite?

Obviously, the solution is not a matter of a simplistic posture of "better people governing better." If we are going to have government that truly exists by the consent of the governed, it will be a matter of strictly and severely limiting government to only the protection of the individual rights of life, liberty and property.

We might learn that, like Yertle the Turtle, we can step off that rock and out from under that burden. We might realize it is a consequence of the flawed vision driving men like Lee Hamilton. Q

Endnotes

1. Lee Hamilton. "Why government Fails, and What We Should Do About It." The Center on Congress at Indiana University. Aug. 6, 2014.

2. Inside Indiana Business. "Hoosier Farmers Harvest Federal Dollars." U.S. Department of Agriculture Report, Aug. 19, 2014.

3. Indiana State News Release. "Governor Pence and Lt. Governor Ellspermann Launch the Office of Small Business and Entrepreneurship." June 27, 2013.

4. Frederic Bastiat. Selected Essays on Political Economy. Seymour Cain, trans. 1995. Library of Economics and Liberty. Retrieved Jan. 11, 2015, from the World Wide Web: <http://www.econlib.org/library/Bastiat/basEss1.html>.

5. Henry Hazlitt. Economics in One Lesson. Harper.

States and municipalities have long used financial incentives to lure new businesses. But when taxpayer-funded incentives benefit a new rival, existing local businesses can get angry. Consider the resentment stirred up in Richmond, Va. The city on the banks of the James River, with a population of about 200,000, has a burgeoning local dining and beerbrewing scene, touted as a draw for tourists. Now Richmond itself intends to get in on the craft-beer boom, through an incentive package offered to Stone Brewing Co. of Escondido, Calif. Stone, known for its Arrogant Bastard Ale, plans to make Richmond the home for its East Coast headquarters. In return, Richmond offered to use \$31 million of public money to build it a brewery, restaurant and beer garden, as part of the city's renovation of a riverfront area razed in the 1970s. The Tobacco Company Restaurant in Richmond is unhappy with the city's incentive package offered to Stone Brewing Co. The problem, in the eyes of some local business owners, is that this incentive package gives the city a direct financial stake in the success of a bigger competitor.

— Alexander Skaggs in the Jan. 28, 2014, *Wall Street Journal*

And Indiana historian calls Oliver P. Morton “the most powerful, important and controversial governor in Indiana’s history.”



INDIANA AT 200
ANDREA NEAL

For the past 10 years, the foundation has distributed Andrea Neal’s biweekly essays on Indiana public-policy issues. Twenty-five Indiana newspapers have routinely published her column, making her one of the most widely read opinion writers in the state. Beginning with the spring 2013 journal, her essays began focusing on another passion — Indiana history. Neal will produce 100 columns before December 2016 that describe Indiana’s most significant historical events, generally in chronological order, tying each to a place or current event in Indiana that continues to tell the story of our state.



Gov. Morton Kept Us In Abe Lincoln’s Corner

(Feb. 9) — Ask historians to name Indiana’s greatest governor, and most will answer: Oliver P. Morton.

He was the first governor born on Hoosier soil. He played a critical role during the Civil War backing the policies of President Abraham Lincoln and supplying troops for the Union Army. He was driven more by principle than political considerations, and because of that was not always popular.

“Morton was a polarizing figure who many people liked or disliked,” notes a Ball State University history professor, Ronald V. Morris, who owns and is restoring the home in Centerville where Morton lived and practiced law prior to becoming governor.

“He was a person dealing with issues in society that are very similar to issues we wrestle with today,” Morris says. “I am not sure I would want him as a friend, but I certainly would not like him as an enemy.”

Indiana historian James Madison calls Morton “the most powerful, important and controversial governor in Indiana’s history.”

Morton seemed destined for a life in politics. His full name was Oliver Hazard Perry Throck Morton, after Oliver Hazard Perry, a naval hero of the War of 1812 credited with the famous line, “We have met the enemy and they are ours.”

Morton was born in 1823 in Salisbury on Indiana’s eastern border. After the death of his mother in 1826, he went to live with his

grandparents on a farm in Springfield, Ohio. At age 15, he returned to Indiana, attended a city school in Centerville, and briefly clerked for a doctor. He enrolled at Miami University in Ohio where he determined to become a lawyer.

Originally a Democrat, Morton joined the new Republican Party in 1856 because he felt more comfortable with its positions on slavery. He ran for governor that year and was defeated.

In 1860, Morton was elected lieutenant governor on the Republican ticket with Henry S. Lane. When Governor Lane left after two days in office to serve as U. S. Senator, Morton was elevated to governor. Three months later, the Confederate attack on Fort Sumter launched the Civil War. Morton quickly proved to be one of President Lincoln’s best recruiters, supplying the second highest percentage of troops to the

Union cause.

In the mid-term elections of 1862, Democrats took control of the Indiana General Assembly, in part due to Hoosier discomfort with the war’s duration and distrust of Lincoln’s abolitionist agenda. Democrats introduced a bill to reduce Morton’s authority over the Indiana militia. In response, Republican lawmakers bolted to Madison to deny a quorum. With the legislature unable to pass a budget, Morton kept government operating by obtaining loans from friendly bankers.

Democrats called Morton a dictator, comparing him to the likes of Caesar, Cromwell and Charles I. Though certainly unconstitutional, Morton defended his actions as necessary in a state filled with southern sympathizers — known as Copperheads — whom he considered traitors.

With the military campaign decidedly favoring the Union by the fall of 1864, Morton was reelected by a 20,000-vote margin. Soon after Morton suffered a debilitating illness that caused partial paralysis from the hips down.

Despite his disability, Morton was chosen in 1867 to complete Henry Lane’s term as U.S. Senator and was re-elected to the post in 1873. While on Senate business on the Pacific Coast in the summer of 1877, the paralysis spread to other parts of his body. He died on Nov. 1, 1877, and was buried in Crown Hill Cemetery in Indianapolis.

Directions: Oliver P. Morton is buried in Lot 37, Section 9, of the Crown Hill Cemetery in Indianapolis, 3400 Boulevard Place, 46208.

French Lick and West Baden

(Jan. 26) — The infirm frequented French Lick for its miraculous Pluto Water. The rich and famous came to golf — and gamble.

Since the 1830s, the rolling hills and springs around the small town of French Lick have drawn tourists to remote southern Indiana. They still do, thanks to a mammoth restoration of its two historic resorts completed in 2006-07 by the late philanthropist Bill Cook.

“The mineral springs were the original magnet,” notes author Chris Bundy in his history of the French Lick Springs and West Baden Springs hotels. Located within a mile of each other, the structures loom large over State Road 56 in Orange County.

Even before Indiana was a state, the area was famous — known as Salt Licks due to abundant mineral licks that attracted bison and, later, pioneers in need of salt for preserving meat. As the story goes, explorer George Rogers Clark renamed the area French Lick because the French were first to settle there.

The spring water was valued for its sulphates, known to have laxative effects and believed to be good for an array of other ailments, from asthma to malaria.

The first hotel on the French Lick site was built in 1844-45 by Dr. William A. Bowles, who figured out how to bottle the water for sale. He marketed it as Pluto Water, after the Greek god of the underworld.

John Lane managed the inn while Bowles served in the Mexican-American War. Upon Bowles' return, Lane set up a competing hotel a mile east. He called it the Mile Lick Inn and labeled his water Sprudel Water. The inn later was renamed West Baden after the German city Wiesbaden.

Both sites underwent numerous physical and ownership changes over the years. However, two moments stand out that made the region a nationally known destination.

A 1901 fire destroyed West Baden, prompting owner Lee Sinclair to commit to building a grander facility that would be not only fireproof but an engineering marvel. After several architects turned him down, he found one who agreed to build an octahedron-shaped building with an unsupported dome. When the hotel opened in 1902, journalists hailed it as the Eighth Wonder of the World.

In 1905, politician and hotelier Thomas Taggart launched a huge expansion of French Lick Springs, including a golf course and convention hall that served as unofficial Democratic Party headquarters. It's where Franklin Roosevelt came in 1931, wooing support for his 1932 presidential campaign.

The hotels enjoyed their heyday in the 1920s when as many as 14 trains a day dropped guests at the hotel door, and gambling and prostitution flourished — though not on hotel property itself. At one point, 15 illegal casinos operated in the valley.

The biggest business for Taggart wasn't gambling, but distribution of Pluto Water, sold over the counter at drugstores everywhere. By 1919, sales exceeded \$1.2 million. (The water is no longer available because it contains lithium, classified as a controlled substance in 1971).

The stock-market crash brought hard times to the valley. French Lick managed to stay afloat thanks to an elite guest list that returned yearly; West Baden was acquired by the Jesuits in 1934 for use as a seminary and in 1966 by Northwood Institute as a hospitality arts college. In 1983, the building was vacated, and soon started to collapse.

In the late 1990s, Indiana Landmarks spearheaded a \$500-million restoration of both properties. In 2003, the Indiana legislature and Orange County voters approved a casino to be located between the two hotels to boost tourism. Today the Cook Group owns both hotels and the casino, and the valley is enjoying a renaissance — this time with legal gambling.

Indiana Got Into Boat Building Early

(Jan. 12) — Drive along the Ohio River in Jeffersonville, and you can't miss the 68-acre Jeffboat plant in which workers make the ships that transport so much of the nation's grain, coal and chemicals to market.

Due to our landlocked location, most Hoosiers don't see Indiana as a leader in the shipbuilding economy, yet it's a role we've been playing for almost two centuries at the same spot where Jeffboat now stands.

“Look out the window and you can see a barge being built,” says Lowell Smith, a docent at the Howard Steamboat Museum across the street from the nation's largest inland boat builder. “They've been building boats here for a long time.”

Indeed, boat builders have occupied the site since 1820, four years after Indiana statehood. Robert C. Green came first, followed by William and Henry French, who sold their shipyard to 19-year-old James Howard in 1834. Three generations of Howards operated the yard until the U.S. Navy acquired it in 1941.

The museum preserves memorabilia from the steamboat era — roughly the 1830s through 1900 — and is housed in a 22-room Romanesque Revival mansion built by Edmonds Howard and his family in 1894.

The biggest business at French Lick wasn't gambling, but distribution of Pluto Water, sold over the counter at drugstores everywhere. By 1919, sales exceeded \$1.2 million.

The J.M. White had chimneys eighty-one feet tall, she had a five-tone whistle, and much of the loading machinery she used was steam powered, a significant innovation at the time."

In the days before the steamboat, there was no good way to travel or move products. Flatboats carried goods, but going upstream took forever. When a flatboat reached its destination, it was usually taken apart and sold for lumber, and its crew walked or rode horses home.

John Fitch built the first steamboat in America in the 1780s, and Robert Fulton made the invention a success. His boat, the Clermont, took the first commercial voyage up the Hudson River from New York City to Albany and back in 1807.

Steamboats were on the Ohio by 1811, and, within 30 years, there were hundreds carrying passengers and products down the Mississippi River to New Orleans, an eight-day trip. (Businessmen briefly entertained using the White River, but the idea was abandoned in 1831 after the Robert Hanna ran aground upstream of Indianapolis, suggesting the river was not commercially navigable.)

Jeffersonville, New Albany and Madison were the most prominent Indiana ports, but steamboats also traveled the Great Lakes. Michigan City became a key port for lake steamboats carrying products east on the St. Lawrence River to the Atlantic Ocean.

By far the most innovative boats were built by the Howard brothers of Jeffersonville, whose vessels "had an especially fine reputation for speed, comfort and carrying capacity," observed historian Emma Lou Thornbrough, who wrote in Indiana during the Civil War era.

Built in 1878, the J.M. White was their most famous. "Few boats could match the technological innovations on board, and none could match her speed," according to one account. "The J.M. White had chimneys eighty-one feet tall, she had a five-tone whistle, and much of the loading machinery she used was steam powered, a significant innovation at the time."

Although inland water transport declined with the advent of the railroad in the 1870s,

boat-building continued. The Navy yard was a major builder of tank-landing boats during World War II and now, under the ownership of American Commercial Lines, it produces towboats and barges.

The three Indiana ports today — Jeffersonville, Mount Vernon and Burns Harbor — contribute \$6 billion a year to the state economy.

Did you know? More than half of Indiana's border is water, which includes 400 miles of direct access to the Great Lakes and the Ohio-Mississippi river system.

T.C. Steele, Hoosier Artist

(Dec. 29) — He was educated in Europe and trained to emulate the brushstrokes of the great masters, yet Theodore Clement Steele's greatest gift was in depicting and interpreting the Indiana countryside.

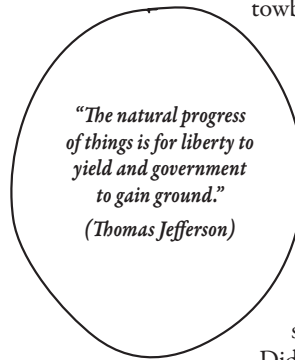
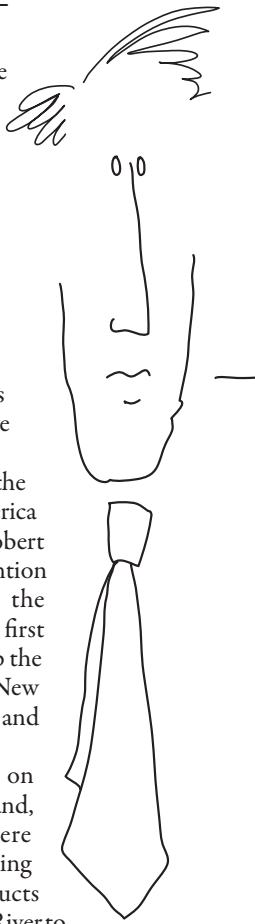
T.C. Steele — Indiana's most famous painter — was born in Gosport in 1847, raised in Waveland and died at his "House of the Singing Winds" in rural Brown County in 1926. He loved Indiana, and Indiana still loves him. His paintings sell for upwards of \$25,000.

"It boils down to the images," says art dealer Jim Ross of Eckert & Ross Fine Art of Indianapolis. "He painted local subjects and scenes in an agreeable impressionistic style that has wide appeal to Hoosiers."

Steele was the lead character in the Hoosier Group, five acclaimed painters of the late 19th and early 20th centuries who studied abroad to hone their skills and returned to Indiana to paint scenes "en plein air" — in open air. The others were J. Ottis Adams, William Forsyth, Otto Stark and Richard Gruelle.

The group received its name in 1894 from Chicago art critic Hamlin Garland, who saw their pictures at an exhibition at the Indianapolis Denison Hotel. A month later Chicago hosted the same exhibit, which introduced the artists to a national audience.

The five earned their reputations the old-fashioned way — through study, practice and hard work. "Because of Steele and the others, Indiana enjoys today one of the top regional art histories in the entire country," Ross notes.



Steele was a student at the Waveland Institute, a preparatory school near Crawfordsville, when he received his first formal instruction in art. By 13, he was giving fellow students lessons. By 16, he was painting portraits; he received his first commissions in 1869.

In his 1870 diary, Steele pledged to dedicate his life to art. He wrote, "The two great qualities that an artist must possess, and that are essentially necessary to all who pass the point of mediocrity, are first an innate and deep love of the beautiful. Secondly, mechanical skill."

His expertise came during five years at the Royal Academy in Munich, an education financed by 13 Indianapolis art patrons in exchange for "paintings from his own easel as soon as practicable after his return from abroad." When not in the classroom, Steele spent hours in museums copying paintings by Rembrandt, Rubens and Titian, and visiting art galleries with his wife, Libbie, and their three children.

In 1885, the family returned to Indianapolis where Steele opened an art school and painted portraits, his primary source of income. His true love was the Indiana countryside and the challenge of capturing light and color of the four seasons.

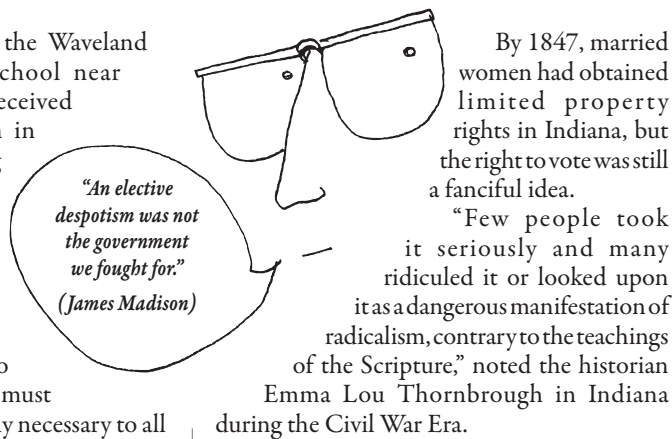
After his wife's death in 1899, Steele poured himself into his landscapes. He bought 211 wooded acres in Brown County, remarried and built a pyramid-roofed cottage and studio that overlooked a picturesque valley. It was dubbed "The House of the Singing Winds" due to breezes blowing through the screened porches. Other artists followed him to Brown County, and an artists' colony developed around Nashville, which continues to this day.

Steele's last home and studio are preserved as a state historic site, and guided tours are available year-round. More than 50 of his paintings are on display, and visitors are encouraged to enjoy the site's gardens and hiking trails.

Dublin Hosted First Women's Conference

(Dec. 15) — Hoosier women have come a long way since the mid-19th century when a proposal for women's suffrage generated more scorn than acceptance.

One political leader summed up the views of the day when he noted that women already enjoyed "the rights which the Bible designed them to have in this Christian land of ours."



In October 1851, three years after Lucretia Mott and Elizabeth Cady Stanton organized a women's rights convention in Seneca Falls, N.Y., Indiana suffragists summoned a similar meeting at Dublin in Wayne County.

They declared that "unless women demand their rights politically, socially and financially, they will continue in the future as in the past, to be classed with Negroes, criminals, insane persons, idiots and infants." While their rhetoric seems indelicate today, it launched a movement that did not quit until the 19th Amendment was added to the U.S. Constitution in 1920.

The Dublin delegates adopted a constitution that called for annual meetings with reports to be given on working conditions and pay, legal rights and the education of women. In 1852, the convention met in Richmond and formally created the Indiana Woman's Rights Association.

In 1859, more than 1,000 Hoosiers signed a petition urging the legislature to grant equal political rights to women and to eliminate laws that made distinctions on account of gender. The issue was referred to a committee, which reported back that it saw no need for legislation at that time.

The association was inactive from 1859 to 1867 because the debate over slavery and the Civil War eclipsed the concerns of women. At both state and national levels, efforts to tie women's rights to black rights and abolitionism were not successful.

State efforts picked up steam after the territorial legislature of Wyoming granted women the right to vote in 1869. Colorado, Utah and Idaho followed suit in the 19th century.

In Indiana, one feminist forced the issue by attempting to vote in Lafayette in the November 1894 election. After Helen Gougar was turned away by the Tippecanoe County Election Board, she filed a lawsuit alleging her rights had been violated. The case went to the Indiana Supreme Court, where Gougar

In 1851, Indiana suffragists declared that "unless women demand their rights politically, socially and financially, they will continue in the future as in the past, to be classed with Negroes, criminals, insane persons, idiots and infants."

In 1840, one in seven Hoosier adults could not read or write, an illiteracy rate that exceeded that of all other northern states and three slave states.

The proposed solution was a statewide tax and a centralized school system under a superintendent of public instruction.

argued the case herself. The justices denied her arguments, ruling that voting was a privilege not a right, and "it is held only by those to whom it is granted," i.e., men, according to the terms of the 1851 state constitution.

Popular support for women's suffrage grew during World War I due to the significant role women played on the home front. In 1917, the Indiana legislature approved a law allowing women to vote in presidential elections.

In 1920, the 19th Amendment to the U.S. Constitution gave women the vote in all elections across the country. The Indiana Constitution was amended the following year to reflect women's new political standing.

Caleb Mills Helped Build Our School System

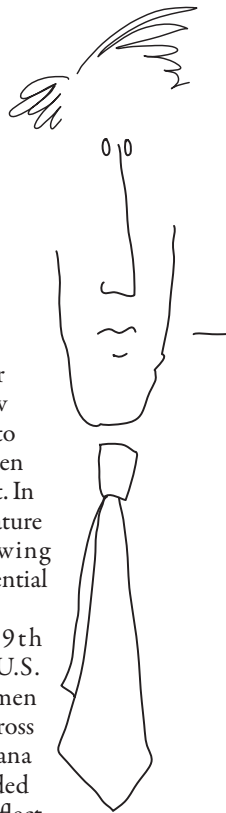
(Dec. 1) — Indiana's 1816 Constitution called for a statewide system of free public schools, but it didn't happen until the 1850s — after education reformers demanded it.

The chief lobbyist for taxpayer-funded schools was Caleb Mills, who used the power of the pen to persuade lawmakers that illiteracy was a threat to Indiana's future. He's been called the father of the Indiana public school system ever since.

Born in New Hampshire in 1806 and educated at Dartmouth College, Mills came to Indiana in 1833 as the first faculty member of Wabash College in Crawfordsville. He was one of many reform-minded educators who were frustrated that Indiana's constitution gave only lip service to the goal of free education for its children.

To the extent that schools existed in Indiana at that time, they were locally operated, poorly funded, charged tuition and were open only a few months a year — not what the 1816 constitution envisioned.

Starting in 1846, Mills wrote policy briefs to the state Senate and House of Representatives that urged statewide organization and funding of schools. He signed his missives with a pseudonym, "One of the People," and



disclosed his real name only before writing his sixth and final message. "They are the most important documents

"People generally have more feeling for canals and roads than education. However, I hope we can advance them with equal pace."
(Thomas Jefferson)

ever prepared on the subject of education in Indiana," according to Indiana historian James Madison.

Mills used statistics from the 1840 U.S. Census to make his point: One in seven adults could not read or write, an illiteracy

rate that exceeded that of all other northern states and three slave states. His proposed solution was a statewide tax and a centralized school system under a superintendent of public instruction.

The Indiana General Assembly responded by calling a special convention to consider the issue in 1847. Prominent reformers attended, including Ovid Butler, founder of what would become Butler University; Presbyterian pastor and abolitionist Henry Ward Beecher; and Calvin Fletcher, a state senator with interests in farming, banking and railroads.

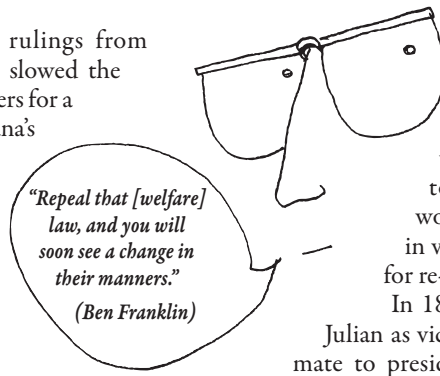
A committee appointed by the Common School Convention reported that only 37 percent of 129,500 school-age children attended common schools and that "those who attend school at all generally do it for only a small part of the year."

Lawmakers made modest attempts to improve the situation over the next few years, and, when the state constitution was rewritten in 1850-51, the education language — deemed visionary albeit unenforced in 1816 — was further strengthened. It declared:

"Knowledge and learning, generally diffused throughout a community, being essential to the preservation of a free government; it shall be the duty of the General Assembly to encourage, by all suitable means, moral, intellectual, scientific, and agricultural improvement; and to provide, by law, for a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all."

In 1852, the General Assembly brought the constitutional language to life by passing the School Law of 1852. This established a common school fund, a centralized system of school organization and a Superintendent of Public Instruction — all ideas that Mills had advocated in his writings. Mills himself served as the state's second superintendent from 1854-57 and then returned to Crawfordsville, where he lived until his death in 1879.

Civil War and adverse rulings from the Indiana Supreme Court slowed the momentum of school reformers for a period, but after the war Indiana's public school system took off. The average length of the school term doubled from 68 days in 1866 to 136 days in 1879. Enrollment grew from 390,714 in 1866 to 511,283 in 1880.



*"Repeal that [welfare] law, and you will soon see a change in their manners."
(Ben Franklin)*

of slavery. Years later he remembered it with anguish: "The friends of a lifetime were suddenly turned to enemies, and their words were often dipped in venom." He lost his bid for re-election.

In 1852, Free Soilers chose Julian as vice-presidential running mate to presidential nominee John P. Hale of New Hampshire. The two won received 155,210 popular votes but no electoral votes.

Two years later, passage of the controversial Kansas-Nebraska Act in Congress led to the formation of the Republican Party. The law opened up western lands to new settlement and allowed for expansion of slavery with citizens' consent, repealing an 1820 law that barred slavery north of the 36° 30' latitude line. The law infuriated Abraham Lincoln and George Julian, among others, and they became founding members of the GOP.

In 1860, voters chose Lincoln for president and sent Julian to Congress, where he served for a decade. There he worked with radical Republicans Charles Sumner of Massachusetts and Thaddeus Stevens of Pennsylvania in crafting national policy for ending slavery, bringing blacks into the mainstream and rebuilding the country after the war. Julian also advocated for women's suffrage, but it was an idea before its time.

When his political career ended, Julian settled in Irvington, a cultural enclave on the east side of Indianapolis and original site of Butler University. He wrote articles, practiced law and hosted political notables, including Benjamin Harrison, Frederick Douglass and Sojourner Truth. He died in 1899; his memory lives on in Irvington — a public school is named in his honor.

1851 Constitution Kept Us Debt Free

(Nov. 3) — "To the end that justice be established, public order maintained, and liberty perpetuated; we, the people of the state of Indiana, grateful to Almighty God for the free exercise of the right to choose our own form of government, do ordain this constitution." — Preamble, Indiana Constitution

Legal scholars say you can learn much about a society by reading the documents that organize its institutions. Using the Indiana Constitution as our yardstick, here's what

The state's 1851 Constitution had declared, "no negro or mulatto shall come into or settle in the state," language approved by voters by a 5-1 margin. Many prominent Hoosiers belonged to the Indiana Colonization Society, part of a national movement to relocate African Americans to what is today Liberia.

A Radical Republican

(Nov. 17) — George Washington Julian did not think much of compromise. In the decade before the Civil War, he was Indiana's most radical abolitionist. Although he is little known by Hoosiers today, Julian made a lasting mark on the national scene.

"He was always the ready champion of the principle of fundamental democracy — 'equal rights for all, special privileges for none,' regardless of race, color, creed, or sex," wrote Indiana historian James Albert Woodburn in 1915.

"Six feet tall, broad-shouldered with a bit of a stoop, Julian was impossible to miss, and a trial to his more moderate colleagues because there was little or no give in him," according to another account.

Julian represented the far end of the abolitionist movement in Indiana. As the rest of the country before the Civil War, Hoosiers were conflicted over slavery. Indiana was a free state with an active Underground Railroad, but most Hoosiers did not believe in mixing the races. Julian, a white man, championed black equality.

The state's 1851 Constitution had declared, "no negro or mulatto shall come into or settle in the state," language approved by voters by a 5-1 margin. Many prominent Hoosiers belonged to the Indiana Colonization Society, part of a national movement to relocate African Americans to what is today Liberia.

Julian's views were shaped by his Quaker upbringing in Wayne County, the most progressive part of the state on the eve of Civil War. A lawyer by training, Julian practiced in Greenfield and other small towns, and served in the Indiana House of Representatives in 1845. He had been elected as a member of the Whig Party, forerunner of the Republicans.

In 1848, Julian helped found the Free Soil Party, a one-issue group dedicated to stopping the spread of slavery in the West. He was elected to Congress that year by a narrow margin after a bitter campaign that focused on the future

The state was prohibited from incurring debt except “to meet casual deficits in the revenue; to pay the interest on the state debt; to repel invasion, suppress insurrection, or, if hostilities be threatened, provide for the public defense.”

Hoosiers value: a fair legal system, public education, financial solvency and liberty, especially freedom of religion and freedom of thought.

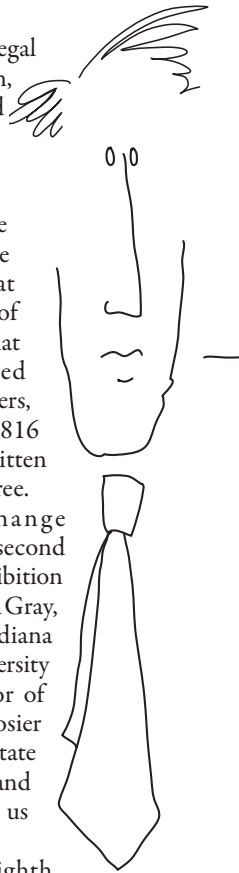
These ideals were firmly established in the 1851 constitution that remains the foundation of Indiana government. That constitution, submitted to and approved by voters, replaced the original 1816 document famously written under a Corydon elm tree.

The biggest change from the first to the second constitution? “The prohibition on state debt,” says Ralph Gray, retired professor at Indiana University-Purdue University Indianapolis and author of a dozen books on Hoosier history. “It has kept the state out of financial trouble, and that has really helped us over the years.”

Indiana has the eighth oldest constitution in the nation, one of the shortest at 10,230 words and “one of the least modified,” the Indiana Historical Bureau notes.

The rewriting occurred as a result of a provision in the 1816 constitution that called for a survey every 12 years to determine if voters favored a constitutional convention. By 1849, those wanting change outnumbered those opposed 81,500 to 57,418.

Delegates gathered in the House of Representatives in Indianapolis on Oct. 7, 1850. Sixty-three were farmers, reflecting the state’s agricultural economy, and 37 were lawyers. Others in attendance: 18 doctors, 10 merchants, a millwright, a teacher and a bricklayer.



Most of their modifications were deemed necessary for more effective governance. For example, the convention replaced annual sessions of the legislature with biennial ones after experience proved there wasn’t much for lawmakers to do each year. Delegates agreed that more offices should be elected by voters rather than appointed by the General Assembly. The terms for governor and lieutenant governor were changed from three to four years to correspond to legislative sessions.

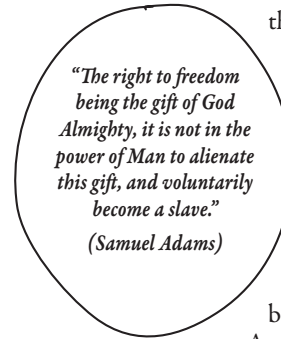
The state was prohibited from incurring debt except “to meet casual deficits in the revenue; to pay the interest on the state debt; to repel invasion, suppress insurrection, or, if hostilities be threatened, provide for the public defense.” That language was in response to the state’s near bankruptcy in the 1840s from overspending on canals and other infrastructure projects.

The delegates gave the Bill of Rights top billing in Article I, echoing many principles first stated in the Declaration of Independence of 1776, including “that all people are created equal; that they are endowed by their creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness.”

“The new constitution was not a perfect document,” notes Indiana historian James H. Madison. Most notably, the convention’s understanding of equality reflected the prejudices of the day. Delegates debated but rejected efforts to give women property rights. Article XIII prohibited African-Americans from migrating to Indiana, despite the fact that 11,262 blacks were Hoosier citizens as of the 1850 census.

Article XIII was nullified by the U.S. Constitution’s 14th Amendment, adopted after the Civil War, that granted blacks citizenship rights and equal protection of the laws. It was formally removed from the constitution in 1881.

To its credit, Madison says, the new constitution retained many of the best features of its predecessor “and it continued a basic framework that enabled Indianans to govern themselves largely as they wished.”



“A NOT UNIMPORTANT consideration is that the powers of the general government will be, and indeed must be, principally employed upon external objects, such as war, peace, negotiations with foreign powers, and foreign commerce. In its internal operations it can touch but few objects, except to introduce regulations beneficial to the commerce, interchange, and other relations, between the states, and to lay taxes for the common good. The powers of the states, on the other hand, extend to all objects, which, in the ordinary course of affairs, concern the lives, and liberties, and property of the people, and the internal order, improvement, and prosperity of the state.”

— Joseph Story, *Commentaries on the Constitution*, 1833



CECIL
BOHANON

The Headlines Haven't Changed in 57 Years

(Feb. 2) — A friend of mine at church brought me a Muncie Star newspaper dated August 21, 1958, that she found when cleaning at home. She pointed to a front-page headline: "New Outburst of Terrorism in Lebanon;" my last column was about Middle East terrorism. Then as now the region is politically unstable and violent.

As I perused the rest of the newspaper, it was uncanny how many stories echoed today's headlines. Then as now, national Republicans decried Democrats for proposing "big-spending policies." The difference, however, is that the Republican was President Dwight Eisenhower and the Democrats were the majority caucuses of the House of Representatives and the Senate. Eisenhower decried a looming \$12 billion federal budget deficit for 1958. That's just under \$100 billion in today's dollars. In comparison, the current projected federal-budget deficit for 2015 is \$468 billion.

Senators Jenner from Indiana and Butler from Maryland introduced legislation to limit the power of the Supreme Court that was designed to check "a runaway wild court that is tearing down the Constitution." Opponents said adopting their proposal would "upset the constitutional balance of power."

At a local level, there were budget problems in Muncie City schools. The Muncie City school system was merging with the Center Township system — and bringing teacher salaries to parity was a cost that neither district had budgeted. It seems the expanding school systems of the 1950s were persistently short of funds just as shrinking school systems of the 2010s are in chronic financial crisis.

Finally, the cartoon on the front page showed a father and teenage son at a car lot with the caption "A father with a teenage boy pleading for a car ought to understand how God feels about some of the praying we do."

A first reaction to these parallels of nearly 60 years ago is — how depressing. The problems have not gotten better but are worse: budget deficits are larger, terrorism is more widespread and vicious, tensions between the three branches of government have not been resolved, local tax bases shrink while demand for services expand and teenagers make more demands than ever.

On the other hand, it's somewhat reassuring to know that we have been there before and gotten through it. In fact, by many measures we are much better off, as a couple of prices from the 1958 newspaper reveal. Back then, Goodyear tires cost between \$12.95 and \$17.95 per tire. Adjusted into 2015 dollars, that translates into \$106 to \$147 per tire. A quick Internet search indicates the price range for today's Goodyear tires are \$82 to \$115 per tire, 20 percent less than in 1958, and the 2015 tires are undoubtedly of better quality.

A pack of three golf balls were on sale in 1958 for \$1.29 — which translates to \$10.56 in today's dollars. Today it is easy to find a pack of 12 golf balls for around \$12. The balls are cheaper today, although many of us feel quite pressed to find the time to hit the links.

Perhaps the moral of the story is that human nature is pretty much the same despite our material progress, and most of our collective problems stem from human nature. Government overspending, domestic political tensions, violent threats from outside our country and whiny teenagers are part of the human condition. We never solve these problems; we only deal with them.

A corollary is that we ignore the wisdom of the ages at our own risk. Maybe the Bible, Shakespeare, Jane Austen, Adam Smith and Ralph Waldo Emerson can tell us more about our predicament than the crop of current talk-show hosts — or even enlightened newspaper columnists..

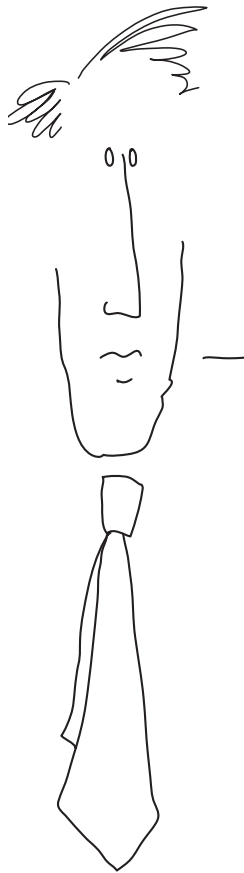
Reflections on *Je Suis Charlie*

"During my time in the camps, I had got to know the enemies of the human race quite well: they respect the big fist and nothing else; the harder you slug them, the safer you will be. People in the West simply will not understand this." — Aleksandr Solzhenitsyn

Government overspending, domestic political tensions, violent threats from outside our country and whiny teenagers are part of the human condition. We never solve these problems; we only deal with them.

Cecil Bohanon, an adjunct scholar and syndicated columnist with the foundation, is professor of economics at Ball State University, earning his doctorate from Virginia Polytechnic Institute and State University in 1981. Dr. Bohanon received Ball State's Outstanding Young Faculty Award in 1984 and the Dean's Teaching Award in multiple years. In 1990, he was awarded Educator of the Year by Delta Sigma Pi and was the Virginia Ball Fellow in 2009. During that fellowship, he directed his students to complete the documentary film "Increasing the Odds," which won an Emmy Award for best photography.

Western values are not universal or even commonly held — no matter how many times we sing Kumbaya or wish otherwise.



(Jan. 19) — Most of the Left has figured it out: We in the West, and by the West I roughly mean the United States and its NATO allies, have been under attack by Muslim whatever (you fill in the blank). Some say Muslim extremists, some say Muslim radicals, some say Islamofascists, some say Muslim terrorists. Call them whatever, it is clear that these people are not just a few guys in a basement somewhere in Pakistan. They are organized and engaged in coordinated attacks on the West. They influence existing states (Pakistan, Iran), and they have a state called the Islamic State of Iraq and al-Sham (ISIS). They are persistent, and they are not going to disappear from the scene any time soon.

These terrorists are evil, and no amount of being nice, saying nice things, refraining from referring to them as Muslims, extending a peaceful hand in friendship, listening to their concerns, apologizing for colonialism or the crusades or engaging in constructive dialogue is ever going to tame them or constrain them.

Nor will it influence their recruiting ability. In fact, such politically correct nonsense probably helps them recruit.

The (French magazine) *Charlie Hebdo's* cartoons are offensive, very offensive. In most every Muslim country, they would be illegal, as would similar expression in many other places (think China and Russia). A majority of people in the world believe the government should ban such cartoons.

We in the West are in the minority. Most of the world does not accept our notion of unbridled free speech. That is also why this Islamic brand of terrorism isn't going away any time soon. Western values are not universal or even commonly held — no matter how many times we sing Kumbaya or wish otherwise.

I hope the Right will figure out: While way too many Muslims either explicitly or implicitly sympathize with the terrorists' aims and methods, there are untold millions of Muslims who hate these terrorists as much as we do. I know. Some are former students of mine who are in their native lands taking great risks trying to fight these forces of evil. They understand the Solzhenitsyn quote better than any of us possibly can.

And I hope all will understand: These are the Muslims we should court, aid and

support. They were marching in Iran in 2009. They opposed the Assad regime in Syria. They are in Kurdistan. They removed the Muslim Brotherhood from power in Egypt. They are in Iraq and Afghanistan. Do they agree with us on matters of free speech, public decency, gay rights, etc.? Probably not. Their governments will not be carbon copies of the United States or Western Europe. Under their rule, magazines such as *Charlie Hebdo* will be illegal, but they will not insist they be illegal in our country.

Is there a risk some of these allies will be insincere and turn on us? Yes, we live in a real world. The acid test is whether they are intent on killing us or undermining our way of life. If we have good reason to believe they are not, we should support them as they fight the common enemy in our midst. It is time for the U.S. to stop abandoning our friends in a futile hope of persuading our enemies.

A Swedish Reform For a Hoosier Scholarship

(Jan. 5) — Some of my favorite college students have been 21st Century Scholars. The popular state-financed college access program for low-income households enrolls students in junior high school. If the student maintains a decent high school grade-point average, stays out of trouble and participates in college-prep activities, he or she becomes eligible for a significant scholarship to Indiana universities. This makes an otherwise unaffordable college education a reality for many students from low-income households.

A facilitator of the program gave a presentation a few years back about the program. I recall asking how the program was financed. We were told it was an unfunded liability of the General Assembly. "Uh-oh" I recall thinking; "Here is a time-bomb waiting to go off." Now we read that the program is short some \$90 million that will have to come from somewhere in the upcoming legislative session.

We have heard this story before at the local, state and federal level: Our elected representatives are good at starting visible popular programs without a plan for their long-term fiscal sustainability. This is an endemic and predictable component of democratic politics: Enjoy goodies today and worry about paying for them somewhere down the road. Even fiscally prudent Indiana cannot resist the lure.

My academic mentor, the late Nobel-Prize winning Professor James Buchanan, was a great admirer of the Swedish school of public finance. This may seem strange because he was not at all enthralled with the big-government

welfare state often associated with that country. However, what the Swedish economists Knut Wicksell and Erik Lindahl insisted on was that each state-expenditure program be accompanied by a clearly specified way to pay for the program. Or in Wicksell's own words: "...no public expenditure (should) ever be voted upon without simultaneous determination of the means of covering their costs."

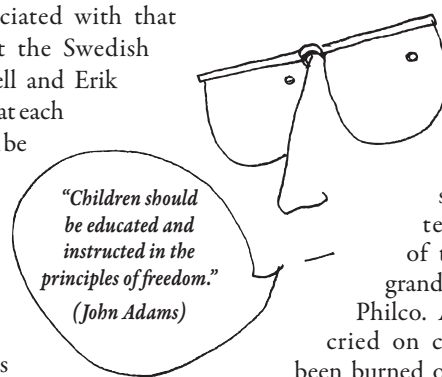
Sweden never adopted Wicksell's procedure. Its spirit, however, is embedded in the country's reform of its old-age pension scheme. Like most wealthy countries, Sweden's equivalent to Social Security was at risk of becoming insolvent. The Swedish reform entailed changing from a system with defined benefits for retirees in a pay-as-you-go, state-funded pension system to one in which retiree benefits are contingent on the revenue from the 16 percent Swedish payroll tax and the life expectancy of retirees.

For example, Knut retires and receives a \$2,000 a month pension. When his brother Erik, 10 years younger with the same earnings profile, retires a decade later he may receive more or less than \$2,000 a month. It all depends on what has happened to the growth of the Swedish economy and the life expectancy of retirees. These reforms ensure there will be no Social Security crisis in Sweden.

Had the 20th-century scholarship program been established under similar principles, its funding would be tied to a particular tax base. Just as important, the magnitude of its benefits would be contingent on the revenues from that base.

For example, had 3 percent of the proceeds of the state income tax been allotted to the 21st Century scholars, the program would be projected to receive about \$155 million in 2016. This compares with its estimated cost of \$174 million in 2016. The deficit would either be made up from accumulated surpluses from previous years or by an 11 percent reduction in recipient benefits.

Wicksell's system is no panacea, but it does offer a sound principle of public finance that is worthy of consideration. Its appeal and problems are independent of political affiliation or ideology. Stockholm may provide a useful lesson for Indianapolis.



'Nor Can I Have Any Other Way'

(Dec. 8) — In the summer of 1967, when I was about to enter the seventh grade, I watched television news reports of the Detroit riots on my grandmother's black-and-white Philco. An elderly black woman cried on camera because she had been burned out of her apartment. My grandmother thought it was all "very ugly." She also commented that black people had been "treated terribly." I hoped that this would all be behind us by now. It isn't.

I think Adam Smith gives an insight into the problem in his 1759 treatise, *Theory of Moral Sentiments*, in which he says:

... judge of your sight by my sight, of your ear by my ear, of your reason by my reason, of your resentment by my resentment, of your love by my love. I neither have, nor can have, any other way of judging about them.

When we interact with other persons we don't really experience their feelings. The best we can do is approximate their feelings by referring to experiences of our own that made us feel the same way. However, there's many a slip between the cup and the lip; even with those of intimate acquaintance, we often misapprehend, misunderstand and misconstrue the other person's feelings and intentions, and this often leads to unfortunate consequences.

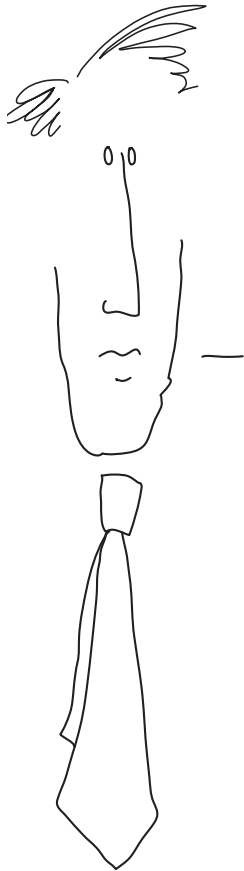
So what are the odds of making a mistake when judging someone we do not know, or someone from a different background or culture?

Perhaps it is over-philosophizing to say we all bring our prejudices to the game. However, let's go a step further: Try our best, we cannot help it, prejudice is part of human nature — and it's not just racial prejudice. Prejudices are pervasive, permanent and reflect numerous divisions: police/policed, rich/poor, old/young, more educated/ less educated, fraternity/non-fraternity, East Coast/West Coast/ Midwest, worker/manager, male/female, religious/secular, urban/suburban/rural, single/married and many, many more.

A great purpose of education is to open the mind to "the sights, the sounds, the reasonings, the resentments and the loves" of others. Of course, our educational institutions should (and I believe do) pursue this opening of the mind. Nevertheless, the bromidic call for "more education" is unlikely to address our problem. Businesses, governments, educational institutions and religious organizations already

Try our best, we cannot help it, prejudice is part of human nature — and it's not just racial prejudice. Prejudices are pervasive, permanent and reflect numerous divisions: police/policed, rich/poor, old/young, more educated/ less educated, fraternity/non-fraternity and many, many more.

Professor Tullock taught that voters had an incentive to be “rationally ignorant” about their public-sector choices.



invest plenty of resources in diversity training and awareness.

I think the first step is a frank recognition of our limited and feeble condition. It is utopian to think every bad prejudice can be overcome. A better question is, how do we limit the damage?

The tragic case of Eric Garner is instructive. Was he put in a “chokehold” and pinned to the ground because the officers had an untoward prejudice against blacks? I do not know, and I’m not sure how anyone could find out. Nor can I say that if the tax differential between New York City and North Carolina cigarettes had not been in place the tragedy would have

been much less likely to occur. If police do harbor prejudice against minorities, eliminating laws against victimless crimes will reduce police encounters that might go bad.

Much has changed in the United States since 1967: The president of the

United States is a black man (Barack Obama); the richest, most successful, most culturally influential entertainer is a black woman (Oprah Winfrey); and the youngest man to ever be head of a major division at Johns Hopkins hospital is a black man (Ben Carson).

None of this would be conceivable when I was in the seventh grade. I do not know how to measure the change, but I suspect there is less prejudice today than then. Of course we should continue the work of overcoming prejudice, but the perfection of our imagination is rarely attainable, and the perfect can be the enemy of the good.

A Lion of Economics Dies on Election Day

(Nov. 10) — One of my favorite professors from graduate-school days passed away on Election Day. Gordon Tullock was a founding member of the Public Choice School of Economics. Public Choice uses economic tools, models and ways of thinking to analyze the decisions of voters, legislators and bureaucrats. Voters, for example, should be well informed about candidates and issues. But what does economic theory predict?

Joe College graduates from State U. Joe wants a new suit for his downtown job, so he checks out the options at the local department

store. He narrows it down to a cool-looking pinstripe and a more formal three-piece. He has 100 percent control over which suit he buys, he bears all the costs and receives all the benefits.

There are certain goods that Joe wants but does not buy in a department store — goods and services that are provided by the local government. Suppose a series of well-maintained bicycle paths contribute to Joe’s well-being. How does Joe “buy” such a good? The answer is he does not buy bike paths or other publicly provided goods; rather, he pays taxes to support their provision and gets to vote for the politicians who control them. However, unlike buying a suit, which is a purely private choice, buying bike paths is a public choice. Joe’s vote is simply one of 100,000 in this decision. He has almost no control over the public-sector outcome. His vote does not matter.

Wait, did I just say Joe’s vote didn’t matter? The answer is yes. The chance of any individual’s vote being decisive in any election is minuscule. So whether Joe votes or not, his access to bike paths is likely unaffected. What incentive, then, does Joe have to vote, much less be careful or well-informed about how he votes? Again, minuscule.

Professor Tullock taught that voters had an incentive to be “rationally ignorant” about their public-sector choices. Why seek out a lot of information or do any heavy mental lifting when you vote — there are costs to such civic-minded actions and little in terms of expected benefits.

This insight explains quite a bit about electioneering and the political process. Ever notice how candidates always try to be all things to all people? How they evade specific stands on specific issues? How campaign ads are either cotton-candy fluff about the candidate or harshly negative about her opponent? Do you get the sense that lots of folks vote for frivolous, uninformed reasons? Welcome to the wonderful world of Public Choice economics.

It is ironic that Professor Tullock died on Election Day, because he took his own advice and never voted. As pundit James Bovard stated, “Since he had perennially scoffed at the notion that voting is worthwhile, it is ironic that he cashed in his chips on Election Day. But since he was living in Illinois at the time of his death, he probably voted anyhow.”

I vote. You should, too, but only if you do the heavy lifting and serious thinking about your choice: Be at least as serious as when you buy a suit, but I am under no illusion that most people are that informed. For this and other insights picked up from Gordon over the years, I am grateful. He was a true giant. May he rest in peace. Q

BACKGROUNDS

Expert commentary on Indiana issues of moment.

Sunday Liquor Sales

(Jan. 24) — Indiana is, I believe, one of only two states that prohibit the sale of alcoholic beverages on Sunday. This prohibition offends a number of people: poor planners who have trouble remembering to buy beer on Saturday for their Sunday football parties; national retailers who seek to increase their gross sales and, as an ancillary benefit, drive out of business their locally owned competitors; and libertarians who are offended at government determining the days on which you can buy booze.

The prohibition is supported by Drys, owners of package liquor stores (mostly local folks) for which Sunday sales means increased costs and decreased sales, and Burkean conservatives like me who believe that the presumption is always against change and those advocating it have the burden to demonstrate by a preponderance of the evidence that the proposed change is not merely convenient but necessary. (“Burkean” — from political theorist Edmund Burke.)

I am not surprised that many of my Republican friends with whom I agree on most issues differ with me on this one. That they do so reflects a nuance in thinking among self-identified “conservatives” that is too often ignored: libertarian-leaning conservatives and tradition-embracing conservatives do not necessarily end up in the same place on issues that pit free markets against stable communities or individual “rights” against the claims of the community. This difference is not insubstantial. Try as he may, Gov. Mike Pence cannot convincingly reconcile the thinking of his professed exemplars — the libertarian economist Friedrich Hayek and the conservative man of letters Russell Kirk. It was this lack of reconciliation that prompted Hayek to declare that he was not a conservative.

I have never consumed a beer, and I can count on one hand the number of times in a year that I have a drink of wine or hard liquor. This personal quirk may prejudice me against the repeal of the ban on Sunday sales because I am not inconvenienced by it, but it does not control my thinking on the subject. I do believe that alcohol is a great social evil that I would banish if I could, but I can’t and that is a good thing.

The same people who are anxious to impose a comprehensive ban on smoking and perfectly willing to send some young person to jail for sniffing glue are hell-bent on making booze as easy to acquire as possible notwithstanding the families destroyed and lives lost by the abuse of alcohol. I fail to discern a controlling moral principle in the state expediting some of these individual vices and prohibiting others. What I do perceive are issues of prudence, tolerance and moderation, which impose on lawmakers an obligation to balance individual preferences and social costs. I have chosen the word “preferences” deliberately, for by its use I intend to challenge the libertarian notion that we are talking about “rights.”

There are, I acknowledge, certain rights which any law-based society is obligated to observe: natural rights (“the laws of Nature and of Nature’s God”); constitutional rights; and rights established by positive law. Smoking and drinking fall in none of these categories, and no sensible person can argue that a legislature may not rightly (albeit foolishly) ban them if it wishes. Indeed, we experienced a decade of constitutional prohibition of the production or sale of alcoholic beverages, and the only reason the anti-tobacco lobby hasn’t pushed laws to completely outlaw smoking is that they rely on the taxes generated by tobacco sales to fund government operations of which they approve.

If we framed our discussion of contentious social policy issues as questions of prudence rather than matters of right, we would be less likely to inflame passions and stake out inflexible positions. If you have a “right” to buy a drink on Sunday, then my opposition to your doing so is understandably a personal affront. On the other hand, if you have no such right but only a desire, then my opposition is not a poke in the

“Try as he may, Gov. Mike Pence cannot convincingly reconcile the thinking of his professed exemplars — the libertarian economist Friedrich Hayek and the conservative man of letters Russell Kirk.”

— HUSTON

Tom Charles Huston, J.D., an adjunct scholar of the foundation who resides in Indianapolis, has written and lectured extensively on real-estate law and practice. He has been prominent in the historic preservation movement as an officer and director of Historic Landmarks Foundation of Indiana and Historic Indianapolis, Inc.; a director of Preservation Action; and a member of the Board of Advisers of the National Trust for Historic Preservation.



“When is it the state’s responsibility to circumvent the constitutional right of a mature and competent individual to refuse medical treatment?”

— KING

eye, but a reasonable difference of opinion to be resolved through discussion and, ultimately, a vote by the body authorized to render a final decision.

I happen to believe that there ought to be compelling reasons to disadvantage locally owned businesses and to expand, at the margins, the opportunity for the abuse of alcoholic beverages, and I don’t believe there are such reasons. Investments have been made on the basis of the existing legal regime for the regulation of the sale and consumption of liquor, wine and beer, and I do not find persuasive the argument that those investments should be impaired in order to expand the sales and profits of large, national retailers.

As for the convenience of consumers, if they can’t plan ahead and buy their booze on one of the six days of the week on which it is available, then I say tough luck. Life can be unfair, but take another drink and bear it. —*Tom Huston*

Cassandra and the ‘Mature Minor’ Doctrine

(Jan. 9) — Your 17-year-old daughter, diagnosed with Hodgkin’s lymphoma, calmly but determinedly refuses chemotherapy. Her refusal is not based on religious beliefs; she simply does not want to ingest poison in her body, suffering the side effects and incurring further damage to her internal organs as a result of the treatment.

What would you as a parent say? Would you support her decision?

Cassandra, the name given a 17-year-old Connecticut student in state court documents, is such a person. Her mother supports her daughter’s wishes but Connecticut’s Department of Children and Families (DCF) disagrees.

The department seized Cassandra from her home, moved her to the Connecticut Children’s Medical Center in Hartford and forced her to receive chemotherapy there. After two days, Cassandra refused further treatments and left the hospital; she was missing for a week. Based on a trial court’s grant of authority, Cassandra was again seized by the DCF (“temporary custody”), moved to the hospital and “forced” the chemicals. A guard is now posted outside her hospital room.

Welcome to 1984.

Legally, what is under consideration is the Connecticut Supreme Court’s consideration of the constitutionality of the “mature-minor doctrine.” The doctrine, which is recognized by several states, not including Indiana, effectively permits 16- and 17-year-olds to prove they are

mature enough to make challenging medical decisions for themselves.

The key phrase is “for themselves.” This cannot be read to mean that a bureaucratic agency supersedes the right of a mature individual, even one who is not legally an adult, to make an important decision that will affect not only their own well-being but likely the well-being of others around them.

Interestingly, the American Civil Liberties Union filed an amicus curiae brief on Cassandra’s behalf, arguing for a court hearing to determine whether she is mature in this legal sense.

What else is at stake in this case? Nothing less than the individual freedom to make decisions outside the purview of the state’s oversight.

The state should have the responsibility to make decisions, pass laws or enforce regulations that contribute to an individual’s and a society’s general well-being or welfare, including physical health. These might be age restrictions on driving, requiring seat belts or children’s car seats, and other similar health and safety requirements. (Actually, though, common sense and love and respect for our children should be sufficient motivation to follow these practices.)

But when is it the state’s responsibility to circumvent the constitutional right of a mature and competent individual to refuse medical treatment? The question is particularly troubling in light of the fact that some states such as Oregon have legal statutes providing for the ability of “mature and competent” individuals to enlist the aid of doctors to end their own lives.

How should state responsibility and individual constitutional rights be reconciled?

At the core of our constitutional republic are several important values, including liberty, order and security. Order is the domain of law-enforcement officials, keeping our streets safe from crime. Security is the responsibility of the military, ensuring that our borders are secure and our defenses are in place.

Liberty, though, is the responsibility of all of us. Liberty, or *libertas*, the freedom from state oppression, is the key value that our Founding Fathers knew separated us from other nations. It is at the heart of our constitutional rights — our First Amendment rights.



Stephen M. King, Ph.D., an adjunct scholar of the foundation, holds the R. Philip Loy Endowed Chair of Political Science at Taylor University.

Liberty must be balanced with order and security but it cannot be abandoned, suppressed or eliminated completely in favor of the other two values. If it is, then we no longer will live in a constitutional republic but in a centralized state-based country — no different than most European nations, whose citizenry long ago lost true freedom and independence.

Cassandra's decision to forgo chemotherapy may not be the norm for most 17-year-olds, but is no less important for the continuation and preservation of human liberty, in danger in her case of being relegated to a secondary value. — *Stephen M. King*

Buying Your Car; Buying Your Health

(Dec. 29) — Having a car is very important for most Americans, but cars are technical and dangerous and expensive. What amazes me is how much more safe and comfortable and efficient cars have become in the last 30 years.

Modern healthcare is also technical, dangerous and expensive. Medical and surgical care also has become much safer and more effective than ever before. And buying good healthcare also is important for Americans. This is about the difference between the two.

As a physician who happens to work on his family's cars, the real-world complexities that bring a modern car and modern healthcare are similar. However, with cars, if you shop around and know how much you can spend, you likely will get a fine, safe product at a good price. Our car companies are keen on delivering exactly what you want (even before you know what you want) and at a price you can afford.

These car companies do it with magic, the magic called the free market. This magic is powered by you making your own decision on where your money can give you the best deal. But healthcare delivery is controlled by government and layers of expert regulators. The magic of the free market, which is the incentive to be creative and efficient and willing to try out good ideas, is totally absent — replaced by well-meaning folks without financial constraints using ineffective tools. Their goal is to not please you but other bureaucrats. The only magic government has is the ability to make large amounts of your money disappear.

Bruce Ippel, M.D., an adjunct scholar of the foundation, is a solo rural family physician in central Indiana.



But you're not too stupid to use your experience, plus what your friends say and what's on the Internet, to buy the kind of healthcare you want at a price you're willing to pay. Whenever and wherever else you're allowed to shop around, you do it well — cars, groceries, cell phones, you name it. You could have killed yourself or your children if you had bought defective cars or groceries. That hasn't happened. Why? The same market magic protects you all the time, you and all those around you.

How did you and your doctor miss out on this magic and get buried in this terrible healthcare delivery set up? We're all guilty, Democrat and Republican, it doesn't matter. Politicians know it's much easier to get your vote if they propose some kind of government control to fix the healthcare situation. And as with the drug "problem," every time they fix it the problem gets worse.

If a less-government-is-better candidate proposes the kind of free-market solution that works for everything else, he or she would face millions of bucks from the healthcare industry. Their campaigns would die a quick death. Moreover, we'd need a bunch of such folks elected to make the government back out of healthcare. On top of that, we'd have to buy them time for the magic to work — a several-years-long chance to work, all the while being bombarded by screaming media about how the sky is falling.

We've been duped into dreaming the dream that government can give us pie in the sky. — *Bruce Ippel*

The Minimum-Wage Habit

(Dec. 23) — Suppose a doctor told a two-pack-a-day smoker not to worry about his tobacco addiction because smoking another half-pack per day would shorten his life expectancy by only six weeks. What would you think of that physician? The physician may have been telling the literal truth; the additional damage done to the health and life expectancy of smoking an additional 10 cigarettes per day on top of the 40 (two packs) already consumed is relatively small.

But this ignores well-documented evidence that consuming two packs per day reduces life expectancies by more than 10 years. Any doctor focusing solely on the additional (marginal) negative impact of smoking could be accused of incompetence and medical malpractice. Yet this is precisely what economists do whenever they assess the damage done by minimum-wage legislation. Their analysis focuses on the additional harm done by an increase in legislated

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— IPPEL

“True solicitude for the disadvantaged does not erect barriers that hinder acquisition of the habits and skills that allow them to be functioning and productive members of society.”

— COELHO AND MCCLURE

wages; it completely ignores the impact that existing minimum wages impose upon society's most vulnerable.

Economic analysis focuses almost exclusively upon what will happen to unemployment with an increase in the minimum wages; ignored is the harm that current levels create. Minimum wages deprive the mentally and physically disabled, the least skilled, least educated and most inexperienced workers a chance to compete with more able, skilled, educated and experienced workers for jobs by working for lower wages.

The “low” wages the disadvantaged are paid do not reflect the dollar value of the additional training, skills, education and experience they receive. Focusing solely on money wages obscures economic reality; the disadvantaged receive both money and additional human capital that only comes from being employed.

The evidence that the most disadvantaged of society are those most adversely affected by minimum-wage legislation is abundant; it is intuitive, empirical and anecdotal. On the intuitive level, about one in 700 babies are born with Down syndrome; most adults with it are unemployed, and most of those whom are employed are in sheltered workshops where they acquire few job skills. The law does exempt disabled workers (which presumptively includes those with Down syndrome) to be employed at sub-minimum wages. However, the regulations are so labyrinthine, obscure and subject to continual reviews that they may result in substantial sanctions that profit-seeking firms will justifiably ignore the possibility of employing the disabled at less than minimum wages. Rhetorical question: When was the last time you saw someone with Down syndrome working at Starbucks?

Why do we mention Starbucks? Because its boss, Howard Schultz, has repeatedly declared that he favors increasing the federal minimum wage. Starbucks is also noted for awarding its employees scholarships to attend colleges and universities. The point we are making is that Schultz's solicitude is directed not to the most disadvantaged and vulnerable of society but to the advantaged and able. Does anyone believe that two percent or more of the employees of Starbucks are comprised of those with Down syndrome, inner-city black high school dropouts, ex-convicts, recovering drug addicts, the homeless or the wheelchair bound? True solicitude for the disadvantaged does not erect barriers that hinder acquisition of the habits and

skills that allow them to be functioning and productive members of society.

Instead we have welfare and disability payments that condemn the truly disadvantaged to a life of poverty, enforced idleness and parasitism. Granted that minimum-wage laws are not solely responsible for these pathologies, but they do contribute to unemployment rates among the disabled that are twice those of the non-disabled. The labor-force participation rate among the disabled is one-third of those who have no disability. The socially disadvantaged join the mentally and physically disabled among those most afflicted by minimum-wage laws.

The socially disadvantaged include inner-city black children who typically have inferior educations and living conditions that reduce their chances of acquiring human capital. They drop out of school because they do not see the schooling they are receiving as benefiting them. Realistically, they may be correct, but after they are no longer attending school they do foolish things (surprise) that only teenagers would do, engaging in risky behaviors that lead to unplanned parenthood or prison. The result is that well over 70 percent of black babies are born out of wedlock, with well over 40 percent of black males over the age of 18 being felons or ex-felons. In some Chicago neighborhoods, the percentage of males who have experience with the penal system rises above an astounding 70 percent.

The decks are stacked against these people; a lousy education leads them to drop out and get in trouble, then the baggage of their youth and minimum-wage laws prevent them from joining the mainstream of American society. Abolishing minimum-wage laws will not instantly cure these issues, but it is a necessary condition for any realistic solution that can address the disadvantages and pathologies that plague the inner-city black population.

Beyond depriving the most vulnerable in society, minimum-wage laws have the effect of reducing the flow of goods and services the American economy produces each year. This hurts everyone, (the able, disabled, black, non-black, etc.). This is a simple example that illustrates this point:

Philip R.P. Coelho, Ph.D., and James E. McClure, Ph.D., (right) adjunct scholars of the foundation, are professors of economics at Ball State University.



Suppose someone — let's say a teacher, Molly — can make \$20 an hour teaching for 10 hours per day. Out of that 10-hour day, every hour spent not teaching costs Molly \$20. She has to rake the leaves in her yard during the work day (raking leaves at night is presumptively impossible); the yard has a total of 15 bushels of leaves and she can rake them in one hour. That costs Molly \$20 in forgone earnings. Alternatively, she can hire a person with Down syndrome (Mike) to do it, and the task will take Mike three hours. Mike is more than happy to be employed at \$5 an hour, so Molly hires Mike. Both Molly and Mike are better off: Mike earns \$15 and Molly is \$5 better off (she pays Mike \$15 to rake the leaves rather than doing it herself at a cost of \$20).

But if there is a minimum wage of \$10 an hour, then Molly has to pay Mike \$10 per hour, not \$5. It no longer makes sense for Molly to hire Mike to rake her leaves; doing it herself costs \$20 in lost income while hiring Mike to work (3 hours at \$10 per hour) costs \$30. The minimum wage makes both Molly and Mike worse off; they are prohibited from engaging in trade. This damages all of society because Molly has given up producing services worth \$20 to produce an output worth \$15; the people who would have employed Molly have to either find someone else slightly less desirable, slightly more costly, or do without. They, too, are worse off.

When we aggregate these small changes across all of society we get enormous sums. We have fewer specialized services, more inferior, less specialized work (do-it-yourself writ large), and a decrease in the well-being of the most disadvantaged of society.

Minimum wages do more than handicap the handicapped; they also disadvantage those who earn them. People who obtain jobs at minimum wages that are elevated above the wages that unfettered markets would set are, on average, substantially more skilled, socially adept and talented of all the prospective employees. The basic characteristics that many applicants for minimum wage jobs have in common are that they are unskilled young people. So the relatively able-skilled applicants are employed doing menial work that is undemanding. The difficulty is that young people are (relative to adults over the age of 25) less concerned with the future and more oriented to the present. Increasing wages for relatively unskilled work seduces them into work that does not enhance their skill sets, and it reduces incentives to acquire more skills and education. By the time they realize they are stuck in dead-end jobs, they have family responsibilities and are unable to pursue other endeavors that may have lower

current incomes but promise substantially higher incomes in the future.

Minimum wages are extraordinarily damaging to the most disadvantaged of society — the physically and mentally handicapped, the poorly educated, the young and unskilled and those with checkered histories that make them questionable employees. The road to perdition is paved with both good intentions and ignorance. The economics profession has been willful in its ignorance by concentrating on the marginal consequences of increasing minimum wages rather than emphasizing the continuing harm that minimum wages create.

Starbucks' Howard Schultz and other men of good will unthinkingly embrace the belief that higher living standards can be legislated by simply putting floors on wages. This does not create prosperity; it creates poverty and misery. Even worse, the damages it does are concentrated upon society's most vulnerable. This is a sin. — *Philip R.P. Coelho and James E. McClure*

In Pursuit of Happiness And Good Government — Still

(Dec. 22) — Over the last 30 years, Charles Murray has been one of the most influential thinkers on domestic policy matters. Murray was trained as a sociologist, but has a terrific understanding of economics and political economy. His work is multi-disciplinary, readable, relevant and often provocative.

This year marks a key anniversary for two of Murray's books. *Losing Ground* is 30 years old now — and was the book on welfare programs in the 1980s. Quite controversial when published, the book's logic became the conventional wisdom on welfare policy within a decade. *In Pursuit of Happiness and Good Government* is 25 years old now — far less famous, but arguably a more powerful and potentially important book.

Losing Ground

Losing Ground came on the scene in 1984, at a time when conservatives were already bothered by various aspects of redistribution to the poor — in particular, the inherent disincentives for those receiving assistance. Murray's book bolstered those arguments and laid the groundwork for growing concerns about welfare over the next decade.

Most liberals were still largely enamored with the federal War on Poverty — and downplayed or dismissed Murray's arguments. Their concerns about welfare would emerge over the next decade — as they increasingly

“*Losing Ground* is 30 years old now — and was the book on welfare programs in the 1980s. Quite controversial when published, the book's logic became the conventional wisdom on welfare policy within a decade. *In Pursuit of Happiness and Good Government* is 25 years old now — far less famous, but arguably a more powerful and potentially important book.”

— SCHANSBERG

“\$20,000 per year in government benefits will be interpreted quite differently by those who can earn \$30,000 or \$80,000. The resulting disincentives for those with fewer means — to work, to get married, to save, etc. — discouraged many people from engaging in productive, long-term behaviors.”

— SCHANSBERG

recognized that all was not well with the war. They were never as concerned about disincentives. Instead, they focused on other metrics, such as the impersonal, “dehumanizing” bureaucracy used to implement welfare.

The thesis is that welfare changed “the rules of the game” for those in the lower income classes. The rules had been changed by well-intentioned elites — and the response to those incentives and the outcomes of the war were not what had been hoped or expected. Four decades and more than a trillion dollars later, the poverty rate is similar and the problems of poverty are arguably worse.

An easy way to see this: \$20,000 per year in government benefits will be interpreted quite differently by those who can earn \$30,000 or \$80,000. The resulting disincentives for those with fewer means — to work, to get married, to save, etc. — discouraged many people from engaging in productive, long-term behaviors. This encouraged a cycle of poverty, which undermined the work ethic and family structure and stability. (Murray develops this theme more fully in his recent book *Coming Apart*.)

Of course, there’s more to life than incentives and narrow understanding of economics. Other social changes also undermined family structure and stability, making things even worse. The results have not been pretty: lower labor-force participation for able-bodied males, dramatic increases in children from single-parent households, etc.

In 1996, federal welfare reform stifled some of the worst aspects of the original War on Poverty. States gained more control and were encouraged to experiment with policy design. This new freedom was attractive to states and almost certainly a better way to implement policy. On something as complex as welfare policy, trying 50 different things is almost certainly better than insisting on a single federal approach.

In particular, states were told to implement “time limits” — to lessen the damage to long-term incentives. And they were encouraged to use “categorization and discernment” in doling out benefits — distinguishing between the

particular needs of those in poverty (e.g., job skills, transportation, child care).

Although welfare policy continues to be problematic, *Losing Ground*’s work on welfare’s inherent disincentives still echoes over time. Hopefully, in the years to come, we will gain more ground than we’ve been losing.

A Hierarchy of Needs

I learned about *In Pursuit of Happiness* and *Good Government* through an article in *Reason* magazine during the 1992 election. The editor asked a number of influential thinkers to recommend a book for the new president to read (whether Bush or Clinton). The most frequent choice was *In Pursuit of Happiness* and *Good Government*, a book about which I had not even heard.

The book has never been all that popular, because it talks about policy in broad terms. But its general approach is also what makes it so valuable. In a word, what are we trying to accomplish with public policy and what are the constraints in using government to achieve various ends?

Murray uses a modified version of psychologist Abraham Maslow’s “Hierarchy of Needs” exercise as his framework: material needs, safety, dignity and self-esteem and self-actualization. Individuals have goals in each category. It follows that government policy should aim to be helpful — or at least to avoid harm — in each of those categories.

Murray notes that there are often trade-offs between the categories, especially with public policy. What if government policy makes a modest gain in one area, but at the expense of other goals? For example, the government might provide material support in a way that undermines dignity or self-actualization. This leads to vital but often overlooked questions about effective policy.

Murray also describes “thresholds” and “enabling conditions.” Thresholds are the minimal amounts of a category required to have a satisfying life. For example, one needs “enough” food, clothing, shelter, human relationships, etc. — to survive and at least minimally thrive. Reaching the thresholds is vital. Exceeding thresholds can certainly be an improvement, but, on average, the gains are surprisingly modest. For example, people report similar levels of happiness whether they are barely above or far above threshold levels.

“Enabling conditions” can be considered part of a government’s responsibility — setting up “conditions” that enable people to achieve happiness on their own terms. For example, government should help provide safety for its

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citizens; might provide material support up to a threshold for the indigent; and should broadly establish a general environment in which people can pursue dignity and self-actualization in their daily lives. Again, getting to thresholds is vital. Beyond that, government will not be able to accomplish nearly as much — and might easily interfere with the pursuit of happiness, given policy trade-offs.

With a more thorough view of personal and policy goals, the possibility of trade-offs looms large. Early in the book, Murray conducts a thought experiment: If you and your spouse were to die, would you rather that your children be raised by people in Thailand who have the thresholds in terms of material goods and safety — and completely share your values? Or would you rather have them raised by Americans who are wealthy but have troubling values? Most people would choose the former, implying that there's much more to life and happiness than access to material standards of living.

Murray concludes with the role of what author and political theorist Edmund Burke called “little platoons” — the small, community-based groups (schools, churches, civic groups, etc.) in which we find much of our support, friendship, resources, etc. In little platoons, we're more likely to find fulfillment and true help — not just for material goals but to pursue the higher ends for which we have been created. State and federal governments are not little platoons, but they play a vital role in establishing an environment in which little platoons can be effective.

In Pursuit of Happiness and Good Government continues to be a must-read for those who are interested in implementing (good) public policy. Murray doesn't provide a ton of answers. But in the context of complex issues like personal happiness and public policy, asking good questions is at least half of the answer. If your New Year's resolutions include reading on public policy, put this book at the top of your list. — *Eric Schansberg*

The Solution Is in Your Mirror

(Dec. 17) — We all know that our government is corrupt. What we apparently don't appreciate is that:

- Our constitutions are on our side. We have all the laws we need to quash such corruption and live in peace, prosperity, justice and freedom.
- We the People have all the power and accountability in the application of those constitutions. We could sweep away ungoverned government and crony corruption in a single day if we wanted to.

The Indiana Constitution's Article I, Section 25, is Hoosiers' most important, ignored, underutilized and violated rule: “No law shall be passed, the taking effect of which shall be made to depend upon any authority, except as provided in this Constitution.”

This, like the federal constitution's Tenth Amendment (“powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people”), clarify and reinforce a crucial aspect of constitutional purpose and design.

To this point, legislation does not grant authority: Laws depend upon authorization, and in this nation where we have no king to authorize himself (humor me), only constitutions authorize anything governments are allowed to do to us. So when it comes to government action, whatever isn't specifically authorized is absolutely denied.

On the other hand, Article I, Section I, of our state constitution says “. . . that all power is inherent in the people,” which reinforces the federal Ninth Amendment, “the enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.” Constitutions are limits on politics, not us. So whatever isn't specifically prohibited by constitutional authority, We the People are free to do.

We don't have to call something “speech” to call it a freedom. Nor do we have to invoke religious rights to prevent government from forcing us to buy what we don't want, or from prohibiting us from buying what we do want (see the federal Ninth Amendment). Most of your property tax and the way we operate schools are illegal (see Indiana Constitution, Article 8). Most taxation is illegal in the way it's assessed and for what it pays. By our constitutions, a huge percentage of our prisoners should be freed, and the Federal Reserve Bank shouldn't exist. All of our military actions since WWII, and most since 1903, have been illegal. That's just for starters.

To summarize, most of what politicians and the cronies who purchase them do today is not just destructive, immoral and stupid — it's also illegal. So don't say that once lawmakers make a law it can't be broken; they break laws all the

“Our politicians violate all of our fundamental laws because we asked them to — over and over again and through many generations. We have what more than 90 percent of us voted for with a more than 90-percent incumbent re-election rate. We're the ones who have chosen to nullify our constitutions.”

— HORNING

Andrew M. Horning is an adjunct scholar of the foundation who lives in Freedom, Ind. He was the Republican candidate for the 7th Congressional District in 2004.



“Why do we imagine that government spending will routinely create net economic activity? Because it’s easier to see the economic activity of the \$10 million in a few hands than to imagine that lower overall tax rates will do the same thing. It’s difficult to follow the government’s shell game when the benefits are obvious and the costs are nearly invisible.”

— SCHANSBERG

time. They violate constitutions to write laws they like better. In fact, they often violate rules today that they wrote yesterday. Nullification of laws happens all the time, just not in a good way.

Why? Because of the phrase “. . . all power is inherent in the people.” Our politicians violate all of our fundamental laws because we asked them to — over and over again and through many generations. We have what more than 90 percent of us voted for with a more than 90-percent incumbent re-election rate. We’re the ones who have chosen to nullify our constitutions.

The politicians are not the ones who are out of touch. The disconnects between our words and actions, our wishes and our choices, are what create the violence, fear, insecurity and injustice that’s growing fast out of anybody’s control. We’re the ones who need to wise up. What we say with our mouths and protests is irrelevant. What we say to politicians with our votes is “laws be damned, do what you want.” And our politicians comply.

In just a couple of hours, you could read both state and federal constitutions. They’re far shorter and simpler than any modern law, even excluding intentional deceptions such as the ObamaCare legislation. It is suggested that we use our constitutions as a battle plan and our votes as swords. We have all the power and authority to clean up our mess, and it’s time we do it. — *Andy Horning*

‘Rational Ignorance’ Is Costly To Our Economic Health

(Dec. 17) — The use of government for economic “development” and economic “stimulus” is quite popular. Unfortunately, its popularity greatly exceeds what it deserves, given both theory and data.

The theoretical reasons are easy to understand. In terms of economics, it is difficult for government to create net economic activity by moving money from one use to another. But in terms of political economy, the benefits of government spending are usually concentrated and obvious, while the costs of government spending are spread through the population and nearly invisible. Given this combination, one can confidently predict that government will be too active in attempts to foster economic growth.

In any area of life, if you see the obvious — and miss larger but more subtle consequences — you’ll often end up with bad choices. Quite reasonably, most people spend little energy in thinking about public policy. When they combine this ignorance with naive views on political economy, they will tend to see the

benefits of government activism and ignore its costs. Making it worse, members of the media often make the same mistakes. And of course, in the public arena, “interest groups” will tend to exaggerate benefits and downplay costs.

Let me offer four reasons why economic development and stimulus will look better on paper than in reality.

First, the benefits are typically exaggerated. We’re often given a success story or two: Subsidy X led to “economic development” opportunity Z. Or we’re invited to imagine only the benefits: Giving taxpayer money to others will lead to more purchases that will stimulate the economy. From a few anecdotes, we imagine dozens of similar stories. But a few success stories do not necessarily imply many other success stories. And of course, the recipients of the money are likely to emphasize its benefits.

Second, American journalist Henry Hazlitt, author of “Economics in One Lesson,” teaches us to focus more intently on the subtle costs. In particular, how are we paying for government activism? Let’s say the government devotes \$10 million for local “economic development.” How do politicians pay for this? First, they can increase taxes by \$10 million, moving economic activity from the private sector to the public sector. How is this a net gain? Second, they can lower spending elsewhere, moving economic activity within the public sector. That’s a shell game. Third, they can borrow the \$10 million, resulting in higher taxes down the road. Even in a best-case scenario, this will take prosperity from the future to finance the present.

So, why do we imagine that government spending will routinely create net economic activity? Because it’s easier to see the economic activity of the \$10 million in a few hands than to imagine that lower overall tax rates will do the same thing. It’s difficult to follow the government’s shell game when the benefits are obvious and the costs are nearly invisible.

Third, the “Austrian Economics” school of thought focuses on “the knowledge problem.” Do government actors know enough to implement effective policy? With the Affordable Care Act (ObamaCare), legislators famously bragged about not having read the bill. This sort of negligence is routine, especially with massive omnibus legislation. If a politician hasn’t read something, why should we trust their knowledge?

But there’s a larger knowledge problem. For example, ObamaCare purports to know how to intervene in the markets for healthcare and health insurance at the federal level in a way that will improve outcomes. What are the odds that federal legislators will have enough

general knowledge — and enough specific knowledge about people in various states and communities — to impact these markets positively? Mailing out checks and blowing up stuff is one thing — government is pretty good at those things — but manipulating healthcare and health insurance is quite another thing. In the context of economic development, what is the likelihood that government knows how to “pick winners” better than those spending their own money in the market?

Finally, the “Public Choice Economics” school of thought focuses on incentives and motives within political markets. Will government actors be encouraged and motivated to do effective public policy? As we noted above, the media and especially the general public are not likely to be knowledgeable about the costs of public policy. What will interest groups and public policy do with their power and knowledge advantages?

MIT economist and ObamaCare adviser Jonathan Gruber was recently grilled for saying that voters are “stupid.” In contrast, a Public Choice economist would say that voters are “rationally ignorant” and apathetic. It’s not that voters are stupid. Instead, it’s simply not worth their energy to figure much out in the political realm. In other words, it’s “rational” to pay little attention to politics. Of course, interest groups and politicians might not take advantage of our ignorance. But even a casual observer of today’s politics will have at least the general sense that there’s more to political markets than benevolence and self-sacrifice.

What can we do as voters? We can stop believing in the tooth fairy and Santa Claus in political markets. Don’t let politicians promise you something for nothing — or entice you to play a shell game when you get easily distracted from following the ball. — *Eric Schansberg*

On Church, State, Christmas and Liberals

(Dec. 15) — Once again, as is becoming a tedious ritual at this time of year, our country’s legal and political institutions are wrestling with the “separation of church and state” — or at least one highly visible aspect of it. This particular struggle even has a name: “the war on Christmas.” In the spirit of the season, I have some questions for those who believe that such subversive displays as public Nativity scenes and Christmas trees, or even the Christmas holiday itself, constitute an intolerable commingling of church and state.

The birth of Christ is celebrated as a national holiday, a federal holiday, just as the births

of George Washington and Martin Luther King Jr. So why is the public representation of one national honoree, Jesus Christ, more objectionable than publicly displayed images of others, such as Washington and King? Why can’t such Christmas displays be interpreted, justified and accepted in terms of their established secular aspect, which is the commemoration of a significant historical event and figure, rather than anxiously construed as an official endorsement of a specific religion? Is the federal celebration of Protestant minister Martin Luther King Jr.’s birthday also to be considered a governmental endorsement of the particular religious organizations he represented (including the Southern Christian Leadership Conference)?

Recognition of the civil orientation of the Christmas holiday, and a bit of wisdom and toleration, would obviate the need for bizarre legal remedies now undertaken, such as those based on the ratio of religious icons to the number of non-religious icons such as snowmen, elves and reindeer in a public display. Yes, the courts have actually mandated such formulae.

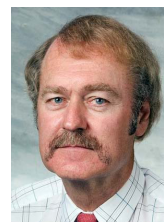
For some, however, that does not go far enough. Numerous public schools now prohibit even Frosty the Snowman decorations and candy canes because they are “Christmas symbols” and therefore somehow construable as relating to religion. A transparent motive for many schools is the justifiable fear that the American Civil Liberties Union or the Freedom From Religion Foundation will levy a lawsuit against them.

One recent ridiculous attempt at repression in public schools and municipalities has been to forbid any reference to the very word Christmas. Schools now have “winter breaks,” during which students can sing “holiday carols” and shop at “winter sales events” at stores in which employees who utter the phrase Merry Christmas are subject to discipline, even up to termination. There seems to be no limit to these tortured attempts to avoid the C-word: One TV talk-show host closed out a recent episode with the salutation, “Happy holidays of your choice.”

Again, the quest for “balance” has at times turned to the bizarre. In December 2008, the

“The birth of Christ is celebrated as a national holiday, a federal holiday, just as the births of George Washington and Martin Luther King Jr. So why is the public representation of one national honoree, Jesus Christ, more objectionable than publicly displayed images of others?”

John F. Gaski, an adjunct scholar of the foundation, is an associate professor at the Mendoza College of Business at the University of Notre Dame.



“Suppose some religious cult decides to worship George Washington. In such a case, would federal, state and municipal displays of Washington’s likeness then be unconstitutional? Would all official public references to our first president have to be suppressed?”

— GASKI

Freedom From Religion Foundation secured permission to post an atheist plaque next to the Nativity scene at the Washington State capital that read, “There are no gods, no devils, no angels, no heaven or hell. There is only our natural world. Religion is but myth and superstition that hardens hearts and enslaves minds.” Keep in mind that this was an officially sanctioned plaque next to a display commemorating a legal, federal and state holiday. Imagine the outcry if some outfit dared to flaunt an anti-civil-rights plaque next to a display commemorating Martin Luther King Jr.’s birthday.

Ever sensitive to the anti-Christmas trend, craven local governments in Philadelphia and Tulsa have gone so far as to ban use of the phrase Christmas tree. In 2012, Lincoln Chafee, the governor of Rhode Island, made a public fool of himself when he expressed his belief that the “establishment clause” in the Constitution makes it illegal for government employees to utter the words “Christmas tree” (he insisted on calling it a “holiday tree”). Memo to Chafee: Christmas is a legal, federal and state holiday. Oh, and the First Amendment to the Constitution guarantees our right to freedom of speech.

Even the federal government, for a while, took to calling the national Christmas tree “the people’s tree.” And in a new twist, dramatizing their incoherence, some jurisdictions in the Northeast and south Florida do allow, and in fact promote, Jewish and Islamic religious symbols — while the prohibition against Christmas symbols is retained and enforced.

How far have we as a nation fallen? Scarcely more than a generation ago there was a nationwide movement to “put Christ back in Christmas.” Today, such a sentiment would be inscrutable to those Americans who have only experienced the mania to get Christ out of Christmas. At the risk of being tautological, it must be emphasized that as long as Christmas remains a legislated federal holiday its elements should be legal.

Naturally, the question becomes one of whether a national holiday to memorialize the birth of the founder of one of the world’s major religions is constitutionally permissible in the first place. The fact that those who are pathologically preoccupied with extending the “separation doctrine” toward maximum intolerance of religion are not crusading aggressively for the decommissioning of Christmas as a legal holiday might reveal the depth of their hypocrisy. The day such advocates recommend the cessation of any and all forms of government handouts in relation to Christmas — and a paid national holiday

certainly qualifies as one — will, indeed, be the day that Hell freezes over. But you do know that day is coming, don’t you?

The logical conclusion to this extreme, if erratic, anti-religion movement is abolition of the federal Christmas holiday itself, or at least renaming it and banning all public use of its traditional nomenclature.

Once Christmas is abolished, Thanksgiving will be the next target, given that holiday’s explicitly religious origin and concept. Recall that the Easter Bunny has already been targeted by liberals in Minnesota. No joke. In 2006, St. Paul’s human-rights director, Tyrone Terrill, ordered a toy rabbit, pastel-colored eggs and a sign that read “Happy Easter” removed from the lobby of the city-council offices because he feared that those colorful, innocuous representations of spring might be “offensive to non-Christians.”

What inevitably lies ahead is a secularist iconoclasm that removes all Christianity-tinged symbols from government venues. Images of the Ten Commandments, Moses and General Washington at prayer will have to be eradicated from the National Archives, the Library of Congress, the Supreme Court building and the Capitol. The congressional chaplain will have to go, as well as “In God We Trust” from currency and coinage, and “Under God” from the Pledge of Allegiance.

This is indeed a vast endeavor. To leave no stone unturned, the Political Correctness Police ultimately will have to require that all the crosses be removed from Arlington National Cemetery and other military burial grounds. (The previously cited inconsistency suggests that they may experience dissonance while digging out the monuments featuring the Star of David.)

This lunatic fringe would do well to ponder a thought-experiment: Suppose some religious cult decides to worship George Washington. (It’s not as farfetched as it might seem: The rotunda of the U.S. Capitol building, after all, is home to a fresco titled “The Apotheosis of Washington,” which depicts our first president as a celestial figure seated in glory in Heaven.) In such a case, would federal, state and municipal displays of Washington’s likeness then be unconstitutional? Would all official public references to our first president have to be suppressed? Yes, if one wishes to be consistent. Alternatively, the politically correct resolution might then be to balance Washingtonian imagery with the proper proportion of nationally recognized secular iconography such as flags, eagles or dollar signs.

Continuing with this speculative scenario, a natural counterargument might be that public reverence for, and symbolism of, an apotheosized Washington would remain philosophically tolerable because his civil contribution and status preceded his (hypothetical) attainment of the status of “holy man” (as indeed many Americans saw him upon his death). But then suppose it is discovered that Mormon patriarchs Joseph Smith and Brigham Young had been employed by the federal government prior to their religious work. (Young actually was a public official later in life.) Consistency would dictate the legality of publicly sanctioned displays of Mormon icons, but not those of any other religious body, thereby establishing a quasi-official state religion as an ironic artifact of attempting to separate church and state.

Or is this whole exasperating exercise just one more manifestation of how the liberal mentality, so typically self-contradictory, is driving this country crazy by inciting irrational, perverse and downright silly public policies? The perversion, in this case, is to transmogrify the separation doctrine beyond its original meaning of non-support for any particular religious denomination. The aforementioned conceptual convolution exemplifies a familiar result of liberal policymaking, along with necessary efforts to disentangle its unintended consequences (per the doctrine of the same name) — that is, cleaning up after liberalism’s mess. Such has been this nation’s unfortunate task for decades, as it has now become in the realm of religion. Merry Christmas to all. — *John Gaski*

A Doctor’s Concern For Private Practice

(Dec. 9) — Indiana’s private practitioners, family doctors among them, need your help — a Code Red, if you will. Specifically, they need you to understand the economic pressures that change how your medical care is provided — and not just those changes associated with the Patient Protection and Affordable Care Act (also known as ObamaCare).

The Wall Street Journal, for instance, has warned that the pieces of legislation, both Republican and Democrat, headed for approval in Congress all favor the consolidation of doctors into salaried roles inside hospitals, “in effect ending independent medical practices.”

The New York Times reports that the main reason for high hospital costs in the United States is fiscal, not medical: “Hospitals are the most powerful players in a healthcare system that has little or no price regulation in the private market,” the newspaper warned.

And an article in *the Indianapolis Star* related that in Indianapolis an MRI (magnetic resonance image) on the lower back can range from \$300 to \$5,000. Again, the fault seems to be a system in which pricing is detached from either cost or profit.

So, what can we in Indiana do?

“The first thing is to realize that, in hospitals, bigger is not necessarily better,” advises this foundation “and that can be true in all aspects, including quality of care, cost transparency and the professional character of the attending physician.”

There may not be anything explicit in ObamaCare that says hospitals should buy physician practices, but because it encourages bundled payments for a patient’s care, which a hospital then distributes to the doctor and others, it encourages hospital ownership of doctors.

A Fort Wayne surgeon set this gloomy scene for the foundation:

The physician’s highest priority will become the whims and wishes of the hospital system, not the needs and desires of the patient. But if the hospital does not prioritize the patients’ needs first — and it won’t be able to do so because of bureaucratic red tape and regulations — then the doctor will be forced to render limited substandard care because the ‘system’ demands it or because the doctor will lose his job for going against the system.

To summarize, Hoosiers have reason to ask lawmakers to take a few steps back from the regulations and systems that work against the humane motivations that have created a world-class pool of independent private physicians:

- In general, press your congressional delegation to remove the pervasive biases in ObamaCare that favor hospital ownership of medical practices. Those provisions that create incentives for the coordinated delivery of medical care (those payment bundles) depend on hospitals employing doctors.

- Lobby to remove IT infrastructure requirements. These cost millions of dollars and force doctors away from individual practices and into hospitals, which can afford to absorb the costs.

- Similarly, the cost of the required Electronic Medical Record (EMR) is exorbitant. And as of Jan. 1, if a private practice doesn’t have a “government-approved” EMR, it is penalized 1 percent of annual Medicare reimbursements.



Chad Davis, M.D., a general surgeon in Indianapolis, is an adjunct scholar of the foundation and one of its founding members.

Hoosiers have reason to ask lawmakers to take a few steps back from the regulations and systems that work against the humane motivations that have created a world-class pool of independent private physicians.

— DAVIS

“When the failures of systems of government control become apparent, the leaders of those systems feign reform. However, attempts at effective and meaningful reform (requiring the loss of control to allow significant competition) are thwarted. And so it has been in college football.”

— BINGHAM

In 2016, that increases to 3 percent, and in 2017 to 5 percent a year in perpetuity.

- Indiana legislators could relax restrictions on hospital construction — restrictions now weighted in favor of the politically powerful general hospitals and against the small specialty hospitals and ambulatory surgery centers.

- Hospitals could be asked to give patients a firm price in advance of a procedure or operation.

Indiana doesn’t have to wait for Washington to save its private physicians. All it will take is your understanding of the issues involved, plus some legislative will. — *Chad Davis*

College Football and The Role of Government

(*Dec. 9*) — Which system do you prefer: college basketball’s March Madness or college football’s bowls-playoff? Your answer may indicate your view of the beneficial role of government. Should the government facilitate competition or predetermine much of the outcome?

March Madness relates to the free market; college football exemplifies government control.

For years, college football has been plagued with debates regarding the legitimacy of its championship declarations. Such questions do not linger in college basketball. Its champion has silenced the critics by earning it on the court for all to see. But the champion of college football has simply been declared by the powers that be. Thus the critics often rage.

When the failures of systems of government control become apparent, the leaders of those systems feign reform. However, attempts at effective and meaningful reform (requiring the loss of control to allow significant competition) are thwarted.

And so it has been in college football. An earlier attempt to appease critics (while essentially maintaining the status quo) was the BCS (Bowl Championship System), but this “fix” merely replaced declaring a single winner with declaring the top two teams that would be allowed to become the winner. The artificial creation of a “championship” game proved to be of little satisfaction to most teams and their fans.

Predictably, this year’s expanded playoff system falls short as well. Yes, a playoff of four is better than a game of two or a declaration of one, but the fundamental problem remains: The powers continue to control access to the championship. They are not open to real competition.

“But how is this any different than what the March Madness selection committee does?”

you might ask. “Is not college basketball just another manifestation of the same government control?”

A free market is not within anarchy. A well-functioning economic system is benefited by a properly functioning, limited government that does what is necessary to establish the framework within which competition can flourish. Then, the competitors are allowed to determine the champion.

Yes, college basketball’s selection committee is a governing body. And yes, each year there are a few “bubble” teams that feel unjustly left out of the Big Dance. But the selection of 68 teams is sufficiently large; no one can credibly argue that the true champion was not given its chance to compete for the title.

The College Football Playoff is still not open to this. Apparently the football selection committee thinks it knows best. Tell that to seventh-seeded Connecticut and eighth-seeded Kentucky, however, or to Cinderella teams such as Butler. Explain it to Baylor and Texas Christian University.

The solution for football is a full tournament in addition to bowl games. As they have done for so many years, college football fans can continue to enjoy a bunch of bowl games for teams that win at least half of their games but don’t make the cut for the championship. Now let’s create a fully credible competition for the championship within the bowl structure. Here’s how it could be done.

A large number of teams means true competition. Sixty-four teams won’t be necessary for college football, but four teams or even eight teams are inadequate. Use 32 teams by taking the top 25 and then selecting the remaining seven slots in a way that includes the next-best but also ensures representation by all participating conferences. Once the tournament starts, the losing teams can be paired into an additional, final bowl game scheduled over the holidays (roughly two weeks after the teams lose).

Here’s the schedule that would work:

- 1st weekend in December: Announce the selection and pairings of the 32 teams.
- 2nd weekend in December: The 32 teams play.
- 3rd weekend in December: The remaining 16 teams play.



Jon Bingham is a senior lecturer in economics at Indiana University Southeast.

- 4th weekend in December: The remaining eight teams play. Consolation bowls from the round of 32 are played.

- The following weekend (late December or early January): The final four teams compete. Consolation bowls from the round of 16 are played.

- The following weekend: Consolation bowls from the round of eight are played.

- The final weekend (possibly using the following Monday as well, as in basketball): The final games are played. The third-place consolation game is followed by the championship game.

This solution provides the opportunity for more games and more competition that results in an undisputed champion. So, which system do you prefer? — *Jon Bingham*

Indiana Scores High on Cato Index

(Nov. 20) — The Cato Institute, a Washington D.C. libertarian policy think tank, recently released its “2014 Fiscal Policy Report Card on America’s Governors.” The results are positive for Indiana.

The goal of the biennial report is to grade and comment on all 50 governors’ “fiscal policies from a limited-government perspective.” Only four governors received an “A” grade: North Carolina’s Pat McCrory (R), Kansas’ Sam Brownback (R), Maine’s Paul LePage (R) and Indiana’s Mike Pence (R). It is no surprise that the bottom eight governors are Democrats from traditionally liberal states, such as Minnesota, Oregon, Illinois and Massachusetts.

Cato’s grading mechanism for the data-driven results revolve around seven variables: two on spending, one on revenue and four on tax rate. The goal is to measure a governor’s success “at restraining taxes and spending since 2012.”

Consistently, Republican governors in traditionally red states scored highest, meaning that conservative Republican governors (Earl Ray Tomblin, Democrat from West Virginia, was the exception) such as Governor Pence took a small or limited-government approach to defining and implementing public policy.

Cato trumpeted Pence, describing him as a “champion tax cutter and frugal on spending.” In 2013, he proposed a 10-percent cut in individual tax rates with the Republican super-majority legislature approving 5 percent. He approved a repeal of Indiana’s inheritance tax, and agreed to a reduction in the state’s corporate income-tax rate to 4.9 percent by 2021. In addition, he called for lower property taxes imposed on local businesses.

Finally, Cato reported that Pence restricted total government spending, calling for only a 2.8-percent increase in the general fund. However, much to the dismay of fiscal and spending conservatives here, he supported Medicaid expansion through the Affordable Care Act (ACA, also known as ObamaCare).

What does this mean for the average Indiana resident? What does this mean for the average American?

From a microeconomic perspective, it means a lower personal income-tax burden, thus more take-home pay to save, invest or spend. From a business perspective, it means that businesses across the state will be able to invest more into their business, employees and communities.

From a macro-political perspective, particularly as a result of this year’s mid-term results — including an increase in total seats by House Republicans, Senate takeover by the Republicans, an increase in state gubernatorial positions by Republicans and a small-percentage increase in total state legislatures control by Republicans — it means the strong possibility of national changes in tax reform, incremental repeal of nefarious and expensive components of the Affordable Care Act, and other legislative actions that may lead to reduced tax-and-spending burdens.

Changes at the national level are quite often instigated by changes at the state and local levels, led by limited-government governors like Pence who desire to see greater individual and business freedom, coupled with pursuit of the public interest.

Much too often, voters and citizens overlook the importance and role of state and local governments in the initiation and development of critical cost-saving, tax-reducing opportunities.

During these last years of Barack Obama’s progressive agenda of large government and liberal social and domestic-policy re-engineering, such as executive-order driven immigration reform and further executive tinkering of the ACA, it is refreshing to know that governors like Pence and state legislative bodies such as the Indiana General Assembly see the role of government through the lens of limited government, and see the importance of each individual as critical to the lifeblood of the state and community.

If the Cato report is indication, however, there is a long way to go to ensure that all citizens are represented by public officials who do not place themselves or their ideology above the practice of governing. — *Stephen M. King*

“Much too often, voters and citizens overlook the importance and role of state and local governments in the initiation and development of critical cost-saving, tax-reducing opportunities.”

—BOHANON

BACKGROUNDERS

“The system’s ideal today is one size fits all (usually the cheapest size). What’s even more frustrating is that the patient has no right to choose an ‘inappropriate’ treatment in many of these all-encompassing health-care systems, a treatment that in fact may be best for him.”

— IPPEL

Medicine: An Endangered ‘Small Business’

(Nov. 12) — I have a small business — a service business — but it’s not like your accountant or plumber or lawyer. I’m a doc, a family doc. And I can save your life or at least make it longer and more pleasant.

I’ve been in this business a long time. I see children of patients I delivered . . . and occasionally I might have even delivered the grandmother. I stopped delivering babies 20 years ago. I didn’t stop practicing medicine, though. I hope to continue until I can no longer score well on the specialty board exams. I hope so because it’s not only a privilege and a joy but it still is possible to run a good private medical practice.

That may be changing.

Now, I know there are likely better — even much better — ways for me to practice medicine. I would like our healthcare system to give me incentives to find those ways. I also would like spring to last all year. Since I rarely get what I like, I have learned to work with what I have.

What I now have is a system that has gone from encouraging doing what’s best for the patient to a system that now punishes me if I don’t do what the system says is best for it.

To summarize, it is getting seriously harder to serve individual patient needs while pleasing the system — so hard that I’m now worried that I will no longer be able to “work with what I have.”

For example, my experience tells me that some patients do better with a treatment that their health system doesn’t include or cover. I can try to fight the system to get that treatment, but there’s punishment in that, too. So I do what I’ve learned to do over the years. I find a back-door treatment that the system doesn’t know about — yet.

But the system’s ideal today is one size fits all (usually the cheapest size). What’s even more frustrating is that the patient has no right to choose an “inappropriate” treatment in many of these all-encompassing health-care systems, a treatment that in fact may be best for him.

Another important example is continuity. I mentioned that I regularly see patients at my clinic whose family have been patients of mine for generations. That kind of continuity is, perhaps, comforting but probably not all that important in giving good medical care. But what’s come about is the annual shuffling of the deck. Patients are presented with the complicated, confusing job of picking the “best” contract to sign for their next year’s health care. What is often hidden in that contract may require them to see the system’s contract doctor, who may be not only someone whom they’ve never seen but who practices at a mega clinic in a city an hour’s drive away.

Worse, the current health system now mandates the wonder of the “electronic medical record.” In the old days, maybe five years ago, if you transferred to another doc you’d ask that a copy of your records be sent there. The doc’s office would copy the pertinent data and include prominent notes on that patient’s important idiosyncrasies.

Not anymore. Such snail mail is thrown over in favor of electronic transfer. However, I’ve encountered at least two major glitches with this hot-shot miracle. The new chart is now a huge file of infinitely repeating gobbledygook. You look long and hard to find the important needles in the haystack of computer-generated details — such as copious time stamps, computed down to the second, recording when everything happened, including long lists of medicines the patient has had prescribed from forever.

Also, the systems don’t talk to each other; you can’t simply put the dozen or 20 important sheets in the back of your folder. No, it usually has to be faxed through cyberspace. If it ever arrives, then you have to either spend an hour or two sifting through the 400-plus pages to print out some things that look valuable or simply put it on a disc that you will never see again.

There’s quite a bit more, but you get the point. — Bruce Ippel



In 1966 *Time* magazine ran a cover story asking: Is God Dead? Many have accepted the cultural narrative that he’s obsolete — that as science progresses, there is less need for a ‘God’ to explain the universe. Yet it turns out that the rumors of God’s death were premature. More amazing is that the relatively recent case for his existence comes from a surprising place — science itself. Here’s the story: The same year *Time* featured the now-famous headline, the astronomer Carl Sagan announced that there were two important criteria for a planet to support life: The right kind of star, and a planet the right distance from that star. Given the roughly *octillion* — 1 followed by 24 zeros — planets in the universe, there should have been about *septillion* — 1 followed by 21 zeros — planets capable of supporting life. With such spectacular odds, the Search for Extraterrestrial Intelligence (SETI), a large, expensive collection of private and publicly funded projects launched in the 1960s, was sure to turn up something soon. Scientists listened with a vast radio telescopic network for signals that resembled coded intelligence and were not merely random. But as years passed, the silence from the rest of the universe was deafening. Congress defunded SETI in 1993, but the search continues with private funds. As of 2014, researches have discovered precisely *bupkis* — 0 followed by nothing. What happened? . . . As factors continued to be discovered, the number of possible planets hit zero, and kept going. In other words, the odds turned against any planet in the universe supporting life, including this one.

— Eric Metaxes in the Dec. 25, 2015, *Wall Street Journal*

THE OUTSTATER

What Indianapolis Doesn't Want You to Know

The 'News' Is the News

(Jan. 30) — The news this last week was that we don't know what news is.

There were some in the Pence administration who thought news might be the pronouncements of their own bureaucracy. And *the Indianapolis Star* thought it might be boosterish speculation about deflated footballs. Both were wrong; the Pence administration at least admitted it by week's end.

Indeed, if the overly enthusiastic creators of the now defunct government newspaper *JustIN* could have stepped back from the pressure of the political life for a moment, their idea would not have made sense even to them. News must be honest and predictive to have value, a simple but elegant idea to which we will return in a moment. Bureaucracies and political groupings are anything but honest and predictive, as those of us who have toiled within the bellies of those beasts are especially aware.

"However well intentioned, after thorough review of the preliminary planning and careful consideration of the concerns expressed, I am writing you to inform you that I have made a decision to terminate development of the *JustIN* website immediately," Gov. Mike Pence announced.

Oh, if the editors of *the Star* were as forthright. They, unlike gubernatorial staff, aren't paid for their socio-political enthusiasms and have no excuse. They are carriers of a century-old journalism tradition (although lately they are practitioners of a pale variant). They should know what news is. They should be able to differentiate it from wild guessing and self-fulfilling analysis.

There was a case in point a few days ago. Before anyone knew anything more than that some official had declared some footballs unofficial, *Star* columnist Matt Tully made the leap to ethical doom. "Can you imagine being the parent of a football-obsessed child in New England this week?" he wrote in a pique even as physicists were beginning experiments that would raise doubts about his conspiracy theories. "There you'd be, surely hoping that your son or daughter has learned or is learning about right and wrong and about playing fair,

and then watching them see the team they love going to the biggest game in the world after cheating in the game that got them there."

Strong words from a man sitting at a desk staring out the window desperate for tomorrow's column idea. His was cheap emoting — advocacy, not journalism. Nobody would pay for it. *Star* subscribers or advertisers weren't helped to understand the arcana of sports-equipment management or the science of the "ideal gas law," let alone the strategy of one of the most exciting Super Bowls.

So where is journalism's value? Bob Bartley, editorial page editor of *the Wall Street Journal*, answered the question in various essays winding up his career. Bartley imagined that the first journalist was a caveman sitting around the fire, the one who could most accurately scratch in the dirt the game trails for the next day's hunt. He may have been allowed a ration of nuts or berries in appreciation.

Objectivity, then, is more critical than consensus, be it consensus within the Pence administration or the *Star* newsroom. If editors are again to be trusted arbiters of the public discussion, they must base their careers on something more than zeal for their own ideas. They must re-master the basics of the craft — sorting, sifting, verifying, remembering.

"The opinion of the press corps tends toward consensus because of an astonishing uniformity of viewpoint. Certain types of people want to become journalists, and they carry certain political and cultural opinions," Bartley wrote in another essay. "This self-selection is hardened by peer-group pressure. No conspiracy is necessary; journalists quite spontaneously think alike. The problem comes because this group-think is by now divorced from the thoughts and attitudes of readers."

Bartley's central point was that journalism — news, that is — must serve a readership and a nation by trying to be honest and predictive, not by being in political or cultural synchrony. And to be honest and predictive, the news must be assembled by independent minds rather than shills, flacks and toadies.

That was the expectation of those who granted us great privilege under the First Amendment. The real news this week was that

The editors of *the Indianapolis Star* are carriers of a century-old journalism tradition (although lately practitioners of a pale variant). They should know what news is. They should be able to differentiate it from wild guessing and self-fulfilling analysis.

Representative democracy is reduced to a jobs program for the tricky and glib. So, campaign ploy or not, we applaud former Texas Gov. Rick Perry's proposal for a "part-time" Congress.

Governor Pence reaffirmed its principles, and the *Indianapolis Star* did not.

The Hoosier Political Emigrant

(Jan. 9) — Those who make their living at the politics' edge must guard against resentment and despair. Yet it is difficult to hide dislike for a man who, finding indoor work representing the democratic interests of his neighbors, cashes in his pension, unused campaign contributions and whatever else he has been able to grab from a hapless constituency to flee the state for the company of a better sort of people — or worse, and continue to "fight" for us as a Washington-based appointee or lobbyist.

The rationales don't bear examination, all of them along the line of "wanting to be in a better position to serve Hoosiers." Nor do you need a list of the politicians who fit the profile; you can tell them by the cut of their suits (your tax dollars at work).

Representative democracy in such cases is reduced to a jobs program for the tricky and glib. So, campaign ploy or not, we applaud former Texas Gov. Rick Perry's proposal for a "part-time" Congress. The pay of congressmen and the budgets for their offices would be cut in half. This is Perry spilling the political beans:

We have a lot of well-intentioned members of Congress, but they have become creatures of Washington. They get paid more than three times the average American family, and they have doubled their own budgets in the last decade. They are completely detached from the people, who are struggling to get by and can't vote to raise their own pay.

The Cronyist — How do you define crony capitalism? Let us help. The governor's economic development director was in my town this week developing his own economic development, one that drew suspiciously bipartisan support from our Democrat mayor.

The project, set in a square mile of heavily subsidized downtown "growth," will encumber \$7 million more in city money for 167 apartment units (do the math). There also will be the contribution of land for the obligatory parking garage to serve apartments that rent for as much as \$1,400 a month.

Promoters say it will be a "transformational" step forward, a description that should illicit a grab-your-wallet reflex among the middle-class. But "general" property taxes will not be used, and impropriety is not suspected. No, it's just run-of-the-mill insider baseball rather than exceptional insider baseball.

This fits nicely into what we have come to see as a pattern of building Potemkin villages around the state. It results from what the local progressives imagine is the way things are done

in the Big City. Most of the ideas, though, are decades old, overheard during Babbitt-like trips to the East Coast.

Such is the case in Carmel, Bloomington and the like where they have discovered Richard Florida, an urban studies theorist, and his "creative class." Dr. Florida's big idea is that downtown development is predicated on high concentrations of young people, artists, musicians, the hip-cool, alternative thinkers and those delicately described as "high bohemian."

And now even staid Fort Wayne has bought in to this idea. The city's savvy are gathering every eco-devo dollar they can find to encourage suitable digs for such alternative lifestyles — all in a downtown stuffed with tax-financed projects from the last eco-devo fad.

But oops, the idea is suddenly passé, or so suggests a *New York Times* essay with the unsettling headline, "Is Life Better in America's Red States?" Jim Geraghty of *National Review Online* explains why an Indiana city might be better off remaining backward:

On close inspection, talent-clustering provides little in the way of trickle-down benefits. Its benefits flow disproportionately to more highly skilled knowledge, professional and creative workers whose higher wages and salaries are more than sufficient to cover more expensive housing in these locations. While less-skilled service and blue-collar workers also earn more money in knowledge-based metros, those gains disappear once their higher housing costs are taken into account.

And Joel Kotkin of *Forbes* magazine, quoted by Geraghty, dares rain on Dr. Florida's parade:

The sad truth is that even in the more plausible 'creative class' cities such as New York and San Francisco, the emphasis on 'hip cool' and high-end service industries has corresponded with a decline in their middle class and a growing gap between rich and poor.

The Stadium Myth — An economist told me some years ago that the local impact of a professional football team was no greater than three Wal-Mart stores. That, combined with the fact that a team and its coaching staff rarely include anyone from the marketing area and that ticket pricing is pegged above most of our heads, makes it difficult to explain a rabid local fan base. They might as reasonably pick their favorite team by jersey colors, mascot or numerology.

I pick mine by the quality of ownership, believing that the principle of private property is at least a principle. That is in a sport in which the commodity is so scarce you need a lawyer to determine the completion of a forward pass, the eligibility of a receiver or the pounds per square inch of air in a football.

Education Reform in Two Steps

(Jan. 12) — The education plans headed for the General Assembly have so many political twists and bureaucratic turns that they cross the eyes. But it could be simple. Here's reform in two steps, and it doesn't matter how you pick your state superintendent of schools:

1. Assign each student a share of next year's education budget. Let them enroll wherever they wish, taking their education funding with them.

2. Repeal the Indiana Collective Bargaining Act.

The first step has a formal name, "the Weighted Student Formula," or, less formally, "backpack funding." It is so named because the amount in the fiscal backpacks of students with more costly educational needs (physical limitations, learning disabilities, poor home environment, etc.) is correspondingly weighted.

The total dollars remain the same. The systemic change is that students and their parents, in partnership with teachers and building principals, drive classroom learning — not school-district administrators, the department of education, legislative committees or union officials. And neither student nor school need meet the shifting qualifications of an officially defined voucher.

An adjunct scholar of the Indiana Policy Review Foundation, Lisa Snell, introduced the idea here seven years ago. She edited an issue of the foundation's quarterly journal, "Government Schools: What's Got to Change."¹ To make sure there weren't unanswered questions, she briefed legislators at two Indianapolis luncheon seminars and met with the governor's staff and the editors of *the Indianapolis Star*.

Indiana opinion and policymakers, though, were more comfortable with the status quo. Since then, 25 school districts in the United States have adopted a version of backpack funding with another 15 implementing it fully. Proponents say that graduation rates in test districts rose by more than 10 percentage points from 2009 to 2012 with improvements both in student test scores and retention.

This month, the work of Ms. Snell, director of education and child welfare at the Reason Foundation, was featured in *the Washington Examiner* in an article, "Backpack Funding Puts Focus on Students, not School Districts."² She explains that the reform is similar to how funding for colleges works: Schools receive funding based on how many students they have.

"A lot of the money doesn't ever reach the school level where the child goes because it's not

attached to the child and it's spent before it even reaches the school," Snell told the newspaper. With funding more directly connected to a student, her argument goes, schools are held accountable. Dissatisfied students can simply take their funding with them to another school.

Other points made in the article:

- *Equality* — School districts may now receive funding on a per-pupil basis but that money is spent on buildings, teachers and materials in a way that creates discrepancies between schools.

- *Transparency* — The reform promises improved transparency and analysis of education spending.

- *Simplicity* — A comparison is invited with complicated, licensed and politically driven voucher systems such as the one installed in Indiana.

Earlier, a two-step reform was suggested, but maybe it could be just one step. Because if backpack funding becomes policy, the experts whom the Indiana Collective Bargaining Act have kept in place for 30 years — both in union and administrative offices — will no longer be required.

That would render the act merely irrelevant to classroom learning, not ruinous of it, as is the case now.

Resources

1. Lisa Snell. "Government Schools: What's Got to Change." *The Indiana Policy Review*, winter 2007.
2. Jason Russell. "Backpack Funding Puts Focus on Students, Not School Districts." *The Washington Examiner*, Jan. 11, 2015.

The Great Divergence: Cop or Police Officer?

"Poor government leadership was the top problem in 2014." — *The Gallup Poll*, Jan. 2, 2015

(Jan. 5) — What if it's not about race? What if the police are only incidentally involved? What if something else is at stake, something more important?

First, the police are not "cops." That is a derision, and an 18th-century French one at that. In a constitutional republic, they are police officers. Second, the invigoration or enforcement of law is everybody's business. It is why some members of our foundation put aside distaste for quotas to argue for demographic representation on local police forces.

Historian Dan Hannan notes that, in our form of government, police officers are different

1. Assign each student a share of next year's education budget.

- Let them enroll

- wherever they wish, taking their education funding with them.

2. Repeal the Indiana Collective Bargaining Act.

Individual police officers, prosecutors, defenders and judges have something important to share. It is the oath that they either swear or affirm, both voluntarily and under state and local requirements. These oaths prescribe the power temporarily bestowed on these officers.

from the rest of us in only one respect: “The policeman was and is a citizen in uniform, not an agent of the state; he has no more legal powers than anyone else, except to the extent that those powers have been temporarily and contingently bestowed on him by a magistrate.”

When the topic is the police, then, we want to be careful of context. For example, should we give officers the power to round up, quarantine or even expel persons with social or communicable diseases? Should we register or incarcerate persons of a given nationality with whom we are at war, or others whom we believe would change our national character inexorably? What about excessive marijuana indulgence? Here’s an old one: Do we want officers to arrest citizens for crimes against morality — for prostitution, say?

Okay, should we ask the police to wrestle a 300-pound man to the ground in a chokehold for selling individual cigarettes without a tax stamp? What about a teenager who is seemingly bent on injuring other citizens, including police officers?

The point is that the police don’t order any of that, we do. It depends on what kind of society a particular generation wants and whether it intends our nation to remain the “City Upon the Hill” that guided early American exceptionalism. For the worst of those examples, as offensive as they sound to our ears, are so common as to be unworthy of mention in most of the rest of the world.

And right there is the useful discussion, not the mere tactical exchanges between a Bill de Blasio and the Patrolmen’s Benevolent Association. Nobody at that table, alas, seems to have a complaint per se with the application of violent government power against the individual — only when it is used against them or in a way they disapprove.

So, is policing relative? Can code violations be ignored in certain situations and neighborhoods? Should resisting arrest be softened to a cultural misunderstanding or enforcement dampened during politically sensitive moments? Should public safety be deferred or private property sacrificed?

Well, not if it is law rather than man that rules.

On that point, individual police officers, prosecutors, defenders and judges have something important to share. It is the oath that they either swear or affirm, both voluntarily and under state and local requirements.

These oaths prescribe the power temporarily bestowed on these officers. A commendably high number — every officer I know — live by their oaths. Today’s citizenry, though, doesn’t

give civic oaths or even the Pledge of Allegiance much thought. Nor does our leadership seem to appreciate the profound historical documents on which those oaths are based.

How, then, can this generation grasp the central issue, the one obscured by the rhetoric and propaganda? How can it intelligently debate whether its communities want law enforcement to consist of fellow citizens or of agents of an ambitious and impersonal government.

Events will show how liberty and prosperity differ in societies or even neighborhoods taking those divergent paths. Police officers, please know, won’t have made that choice for us; they will have been caught in the middle when we had to decide.

Adam Smith Meets Jane Austin Meets Benito Mussolini

“I may have lost my heart, but not my self-control.” — Jane Austen in Emma

“Self-command is not only itself a great virtue, but from it all the other virtues seem to derive their principal lustre.” — Adam Smith in The Theory of Moral Sentiments

(Dec. 17) — Certain members of this foundation gather every year to survey the political landscape and to enjoy each other’s company. The landscape being what it is, the latter motivation has driven attendance in recent years.

Sometimes, though, we learn something. That was the case this year on the topic of self-control, both of the individual and governmental variety. Mostly we were reminded that self-control is hard work, not a given.

Cecil Bohanon, a professor of economics, walked us through the writings of Adam Smith and Jane Austin, noting parallels in their respect for this critical and most difficult habit of character, one that the experts tell us may be learned (or not) in the first few months or even weeks of school.

Two centuries after the sterling examples of Austin and Smith, it should be obvious that self-control in the adult citizenry is integral to a civilization in which freedom is conditioned on responsibility. But it is not obvious. Indeed, the trending of our democratic representation treats it as irrelevant.

That may be predictable. It is easy to win 51 percent of your neighbors’ favor by promising them that somebody will care for them. Rare is the consultant who can make a living advising that voters be told they are on their own. Thus, the politically machined and

simplistic Common Core curriculum, while promising to lift all children above average by fiat, methodically diminishes textbook examples of how individual instances of self-control produce our civilization's art, poetry, literature and national security.

A hero to those in this office is a policeman, identity unknown, whom CNN cameras found walking through the streets of San Francisco after the 1989 earthquake. He was stopping dazed residents emerging from the rubble to say that in such a catastrophe nobody was coming to help them any time soon, that they were going to have to find their own water, splint their own bones and bind their own wounds. He no doubt saved lives.

In contrast, Indiana legislators yield to scattered complaints that there is not enough sunlight in a day or that it is inconveniently scheduled. They are lobbied to provide what the astrological arrangement cannot. Their solution, instead of asking those so motivated to exercise the self-control to rise earlier or retire later, is the institution of Daylight-Saving Time (DST).

Our John Gaski, a professor of marketing and another seminar attendee, has made a decade-long study of this iatrogenic folly. He concludes that across an expected 40-year working lifetime, assuming constant income, Indiana's DST-induced earnings loss is more than \$51 billion while arguably causing an increase in traffic accidents and lowering student scores on the spring Scholastic Aptitude Test (disruption of the delicate teenage circadian rhythm).

Why are politicians drawn to such intractable problems? Are they fools? Does the Devil make them do it?

Or maybe they just missed the point of an early childhood education. By bad luck, good luck or choice, they never mastered the art of self-command. They go through life misjudging the difficulty and uncertainty of commanding others by decree. "It looked like it would work on paper," MIT economist and ObamaCare adviser Jonathan Gruber might say, or "That's not the way it ended in the movie."

Along those lines, Benito Mussolini, who could misjudge with the best of them, was asked if governing the Italians were difficult. "Not particularly difficult," replied Il Duce, "merely useless."

Well, it would explain a lot.

'That's Not How It Works ...'

"Like the mandarins of old, these officials are well-educated, well-mannered, well-intentioned, and wrong." — Dan Hannan in the Dec. 8, 2014, Washington Examiner

(Dec. 5)—Republican officeholders are one thing. Republican voters are another. That was made clear this week as the U.S. House voted to fund everything that the November electorate opposed. But the really bad news is that things are no better in "conservative" Indiana.

Here is a report from our man covering the political doings in Indianapolis:

The Chamber of Commerce trotted out its Big Business agenda in a Big Law meeting space to the cheers of Big Government Republicans. Among the Chamber's legislative proposals: redistribution of tax revenues from frugal, well-managed municipalities to irresponsibly governed ones; a commuter tax (another Obamalike redistribution plan); full funding of statewide pre-K public education; full funding of mandatory, full-day kindergarten; new taxes to fund a billion-dollar mass-transit boondoggle; bigger incomes for lobbyists, engineers, contractors, bond lawyers and other contributors to Chamber-endorsed, government-enhancing, free-spending lawmakers.

This, please know, has not come upon us suddenly. Some years ago, an officer of this foundation spent an afternoon with a businessman seeking political office, as bright and as earnest a Republican candidate for whom one could hope. His enthusiasm for public service, however, revolved around a plan to build "public-private partnerships" throughout Hoosierdom.

Our man felt compelled to object that there was no such a thing. What the aspirant referred to as "public" was in reality the government, and what was meant by "private" was simply the economy. Understood thus, there could be no "partnership" in the context of modern economics — water and oil, oil and water.

That disappointing conversation came to mind watching the Esurance television commercial in which the clueless Aunt Beatrice announces to her friends that she is saving time by "posting" vacation pictures on her living room "wall."

"That's not how it works," a friend tries to correct her, "That's not how any of this works."

In the case of a public-private partnership, it hasn't worked the Chamber's way for 1,000 years — at least it hasn't worked that way favorably. Our Anglo-Saxon law, as opposed to the Roman or Napoleonic law institutionalized in continental Europe and most of the rest of the world, is designed specifically to ensure that there is no such public-private partnership.

In putting absolute principles such as the right of property and the sanctity of contract above the king or executive, Common Law meant to give ultimate authority to the private. Our law, then, is based on the premise that anything not expressly prohibited is legal. Elsewhere, including, alas, urban centers in

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If Indiana could adopt consumer-driven healthcare as state policy, it could establish itself, ante-ObamaCare, as a national leader in healthcare reform. In addition to transparent billing, there is a range of suggestions for legislative action.

America, it is the opposite. Nothing there happens unless a “partnership” with the government can somehow be formed.

But spend some time on the website of that great GOP hope, the Indiana Economic Development Corporation. The anecdotal success stories trumpeted there are peppered with testimony that progress would not have occurred had it not been for government’s approving hand — a claim that makes no sense without the assumption that there is the tacit or actual permission of officialdom.

Imagine the advantage for a city, state or nation in which the entrepreneur (the private) doesn’t have to wait for the government (the public) to legalize, fund or even encourage economic growth.

Why, dare it be asked, would an entrepreneur choose a political administration’s self-aggrandizing vision, even a Republican one, over a vision entirely independent of politics and government? Or why, if there were no other choice, would the entrepreneur take the risk at all — in resources, energy or heart?

Well, in fact, fewer do.

The Bureau of Labor Statistics tracks American entrepreneurship, which has been in a slide since about the time that public-private partnerships first became the rage in our cities and states. That is true in: a) number of establishments less than a year old; b) number of jobs created by those establishments; c) survival rates of those establishments; and d) the percent of distribution of small firms versus large ones.

It is what happens, Chamber endorsements or not, when you put your hope in people who make their living getting elected to office. Like dotty Aunt Beatrice, they don’t know how it works, how any of it works.

Big Hospitals, Big Bills; But There’s a Better Idea

“What does ‘free’ healthcare mean? . . . It isn’t free treatment, it’s depersonalized treatment.” — Dr. Oreshchenkov in Aleksandr Solzhenitsyn’s 1967 novel “Cancer Ward.”

(Dec. 2) — An idea planted here six years ago could make the difference in Indiana healthcare. It begins by asking Indiana hospitals to give patients a firm price in advance of a procedure or operation. It ends by restoring the relationship between patients and their doctors. It all is part of a movement toward consumer-driven healthcare reform.

Dr. Regina Herzlinger led a seminar on the subject for the Indiana Policy Review Foundation in Indianapolis in 2009. Now, with

hospital bills heading upward at an alarming rate and ever more difficult to justify, hers is an idea whose time has come.

“The fixes are not difficult,” said Herzlinger, the Nancy McPherson professor of business administration at Harvard Business School. “We must get back the money our employers and government now take from our salaries and taxes to buy health insurance on our behalf so that we can choose it for ourselves. Our innovative, caring doctors must be empowered to design better, cheaper healthcare.”

A recent issue of the foundation’s quarterly journal compares a bill for a routine operation performed this year at a general hospital in Indianapolis with the price advertised by a small surgery center for 85 percent less. Such disparity is the result of a system in which pricing is detached from either cost or profit.

If Indiana could adopt consumer-driven healthcare as state policy, it could establish itself, ante-ObamaCare, as a national leader in healthcare reform. In addition to transparent billing, there is a range of suggestions for legislative action. Here are two of the more measured ideas, both from Avik Roy of the Manhattan Institute:

- On the organizational side, legislators could act unilaterally to relax restrictions on hospital construction — restrictions now weighted in favor of the politically powerful general hospitals and against the small specialty hospitals and ambulatory surgery centers. This could do much to reverse the disincentive of physicians to preserve private practices.

- On the patient side, Indiana could coordinate with other states to harmonize licensure and facilitate medical tourism through telemedicine, i.e., allowing a doctor in New Hampshire to review a computerized tomography scan taken by a private practitioner in Goshen. Indeed, the Federal Trade Commission recommended a decade ago that states consider uniform licensing standards or reciprocity compacts to reduce barriers to telemedicine and competition from out-of-state providers who wish to move in-state.

To summarize, there’s almost nothing else in our economy that works the way hospitals do — and for good reason. Where else do you buy something and get the bill weeks later for either one amount or a multiple of that amount for a good that could be found at a fraction of the cost down the road?

“What’s most frustrating is that the patient has no right to choose an ‘inappropriate’ treatment in many of these all-encompassing healthcare systems, a treatment that in fact may be best for him,” adds Dr. Bruce Ippel, a

private practitioner and adjunct scholar of the foundation.

Ridding ourselves of such absurdity can only begin if we re-orient policy to reflect the proper relationship between the patient and the individual physician.

Specifically, that relationship must reflect the truth of why people become doctors in the first place. It is not to find sinecure in a sparkling new hospital set in beautiful acreage. Nor is it to please an administrator or to meet the actuarial expectations of an insurance company or a federal agency. Rather, it is to put his knowledge and skills to work healing the patients in front of him, hour after hour, day after day.

Such a role assumes — requires — ownership of the process. The research tells us that in healthcare this ownership, epitomized by the private practitioner, is absolute. It is corrupted by even the smallest changes imposed by the command-and-control system that is absorbing our doctors. And the loss of transparency, the inscrutable billing, the impersonal economics applied to even life and death decisions, all warn us that there is no substitute.

We ignore that reality to our great detriment.

The Indy Star Spikes A 'Racist' Cartoon

(Nov. 24) — many of us here would rather ignore *the Indianapolis Star's* Gannett-speak, as do most thoughtful persons. But the newspaper is an Indiana mass medium, so our mission statement requires our attention to it.

Respecting the membership's time nonetheless, we are stating the conclusion up front: *The Star* as an indicator of the public mood, a bellwether, a prescient commentator on the serious issues of our day, is not worth the 50 cents it costs.

If you have a minute, though, we can work through the details of how a once-great newspaper came to naught.

Over the weekend, the executive editor felt compelled to apologize for his cartoonist, Gary Varvel. The cartoonist built his career outside the corporate culture and was apparently unaware that it is verboten to express the message that there is no inherent difference between: a) people inviting themselves into your country (cultural migrant is the politically correct term); and b) people inviting themselves to your Thanksgiving Day dinner, the scene of the offending cartoon.

In the Varvel image, a mustachioed fellow with his family behind him is attempting to climb through a window to crash a traditional (North) American Thanksgiving dinner. *The*

New York Times picked up the story, assuming with the *Star* editors that it is about the defeat of racism in flyover country, that it is news for Hoosiers to stand against racist sentiment. "Many (Indiana) readers took issue with the heavy mustache worn by the immigrant father when the cartoon was posted on Friday," *the Times* reported to its perhaps shocked readership:

"The mustache was later removed from the cartoon before the entire cartoon was taken down. (*The Star's* publisher) said that the cartoonist did not intend to be 'racially insensitive' or for the cartoon to be read literally. 'He intended to illustrate the view of many conservatives and others that the president's order will encourage more people to pour into the country illegally,' he said."

But, of course, poor Varvel failed in an intention, always regrettable but excusable in liberal circles. The Gannett management team nonetheless made clear to its errant cartoonist that, in addition to refraining from embarrassing its editors in the eyes of their *New York Times* friends, he shall heretofore consider the portrayal of people from Mexico entering the country illegally as *prima facie* racism.

A member of our foundation writes that Mr. Varvel could have saved himself this public humiliation had he depicted the gathering as a reunion of gay black Muslims: "It would not have altered the message — and it is the message, not just the caricature, that the carpetbaggers imported by Gannett to run *the Indianapolis Star* find offensive."

So where does this leave us? Earlier, some may recall, *the Star* banned the word *alien* from its pages, rendering indistinguishable all persons in this world and the galaxies beyond. What words, then, what caricatures, can be used to discuss the core question of immigration reform?

That question, dare it be framed, is this: How can U.S. law differentiate between a foreign national who wishes to come here to work and apply for citizenship and those, however few, who simply want to come here and gather largesse? (Members of that last group, in case you missed Varvel's joke, are the ones climbing in the window.)

Well, that particular question on this particular issue cannot be voiced, typed or sketched. And any logic to the contrary, *i.e.*, that the subjects of Varvel's caricature have in fact invited themselves, that they are in fact at least temporarily aliens in the U.S. and that racism by definition has nothing to do with it, must be thrown down the memory hole.

Earlier, *the Star* banned the word *alien* from its pages, rendering indistinguishable all persons in this world and the galaxies beyond.

THE OUTSTATER

Which brings us to George Orwell's timeless essay, "Politics and the English Language." A passage:

The word Fascism has now no meaning except in so far as it signifies 'something not desirable.' The words democracy, socialism, freedom, patriotic, realistic, justice have each of them several different meanings which cannot be reconciled with one another. In the case of a word like democracy, not only is there no agreed definition, but also the attempt to make one is resisted from all sides. It is almost universally felt that when we call a country democratic we are praising it: consequently the defenders of every kind of

regime claim that it is a democracy, and fear that they might have to stop using that word if it were tied down to any one meaning. Words of this kind are often used in a consciously dishonest way. That is, the person who uses them has his own private definition, but allows his hearer to think he means something quite different.

"Success is relative:
It is what we can
make of the mess we
have made of things."
(T.S. Eliot)

The *Star* editors aptly demonstrate why racism should now be put on Mr. Orwell's list — that and why they should find honest work outside the protection of the First Amendment.

The Chamber and Education 'Reform'

"The whole modern world has divided itself into Conservatives and Progressives," C.K. Chesterton famously began. "The business of Progressives is to go on making mistakes; the business of the Conservatives is to prevent the mistakes from being corrected."

(Nov. 21) — Holding Chesterton's thought close, know that the mantle of education reformer is wearing thin for the Indiana Chamber of Commerce. Since the insipid A+ program of the 1980s, it has provided the lobbying impetus for one ineffectual education policy after another, all of them blocking genuine, systemic correction.

There is steadiness there, certainly, even an intractability. But that is not what was meant this week when the Chamber president pronounced, "We need consistency." Rather, he was making a specious argument that the state Superintendent of Public Instruction be made an appointed post. It is a top Chamber priority for 2015, one that fits nicely into its notion that constancy is when "smart" people are running things.

In any case, this is a bad, bad idea; let us count the reasons:

- At a time of utter disgust with officialdom, the Chamber would withdraw a precious democratic franchise and put our fate in the hands of the political class. The hubris of this lights up another Chesterton quote: "I doubt whether the best men ever would devote themselves to politics; the best men devote themselves to pigs and babies and things like that."

- The Chamber makes the astonishing assumption that the state Superintendent of Public Instruction, Democrat or Republican, has something to do with public instruction, at least in the sense of classroom learning.

- Remember that the "rebranding" of Common Core, an earlier Chamber education priority, was a cynical attempt to go around the Indiana electorate's expressed distrust of federally imposed curricula. The latest move is also straight out of the (MIT economist and ObamaCare adviser) Jonathan Gruber School of Political Science.

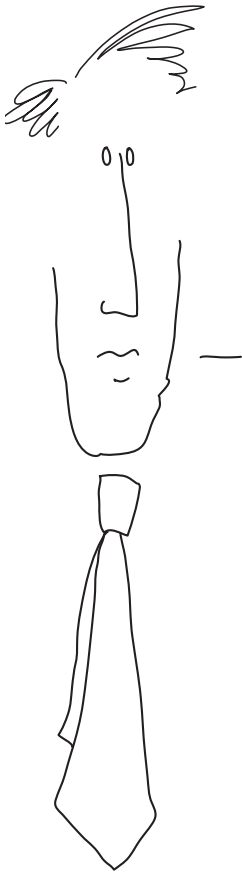
- If the Chamber seriously wanted to reform education, there was something it could have done: It should have worked to repeal the Indiana Collective Bargaining Act (CBA). That is a law, please know, that was passed 30 years ago when Republicans also had majorities in both houses of the legislature and a law upheld by Chamber ambivalence ever since. The legal mechanisms built into the CBA ensure that the primary function of the public-education system will always be to hire adults (union members), not to teach children — as an effective a discouragement to the next generation as could ever be devised.

- Finally, the Chamber president is emphatic that none of the above has anything to do with bad politics, only good policy. The Chamber, he says, has been in favor of an appointed schools chief for several decades now. So, add disingenuousness to the list.

That the Chamber, after decades of declining education quality, is okay with all of this, that it doesn't consider reordering its priorities to correct such a historic mistake, a Republican one at that, tells the thoughtful observer all he needs to know about what "conservative" means in Indianapolis.

To quote Chesterton one last time, the Chamber offers us no real choice: "Democracy may have a right to answer questions, but it has no right to ask them. It is still the political aristocracy that asks the questions, and we shall not be unreasonably cynical if we suppose that the political aristocracy will always be rather careful what questions are asked."

In that context, a democratically elected superintendent or, for that matter, an independent-minded one, won't do. — *tcl*



Q. In your opinion, does federal involvement in Indiana education yield more benefits than costs?

YES — 21 percent

NO — 79 percent

Comments

• **MY GUESS** is that it adds costs in administrative time in addition to actual time in the classroom. Education has become such a chaotic mess. Luckily, I'm seeing a great job done at Westfield High School after using a parochial elementary school (also caught up in the buffet craziness of education). I strongly believe that screen time (STEM, etc., pushed by the feds and Common Core) is not beneficial and could be harmful. Students need to use their brains, fine-motor skills and learn in the real world. Oh, and learn cursive.

• **THE FEDERAL** government is a disaster; Indiana should stay way away from anything related to Obama or the federal government.

• **THE FEDERAL** government can't do anything right.

• **MY NO ANSWER** excludes research grants to universities that are well known and widely agreed to generate high social benefits, relative to cost, to agricultural productivity and to medical science that would not be available through private efforts and incentives alone.

• **EDUCATION** policies are best determined at the state and local towns and cities where the students and parents live.

• **NO BENEFITS** at all — just adds costs to the local government and dumb downs education.

• **BY KEEPING** ourselves attached to No Child Left Behind, even via a waiver, we are keeping ourselves effectively stuck with Common Core and specific testing software. We should give up that federal subsidy, which is not particularly large, and take full state control of our Indiana schools.

• **FEDERAL AID** is greatly important in providing extra funding for educating mentally and physically handicapped students.

• **I DON'T KNOW** if anyone has made an actual study of this, but I suspect benefits may not be great. Another factor is the self-limiting that occurs because of needing to comply with federal requirements. What great ideas would we have if we were not worried about complying with regulation from

above. I got a wonderful education with a teacher, blackboard, textbooks, workbooks and much memorizing and penmanship practice. I see a lot of this going by the wayside with the emphasis on technology. Those screens are addicting and keep students from learning to interact with each other and the teacher.

• **THE PARTICIPATION** of the federal government yields the same results as every other area upon which it encroaches.

• **THE COSTS**, in dollars, related to compliance with the regulation that comes with the federal money is more than the money received by the state. The costs in terms of education quality are immeasurable.

• **THE FEDERAL GOVERNMENT** has been involved in education for many decades. I remember the educators of many years ago warning about allowing the federal government to have a say in our schools. They were correct. Children today are being trained to service government and large corporations, not to develop critical thinking skills. Their knowledge of our Constitution and our history has been distorted or is nonexistent. Local and state government will more readily reflect the wishes of the people.

• **ANY INVOLVEMENT** by government in the education of citizens, younger or older, will always result in substantial costs, little benefit, and little actual learning besides idolatry of the state.

• **WE LIVE** in a global economy, not just a Hoosier economy. The federal involvement in Indiana education, like many other necessary and valuable involvements that the federal government provides to the states, is needed to give our students the best educational opportunities to prepare them for lives beyond our borders.

• **JUST MORE** meddling that adds confusion and bureaucracy.

• **ARE YOU KIDDING?** I can remember when the first education act was passed. After Sputnik we were supposed to be behind the Russians. And the feds were going to fix our education system — wow, did they ever. They threw money at the system, and we know the rest. Things got worse. Education is a function of the state. It is not the function of the feds. If a state has inferior education then they are responsible for it. Let them fix it. If they don't, then they suffer. It won't take long for them to correct things.

Thirty-three of the 139 correspondents contacted completed this quarter's opinion survey for a response rate of 24 percent. The survey was conducted Feb. 27-28.

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 thoughts on this and that.

THE DESTINIES OF THOSE WHO SIGNED



Emanuel Gottlieb Leutze, oil on canvas, 1851



Thomas Hoepker, photograph, Sept. 11, 2001

*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 soul, must reach out to each one of us down through 200 years with his answer: "No."

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.



"The Battle of Cowpens," painted by William Ranney in 1845, shows an unnamed patriot (far left) firing his pistol and saving the life of Col. William Washington.

INDIANAPOLICY

Review

An Indiana Journal of Classical Liberal Enquiry
Observing its 26th Year