

# INDIANAPOLIS

## Review

Spring 2017



## Searching for the Best Cities

"Good democratic governance is not about changing the occupational structure or population of a town in order to improve its rankings or to mimic amenities preferred by affluent communities." — Barry and Maryann Keating

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



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## A FUTURE THAT WORKS

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

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

*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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# The Thursday Lunch

## A Better Way to Build a City

*“Life, liberty and property do not exist because men have made laws. On the contrary, it was the fact that life, liberty and property existed beforehand that caused men to make laws.” — Frederic Bastiat*

(May 10) — Watching last night’s meeting of our city council, the fellow in the next chair leaned over to ask, “Do you think they know about private property?”

That was not apparent even on the Republican side of the table as the majority approved a quarter million dollars a year in a non-competitive contract to a secretive group for economic-development advice. And that is a shame, for if you want a better city, one that attracts investment, but most importantly is the kind where people like you can find happiness, you will want your political representatives openly talking about private property — what it means, how it works.

Yes, you can define it as what the other fellow is greedily hoarding, or so the Democrats might have argued had the issue been raised. But greed, as Milton Friedman noted in his famed talk with Phil Donahue, is not distinguishing. It is found in every society and system of government, no matter how altruistic and pure the intention or constitution.

We will have to think a little deeper. An example helps.

In Bowling Green, Ohio, the city council had argued for a week over an incentive package that

required issuance of a municipal bond to entice Ball Glass Co. to locate there. The use of property tax to secure the bond unavoidably split the community into two factions, one with property and one without (the politics of taking money from some people and giving it to other people can be time-consuming). Eventually, Frank F. Ball grew bored and left for side trip to Muncie. There, a decision was ready and waiting. A syndicate of businessmen (independent of local government) had purchased the land surrounding a site that was perfect for a glass plant.

“Those folks in Muncie may have been public-spirited,” writes our Dr. Cecil Bohanon, “But they also had private interests. Back in Bowling Green, where public spiritedness was supposed to rule, everyone was arguing and trying to pick each other’s pockets.”

**“Good democratic governance is not about changing the occupational structure or population of a town in order to improve its rankings or to mimic amenities preferred by affluent communities”**

Another one: When floods threatened a Fort Wayne neighborhood, the residents did what they had done before — turned out in droves to fill sand bags. They didn’t ask for government help. They didn’t expect recognition. Nonetheless, their display of civic spirit in protecting the property of their neighbors drew the attention of the Reader’s Digest where an editor dubbed Fort Wayne “the city that saved itself.”

One of the many who read the story was Roger Smith, famed CEO of General Motors. Smith had on his desk reports on cities under consideration for a new assembly plant. He pulled Fort Wayne out of the stack, choosing the city where nobody waited around for some official to file disaster-relief documents, a city where the residents protected their own property.

And another: James Cash Penney built his empire of dry goods stores by going town to town



seeking out managing partners. After interviewing the prospect at his home, and if the house and grounds were well kept, he would make an offer of half the local business free and clear — no grants, no tax rebates, no regional development authority, just a simple assessment of property and character.

Finally, a friend, a professional who rose to be premier in his field, took a job here in which he would eventually invest everything he owned and four decades of his life solely on the basis of watching two elderly women on their way to church. One stopped to pick up a piece of waste paper in a yard and deposit it in a nearby trash container.

A foolish way to decide? No, he considered it the soundest decision of his life. For that is how you measure a community — by how average individual citizens go about their day, the respect they have for themselves, their neighbors, their local government, all wrapped into a sense of social justice. Our concept of private property (thank you, John Locke) encapsulates those values as well as anything. Tom Bethell, author of "The Noblest Triumph," explains:

"The great blessing of private property is that people can benefit from their own industry and insulate themselves from the negative effects of others' actions. It is like a set of invisible mirrors that surround individuals, households or firms, reflecting back on them the consequences of their acts."

The trick, if you are a councilman, is to put aside your ideological vision of what the

community should look like. That is so regardless of how wide your travels or intense your reading. And while you are at it, lose that dream of bringing in a better class of citizen, a more sophisticated constituency, one more worthy of your leadership.

Rather, encourage a culture of government that seeks to preserve the justice inherent in private property. That would mean a simple policy of serving constituents individually —as you find them. All will be property owners of one sort or another, even if their property is only on their back. They will hold easily understood ideas about what would make them happier and their property more secure. Many of those ideas can be realized under the law, within a city budget and without special favor.

"Good democratic governance is not about changing the occupational structure or population of a town in order to improve its rankings or to mimic amenities preferred by (more) affluent communities", write Dr. Barry Keating and Dr. Maryann O. Keating elsewhere in this journal. "It would seem that it is about responding to the needs of and providing essential services to residents regardless of present circumstances."

So, councilmen, write those needs down on an envelope if you must. Prioritize them. The investors you hope to attract, the ones who won't threaten to leave when a tax break expires, will appreciate your straightforward, even-handed approach. They will be able to decide for themselves whether your list fits the plans they have for their own property. You won't need a consultant. — *tcl*



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## From the South Wall

*Lawmakers needed to remind themselves why they voted to repeal ISTEP in the first place.*

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### Replacing ISTEP: A Lost Opportunity

(April 2) — In 2016, the Indiana legislature voted to repeal the ISTEP test and replace it with something quicker and more meaningful for Hoosier children. One year later, lawmakers find themselves in a quagmire of their own making.

They can't decide what kind of exam Indiana should offer or whether to hold teachers accountable for test scores. They don't know whether to use a generic off-the-shelf test or something unique to Indiana. And they have no idea what various assessment options would cost taxpayers. All this is despite the fact a study committee spent last summer, as directed in its title, considering "alternatives to the ISTEP program test."

Jennifer McCormick, superintendent of public instruction, has offered a useful path forward by suggesting that results not be used to evaluate teachers or to determine merit pay, unless local school districts expressly opt to do so.

"As a state, we need to be cognizant of the purpose of the assessments we select. If

**"As a state, we need to be cognizant of the purpose of the assessments we select. If assessments are not designed to evaluate teachers, then they should not be used for that purpose."**

assessments are not designed to evaluate teachers, then they should not be used for that purpose," McCormick says. So far lawmakers have not heeded her advice. They should — for two good reasons.

First, teacher evaluation systems are not required under the federal Every Student Succeeds Act, successor to the controversial No Child Left Behind, which launched the testing obsession in the first place. Although states still must test students in reading and math every year from grades 3 to 8 and once in high school, the new law allows far more flexibility in implementation. Indiana, which has always bristled under federal mandates in education, should jump at the chance to get out from under them.

Second, grading teachers on test results has had an unfortunate negative effect on education. At the elementary level, it has led to narrowing of curriculum and "teaching to the test." Schools throughout Indiana have cut time spent on subjects that are not tested, especially history, art, music, foreign language and physical education. In the process of getting ready for ISTEP, children have lost out on a rich body of knowledge that could inspire a love of lifelong learning.

The other big question facing lawmakers is:

What is the purpose of Indiana's standardized test? Their confusion on this point is evident in House Bill 1003, the ISTEP replacement bill that would create an all-new testing program called ILEARN — Indiana's Learning Evaluation Assessment Readiness Network. If the primary purpose is to collect data required by federal law and compare Indiana students to each other and to students in

other states, all we need is a nationally normed, commercially available test that could be implemented immediately.

Options include traditional achievement tests such as the Iowa, Stanford, and CTBS; or newer products such as Northwest Evaluation's MAP, which many Indiana school district use now, or Renaissance Learning's STAR products.

If lawmakers want the test to show whether students are developing skills required under Indiana's academic standards, then they have two other choices: tweak the current ISTEP test to make it better and shorter (since it was just redesigned to align to current standards) or develop a new standards-based test. The latter option would require yet another two-year development period for a test that probably won't be that much different from ISTEP.

Richard D. Phelps, author of four books on testing and founder and editor of the Nonpartisan Education Review, says the state could speed that process up by using test items that would align with state standards, that are already in the public domain and do not need to be piloted. These are available free or at low cost.

"Test development companies don't consider this because they assume that only their test items will be used in any contract they win," he says.

"Using already-vetted test items, many of which are freely available, can cut test development time in half."

"Another way to save time and expense is to join with other states to develop a standards-based test," Phelps says.

In this scenario, each state keeps the items that are reflected in its academic standards and discards the rest. This would be easy for Indiana because 85 percent of our academic standards are identical to or a

paraphrasing of the Common Core standards in effect in 42 states.

The original version of HB 1003, authored by House Education Chairman Robert Behning, advances the most expensive, drawn-out process possible for creating a new test, with implementation unlikely until the 2018-19 school year. One look at the Legislative Services Agency analysis of the bill suggests that it would most certainly increase the current \$32.3-million price tag.

The bill calls for annual testing in math and English in grades 3-8 and a science test, once in elementary school and once in junior high, as required by ESSA. It would require end of course assessments in high school in low-level courses of Algebra 1, science and English. It adds a "nationally recognized" college or career readiness test such as the SAT, more than required by ESSA.

According to the Legislative Service Agency's fiscal analysis, "the potential cost of the ILEARN Program is currently unknown, thus the difference in cost between it and the current ISTEP test program is unknown." The analysis goes on to say that implementing a new test will mean "additional workload and expenditure" for the State Board of Education and State Department of

Education and more professional training for teachers so they understand the exam and how to implement it.

The only cost savings appeared to be in eliminating a social studies test previously given in Grades 5 and 7, which is a bad idea because it would mean less history instruction for students who need more of it.

Clearly uncomfortable with the open-ended price tag, the Senate Committee on

**"The only cost savings appeared to be in eliminating a social studies test previously given in Grades 5 and 7, which is a bad idea because it would mean less history instruction for students who need more of it."**



Education and Career Development approved several amendments to the bill at its March 29 meeting. The committee voted to require only a national college entrance exam in high school rather than end-of-course exams. The State Board of Education would choose the test and set a passing score.

The committee also voted that an Indiana-specific test be created for grades 3-8 only if it saves money or would be necessary to ensure the test complies with Indiana academic standards.

So now what?

To resolve the differences between House and Senate visions, lawmakers must decide what is best for Indiana students and taxpayers. Time is running out.

“Pay as little attention to the ESSA as possible,” Phelps advises. “You still have to test in grades 3-8 and once in high school. I would use something very diagnostic — very quick like the

MAP. You can’t hold schools accountable for that, but it’s useful for teachers and for students. Then you should hold students accountable and have some kind of tough test to get out of high school . . .”

A sound compromise would be a new state-specific test that covers a broader range of subjects, including social studies, administered in Grade 8 and as a graduation exam in high school. Schools could choose their own assessments for grades 3-7.

Lawmakers need to remind themselves why they voted to repeal ISTEP in the first place. One reason was the chronic computer glitches that occurred during its administration, which had nothing to do with the content of the test. The other was to reduce testing time. The legislature should have seized the moment and deliver a shorter yet rigorous program that holds students accountable for their learning. ♦



# Well-Being Across Indiana: Is it Related to Good Governance?

Maryann O. Keating holds degrees from the University of Pennsylvania, Texas and Notre Dame. She held a Fulbright at the Universidad Autonoma de Guadalajara and worked as a regional economist with the U.S. Department of Commerce in Washington D.C. She has lectured at several universities and is a fellow of the Indiana Policy Review Foundation.



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by Maryann O. Keating, Ph.D.,  
and Barry P. Keating, Ph.D.

Anyone, not just politicians cruising around Indiana during elections, realizes that not all Indiana towns are alike. A trip on the South Shore across Northern Indiana or driving children to tournaments and play-offs gives witness to

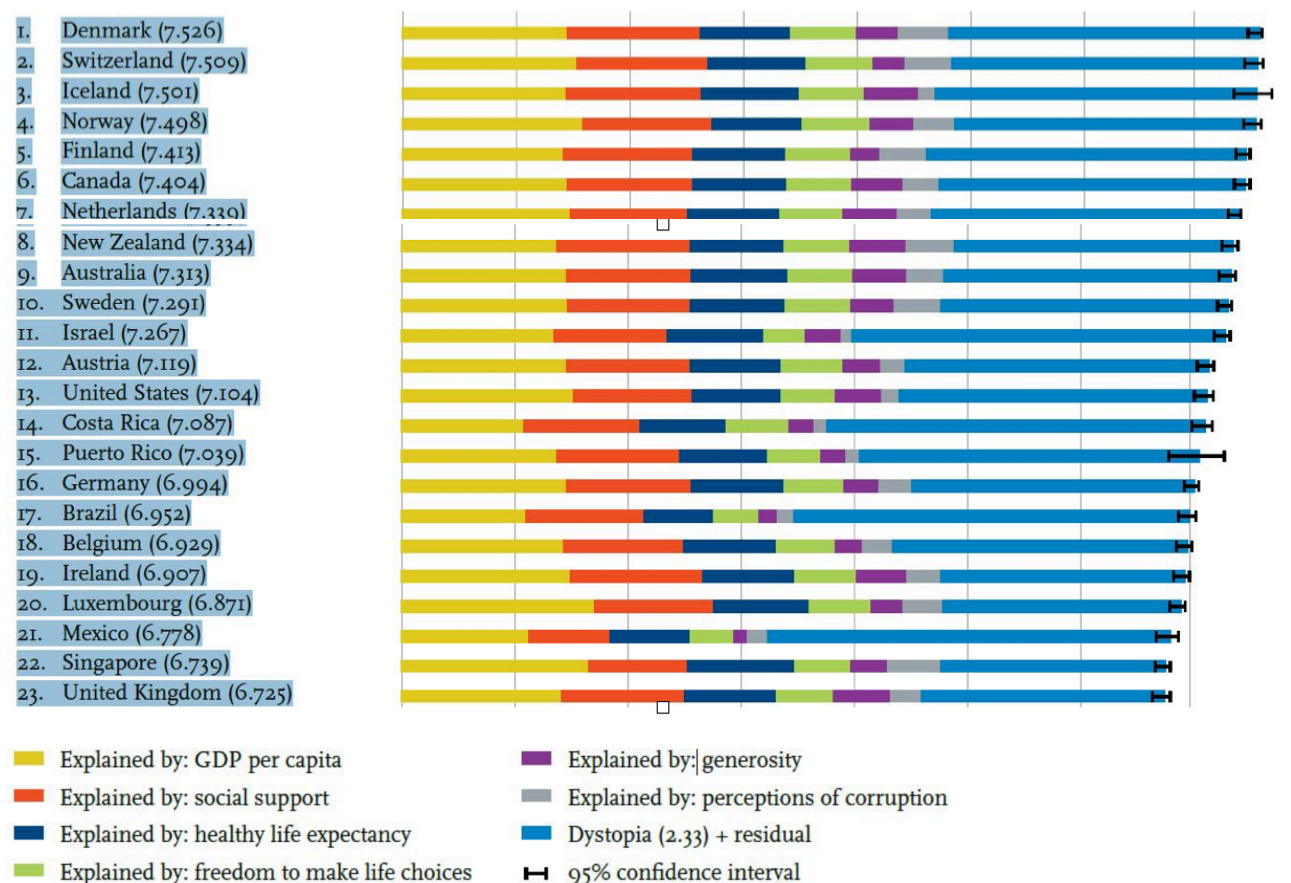
community success and failure. You see neighborhoods, however modest, showing efforts in property maintenance and improvement. Others are unkempt and in decline, with strewn litter and broken windows. Is this a failure of personal initiative, local governance or both? Hoosiers are not necessarily offended by visual indications of decay but rather lament the poor quality of life for those living amid these conditions. Associated with the flight of households and firms from areas of past and future potential is a higher incidence of crime along with a lack of trust in local authorities and between residents.

This study has three main objectives. The first is to review research across countries and metropolitan areas linking good governance and subjective well-being. The second is to use existing data for 45 cities and towns across Indiana in 2013-2014 to weigh factors associated with self-reported levels of well-being. The final objective is to find patterns between towns in order to assist officials and the general public in realistically assessing and effectively addressing the needs and preferences of Hoosiers.

Why do officials promise but fail in delivering the civil environment required for the good life, regardless of peoples' economic and social circumstances? Rather than imposing an elite's perception of economic development, it is worthwhile to assess what Hoosiers themselves require and prefer. The use of available data, surveys and behavioral observations is one step in determining factors associated with community well-being and those associated with government failure.

## I. The Link Between Self-Reported Well-being Across Countries, States and Certain Metropolitan Areas with Local Governance

National surveys in most developed countries now contain a life satisfaction question on a 0-to-10 rating scale. The Organisation for Economic Co-operation and Development guidelines on



**Table 1: Well-Being Explanations across Countries**

generating inter and intra-country surveys like those presently available through the Gallup World Poll (GWP). Gallup has been surveying an increasing number of countries since 2005 and now includes almost all of the world's population.

The availability of GWP data has enabled statistical analysis of factors associated with self-perceived measures of well-being; the results of these studies, generally based on regression analysis, can be found in three World Happiness Reports. Table 1 above is a subset of information presented in the World Happiness Report 2016 (Helliwell, Layard and Sachs 2016).

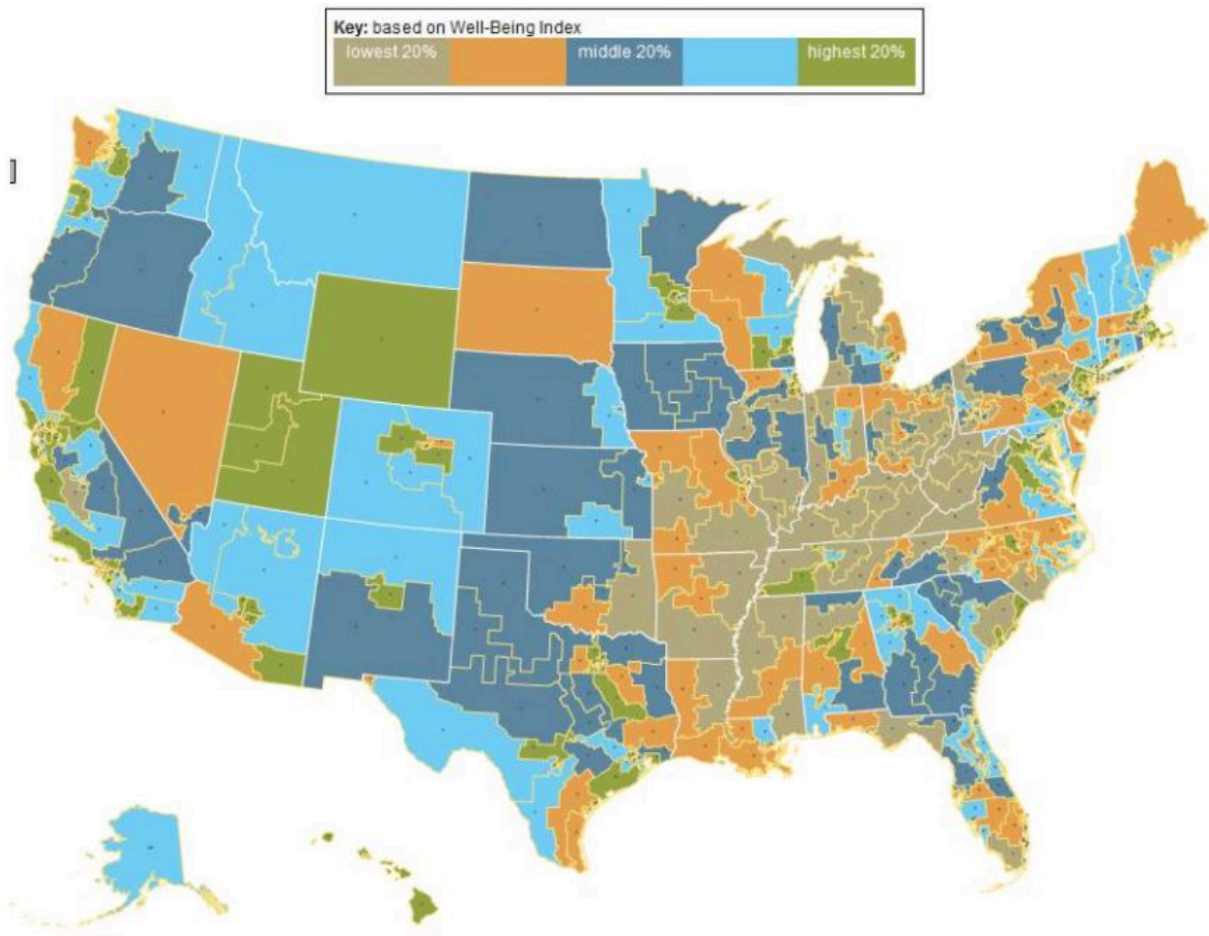
Table 1, for high ranking countries, is an attempt to explain how the subjective reported well-being of individuals depends on factors such as economics, social connections, health, freedom and trust, plus a residual referencing differences from the lowest ranked country. Although a few countries move up and down in rank, the results

have been generally consistent since 2012. This remains the case even when alternative measures of satisfaction are targeted.

Statistics Canada has gathered sufficient annual data internally to replicate GWP data for metropolitan areas and economic regions across Canada (Lu, Schellenberg, Hou and Helliwell 2015). Similar large metropolitan studies for the U.S. are presently unavailable. However, satisfaction scores for the 435 Congressional Districts in the U.S. have been compiled and are presented in Figure 1 on the next page (<https://www.theatlantic.com/national/archive/2009/11/happy-and-not-so-happy-places/29685/>).

Obviously, states with one congressional district show consistency in well-being. Note, however, that certain states appear, on average, to assess well-being similarly across districts; there is a consensus across Utah, for example, that all is well. Indiana, on the other hand, presents a mixed





**Figure 1: Variation across States in Well-Being**

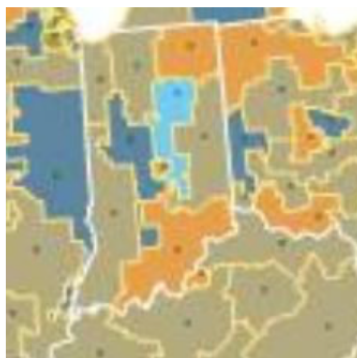
picture in average well-being across districts; to visualize this variation, Indiana is shown separately in Figure 2 at right.

Data comparing communities across countries, states and within states at a point in time is increasing and may be helpful. More challenging, however, is evaluating the process whereby certain communities attain higher levels of reported well-being. Are Denmark, Switzerland, Iceland, Norway and Finland's top rankings due, as many are quick to point out, to relative income equality? Or, on the other hand, is greater income equality likely an outcome in areas

experiencing higher levels of well-being? The point to be emphasized is that comparisons between countries, cities and congressional districts suggest that well-being cannot be defined

exclusively in terms of economic factors. The risk is that the endeavor to rank community well-being is in danger of being captured by special interests advocating either economic growth at all costs or equality in income distribution, to the neglect of resident preferences revealed through participatory democracy.

“Eudaimonia (yoo-dye-mo-NEE-uh),” a term used by Aristotle, refers to a sense of



**Figure 2: Variation across Indiana in Well-Being**

meaning and purpose in life, or good psychological functioning, and this topic is attracting renewed interest in philosophy and on a practical level as well. In 2016, Wake Forest University set up the Eudaimonia Institute to study the nature of human flourishing as well as the institutions, attitudes and cultural practices that encourage it. Private businesses, like Amazon.com, are likewise engaged in perceptions of satisfaction, effectively using surveys to measure wants and desires. Given its availability at relatively low cost, it would therefore be foolish to ignore the light big data sheds on good governance. From a policy point of view, the downside of this approach, however, is that targeting self-reported indicators of satisfaction gives individuals an incentive to respond strategically; economists prefer to observe how people reveal their preferences in markets, in making trade-offs about where to live and work, etc. Watch what people do, not what they say.

### **The Logic Underlying Studies Of Self-Reported Satisfaction**

John Helliwell, co-author of the World Happiness Report (WHP) and a Canadian municipality study, justifies the validity and worth of analyzing self-reported measures of well-being. By pooling health and social surveys, the Canadian study, for example, had about 340,000 respondents from 2009 to 2012 indicate, on a scale from 0 to 10, how they felt about their lives as a whole. The authors conclude that although average differences in life satisfaction across communities within the same nation is lower than the differences between countries there is enough variation between regions to make meaningful comparisons. They discovered that social dimensions dominate geographical differences. The life that matters most to people is personal, reflecting the levels of trust and the quality of social connections in their neighborhood and workplaces (Lu, Schellenberg, Hou and Helliwell, 8).

Suppose that the regional differences found in the Canadian study are spurious, due only to

individual differences such as age and sex rather than place of residence. The studies found that even after statistically adjusting for individual differences and socio-economic composition, significant differences between Canadian municipalities remain. The Canadian metropolitan study does suggest that life satisfaction and happiness are lower in denser, more urbanized settings (2015, 7). Nevertheless, when cities are grouped by size, there remains sufficient variation to analyze life satisfaction across neighborhoods, communities, towns and regions. Natural endowments and access to opportunities remain important, but the quality of infrastructure, amenities and government services all matter.

### **Good Governance and Well-being**

In looking at the quality of governance, the WHP Report of 2016 makes a useful distinction between easily measured national institutions such as legislatures, courts and electoral systems and the perception of residents on how government performs on a day-to-day basis. The report summarizes the conclusions of several studies comparing the well-being links between two major sets of government characteristics. The first set of characteristics deals with the reliability and responsiveness of governments in design and delivery of services; these were measured in terms of government effectiveness, regulatory quality, rule of law and control of corruption. The second set of characteristics relates to the presence of democratic electoral elections and representation, such as voice and accountability, political stability and absence of violence.

For all the countries taken together, government delivery of services matters more for well-being than the presence or absence of democratic electoral processes. This result needs to be qualified. The reason why the democratic electoral process variable has a zero statistical effect of well-being for all countries as a group is because the positive effect among richer countries is offset by a negative effect among the poorer

countries that respond more strongly to government delivery of services rather than having a say in services provided or electoral process (40). This suggests the relative importance of self-determination as development proceeds in countries and communities having already achieved reasonably high per capita incomes.

An OECD working paper compared changes in overall satisfaction in countries experiencing changes in governance quality since 2005. They identify good governance in terms of an inclusive law- and policy-making process, political participation, fair play, trust and the rule of law, decentralization, reliability, effective responsiveness and freedom. The study claims that positive and negative changes in average life evaluations in the 2005 to 2012 period can be explained by changes in governance. Changes due to governance are equally comparable to changes in GDP (gross domestic product) per capita. They conclude that quality of governance affects lives via many channels beyond those captured by measures of the economy. Furthermore, they suggest that important improvements in government delivery of services can be achieved within policy-relevant time periods (Good Governance and National Well-Being: What are the Linkages? 4).

## II. Variation in Well-being Across Indiana

Is there anything like the Canadian metropolitan study measuring the life satisfaction of Hoosiers? Actually, the Gallup-Healthways Well-Being Index does survey U.S. well-being by state. In 2016, residents of West Virginia, Kentucky, Oklahoma and Indiana report the lowest levels of well-being. By state, Indiana residents ranked 47th on having a self-reported sense of purpose, 49th in social relationships, 30th in financial security, 38th in community relations and 44th in physical health ([www.well-beingindex.com](http://www.well-beingindex.com)).

Within states, metropolitan areas with at least 300 completed interviews were ranked in a U.S.

sample of 354,473 respondents by Gallup-Healthways in 2015-2016. Out of 189 communities across the U.S., South Bend-Mishawaka ranked 131st; Ft. Wayne, 129th; Evansville, 145th; and Indianapolis-Carmel-Anderson, 164th ([www.info.healthways.com](http://www.info.healthways.com)).

Even allowing for a large margin of error, reports for Indiana are discouraging. Rather than ignoring these results or foolishly wasting resources to attain higher rankings, it may be best to examine and focus on in-state variation in quality of life in Indiana and what this implies for local governance.

### Methodology and Data

We apply classification and clustering analytics using existing data to study variation between Hoosier cities and towns related to well-being and local governance.

Our data set is based on one developed by economist Zafar Nazarov of Indiana University-Purdue University Fort Wayne for an on-going study. Much of this data can be found on QuickFacts, periodically updated and available on line from the U.S. Census Bureau; QuickFacts provides statistics for all states, counties and towns with population of 5,000 or more. The data in our study on household demographics, income and travel time to work represents the years 2013-2014. Data on crime, health, sex offenders, voting patterns, the environment, air quality, local taxes and governance is from city-data.com. The self-reported attribute of well-being by town in Indiana is the percentage of “People Feeling Badly about Themselves.” At this time, comprehensive data by town on disasters, social networks, and substance abuse is unavailable.

Our analysis is confined to 45 cities and towns in Indiana; they range from Indianapolis with a 2014 population of 848,788 to Greenfield with a population of 21,398.

Unlike scholarly research using regression analysis, we do not hypothesize and pre-select factors likely to be most significant and, therefore, imply no causality between town characteristics



and well-being. Our methodology is based on two analytic algorithms, classification and clustering.

Amazon.com uses classification algorithms extensively to predict which customers are susceptible to an offer of a more expensive version of a product or a compatible product; up to 60 percent of Amazon.com sales results from up-selling or cross-selling opportunities identified through the use of classification techniques.<sup>1</sup> In our study, the classification technique identifies Indiana towns based on a set of observed characteristics most closely associated with a target value, the self-reported percentage of town residents “feeling badly about themselves.”

Each classification algorithm has a common feature: what is being predicted is a “class,” or one of a few categories. The prediction does not involve the forecast of a continuous variable. In our case, towns are divided into two groups, those in the upper half with high percentages of “People Feeling Badly about Themselves,” and those in the lower half.

The object of classification is to be able to place a particular town in one of these two groups based on shared characteristics. In order to produce reliable measures of the effectiveness of the classification tool, we randomly partition the data set into two groups of towns. One group, the training set, is used to build the classification

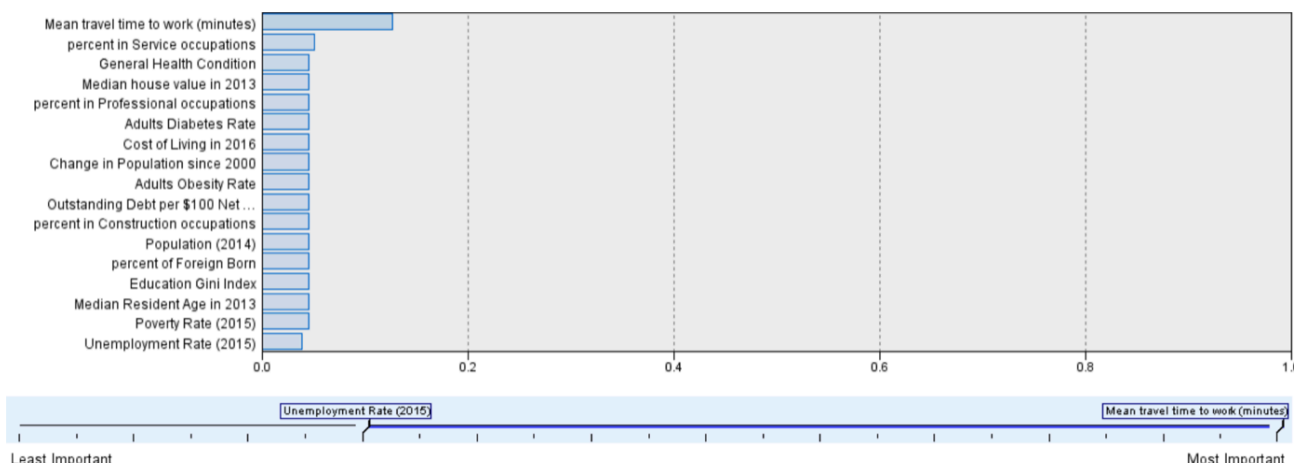
model, which is then tested on the remaining group. This allowed us to test on previously unseen data the effectiveness of the model and the characteristics determined to be most important by the training set.

### Misclassification Matrix for the Classification Algorithm

**Table 2:**  
Confusion Matrix  
for the  
Classification

Partition	1_Training	2_Testing
Correct	33 97.06%	8 72.73%
Wrong	1 2.94%	3 27.27%
Total	34	11

The “Misclassification Matrix” shown in Table 2 above is the standard measure of effectiveness for a classification model. For towns in Indiana initially excluded, the model correctly classified about three quarters of the localities into the correct group of those feeling badly about themselves. This is remarkably better than a naïve model and indicates there truly is a relationship between well-being and the attributes listed in Table 3 below. Out of 37 classification variables in this data set, the following attributes, listed in Table 3 by predictor importance, are shown to have the highest significance in correctly classifying towns relative to our chosen target factor, the percentage of “People Feeling Badly about Themselves.”



**Table 3: Predictor Importance for Classification**

<sup>1</sup> <http://fortune.com/2012/07/30/amazons-recommendation-secret/>

The information provided in Table 3 for the most part does not surprise elected officials in Indiana. They realize, almost instinctively, that elections can be won on promises to create jobs, grow the town and its economic environment and increase access to medical care and education. Unfortunately, these are factors over which local officials have little control given the policy time frame of a particular administration.

Nevertheless, as shown in Table 4, it is worthwhile to generalize about the correlation of characteristics and towns with higher percentages of “People Feeling Badly About Themselves.”

Of particular interest to governance are certain factors associated with “People Feeling Badly about Themselves.” Across Indiana towns, one significant local governance indicator of well-being identified in Tables 3 and 4 is counter intuitive, namely, levels of local government debt

**Table 4: Interpreting Attributes Predicting the Percentage of “People Feeling Badly About Themselves”**

1. Higher Mean Travel Time to Work.
2. A Lower Percentage in Service Occupations
3. A Lower Percentage of those in Good Health.
4. A Lower Median House Value
5. A Lower Percentage in Professional Occupations.
6. A Higher Percentage of Adults with Diabetes.
7. A Higher Cost of Living.
8. A Decrease (or no increase) in Population Between 2000 and 2014.
9. A Higher Rate of Adult Obesity.
10. Less Government Debt per Assessed Value
11. A Higher Percentage in Construction.
12. Fewer Residents.
13. A Lower Percentage of Foreign Born.
14. A Lower Educational Gini Coefficient Indicating Greater Inequality in Educational Attainment.
15. A Higher Median Resident Age.
17. A Higher Rate of Unemployment.

per assessed value. Ironically, correlation coefficients indicate that debt per assessed value and debt per capita increase in towns reporting higher levels of personal satisfaction. On the other hand, increased local government employees and police officers per 1,000 residents are statistically correlated with higher percentages of “People Feeling Badly about Themselves.”

### Indiana Cities and Towns by Cluster

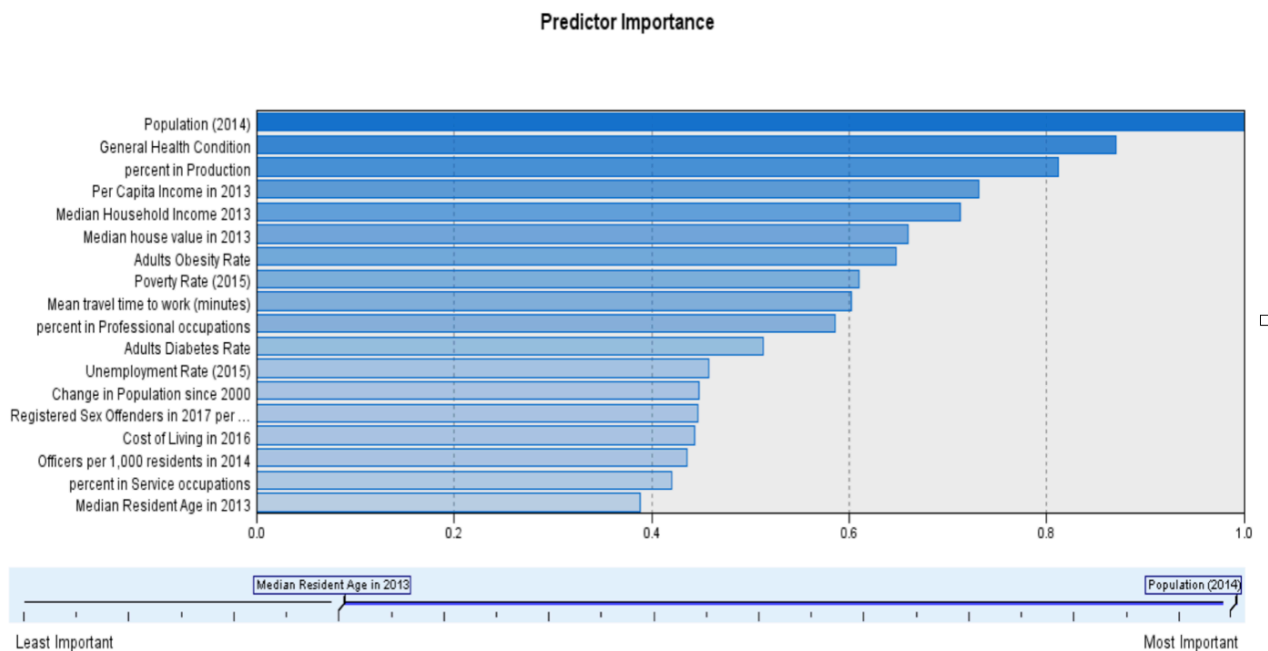
In this section, we focus our attention on clustering, a procedure related to classification, but involving the grouping of individual units, in this case towns, into categories based on measures of inherent similarity. In this algorithm, the analyst determines the number of clusters to be derived from available data and no target attribute such as “feeling badly” is identified. With a choice of six clusters, Indiana towns divide with few exceptions as expected: Indianapolis, towns close to Indianapolis, Bloomington and West Lafayette, towns close to Chicago, towns around



**Table 6: The Analytical Quality of the Clustering of Indiana Towns**

towns close to Chicago and all others. With eight clusters, we learn more about variability between Indiana towns and the attributes that define them. The attributes that stand out in creating clusters of towns in Indiana is presented in Table 5 on the following page.

The silhouette measure shown in Table 6 above is a standard tool indicating that the clustering algorithm has indeed formed clusters that contain more homogeneity within a cluster than between them; in other words, the clustering algorithm has been successful in differentiating cities and towns on the basis of the clustering variables. Table 7 on the following pages (parts A and B) are the



**Table 5: Attribute Importance for Creating Clusters of Indiana Cities and Towns**

clusters of Indiana towns defined by the algorithm. The clustering algorithm identifies different groupings from an existing data set. Clustering finds patterns of cohesion among objects (in this case, cities and towns). It seeks to create groups in which every member is very similar to all other members of its own group — and at the same time, very different from members of all other groups. If we were to create clusters simply based upon, say, two attributes such as income and population, we could graph each city on an XY graph and identify those cities that were geographically “closer” to one another and appeared to be grouped as a cluster. The method used here works in this manner but differs in that many more than two attributes are used at once. The algorithm takes all of the attributes from the data at the same time in  $n$ -dimensional space to construct clusters.

When examining Table 5 for attribute importance, the obvious conclusion is that Indiana towns differ considerably with respect to economic, health and educational levels. However, these attributes do not always point in the same direction and it would be foolish to identify one cluster as ideal and seek to emulate

its attributes. The goal is to move beyond an “ideal” town, accept the uniqueness of a particular location and pursue what is best in terms of local well-being.

For example, Cluster III, consisting of Bloomington and West Lafayette, has the lowest per capita income of any cluster and highest percentage of those with advanced degrees. The challenges in providing local government services in university towns differ from those in Cluster IV (Hammond, Gary and East Chicago) or Cluster VIII (Carmel, Fishers, *et al.*) where tax revenue must be allocated, respectively, towards financing above Indiana averages for police protection or local government debt. (One type of variation, shown in Table 8, demonstrates how town clusters differ by occupational sectors.)

There is a tendency to think that a town's well-being depends primarily on being like those with high levels of medium income. The expectation is that local issues and personal distress will either go away or be solved by increasing the population of certain types of residents or firms and, particularly, by increasing local taxes per capita. It comes as no surprise, therefore, when elected officials define their role as one of attracting or



Towns By Cluster	Population	Change in Population since 2000	People Feeling Badly about Themselves	Median Resident Age in 2013	Percent of Foreign Born	Bachelor's Deg. or More percent of Adults 25+ (2015)	Median Household Income 2013	Per Capita Income in 2013	Cost of Living in 2016	Unemployment Rate (2015)
Indianapolis, IN	848788	8.6	21.30	34.0	8.6	0.28	\$41,361	\$24,322	88.4	10.1
<b>Cluster I</b>										
Zionsville	25734	193.3	20.20	37.6	5.4	0.69	\$104,490	\$53,138	90.9	2.7
<b>Cluster II</b>										
Bloomington, IN	83322	20.2	18.90	23.4	11.9	0.57	\$27,687	\$19,679	89.6	8.3
West Lafayette, IN	32109	11.6	16.20	23.1	21.9	0.70	\$32,294	\$22,392	91.4	6.2
<b>Cluster III Mean</b>	<b>57716</b>	<b>15.9</b>	<b>17.55</b>	<b>23.3</b>	<b>16.9</b>	<b>0.64</b>	<b>\$29,991</b>	<b>\$21,036</b>	<b>90.5</b>	<b>7.3</b>
Hammond, IN	78384	-5.6	21.40	32.1	12.2	0.14	\$38,587	\$17,701	96.1	12.8
Gary, IN	77909	-24.2	17.90	38.5	1.7	0.13	\$26,286	\$14,800	95.6	18.0
East Chicago	28990	-10.6	22.10	30.8	15.2	0.08	\$27,171	\$13,769	96.3	16.7
<b>Cluster IV Mean</b>	<b>61761</b>	<b>-13.5</b>	<b>20.47</b>	<b>33.8</b>	<b>9.7</b>	<b>0.12</b>	<b>\$30,681</b>	<b>\$15,423</b>	<b>96.0</b>	<b>15.8</b>
Merrillville	35450	16.0	20.30	37.6	5.9	0.22	\$50,621	\$23,452	97.3	9.4
Granger, IN	30465	7.7	20.20	42.4	5.9	0.52	\$83,500	\$38,488	87.8	5.1
Schererville	28926	16.4	20.90	42.4	9.6	0.31	\$65,456	\$34,654	97.5	6.0
Hobart, IN	28635	12.9	20.90	39.6	4.6	0.18	\$54,786	\$25,904	96.9	8.5
Crown Point, IN	28623	44.5	19.20	41.6	7.9	0.33	\$62,177	\$31,805	97.2	7.2
Highland, IN	23127	-1.8	20.10	43.6	5.1	0.25	\$60,436	\$30,156	97.9	5.5
Munster	23103	7.4	18.40	45.7	10.6	0.42	\$71,498	\$37,847	97.6	8.0
<b>Cluster V Mean</b>	<b>28333</b>	<b>15</b>	<b>20</b>	<b>42</b>	<b>7</b>	<b>0</b>	<b>64068</b>	<b>31758</b>	<b>96</b>	<b>7</b>
Elkhart, IN	51421	-0.9	22.30	33.2	13.7	0.13	\$34,212	\$16,144	87.1	10.8
<b>Cluster VI</b>										
Fort Wayne, IN	258522	25.7	21.30	35.4	7.6	0.26	\$39,878	\$21,998	83.5	8.9
Evansville, IN	120346	-1.0	20.90	38.2	2.4	0.19	\$32,414	\$19,436	83.5	7.2
South Bend, IN	101190	-6.1	21.60	34.0	7.4	0.24	\$34,446	\$18,937	85.2	11.3
Lafayette, IN	70654	25.3	21.70	30.9	7.5	0.24	\$40,285	\$21,780	88.7	7.7
Muncie, IN	70211	4.1	21.00	29.0	2.8	0.23	\$26,292	\$17,511	86.5	12.6
Terre Haute	60956	2.3	21.00	32.8	3.6	0.20	\$30,244	\$18,113	83.6	11.1
Kokomo	57085	23.8	20.40	39.0	2.3	0.16	\$37,791	\$21,796	85.5	10.2
Anderson, IN	55455	-7.2	11.60	37.0	3.1	0.14	\$31,856	\$18,127	85.6	13.3
Greenwood, IN	54491	51.2	20.20	34.6	7.1	0.27	\$48,851	\$25,520	88.3	7.4
Mishawaka	48174	3.5	21.50	33.8	5.9	0.24	\$33,263	\$20,326	85.5	8.9
Lawrence, IN	47550	22.2	21.40	33.8	7.3	0.33	\$50,184	\$24,832	88.2	9.9
Jeffersonville, IN	46440	69.7	22.30	38.4	3.5	0.22	\$50,282	\$23,750	86.9	7.3
Columbus, IN	46124	18.1	21.70	34.9	9.7	0.37	\$51,419	\$28,764	88.5	5.5
Portage, IN	36760	9.7	22.50	36.9	3.9	0.15	\$54,839	\$25,544	96.5	9.5
New Albany, IN	36589	-2.7	21.20	37.4	2.3	0.17	\$42,132	\$21,536	86.8	9.5
Richmond, IN	36159	-7.6	22.80	39.3	3.4	0.17	\$27,267	\$17,120	79.4	10.2
Valparaiso, IN	32369	18.0	19.90	33.9	5.4	0.37	\$49,488	\$25,897	97.3	6.1
Goshen, IN	32267	9.8	21.80	33.1	15.7	0.21	\$41,301	\$18,646	87.5	8.0
Michigan City, IN	31487	-4.3	21.10	37.5	3.9	0.17	\$34,828	\$18,862	86.4	14.5
Plainfield, IN	30409	65.3	22.20	37.5	6.8	0.28	\$58,377	\$26,279	88.9	7.4
Marion, IN	29308	-6.4	20.70	36.2	1.8	0.14	\$30,536	\$16,976	77.0	10.5
Franklin, IN	24356	25.1	20.80	34.6	1.9	0.24	\$45,263	\$22,543	88.6	6.6
La Porte, IN	22007	1.8	22.00	36.8	5.9	0.13	\$33,846	\$18,860	86.3	10.8
Clarksville, IN	21879	2.2	22.30	35.8	6.2	0.19	\$43,944	\$20,761	87.1	5.6
Greenfield, IN	21398	46.6	23.80	38.8	1.1	0.21	\$51,875	\$23,237	87.7	7.1
<b>Cluster VII Mean</b>	<b>55687</b>	<b>15.6</b>	<b>21.11</b>	<b>35.6</b>	<b>5.1</b>	<b>0.22</b>	<b>\$40,836</b>	<b>\$21,486</b>	<b>86.8</b>	<b>9.1</b>
Carmel, IN	86682	129.7	19.90	39.5	11.4	0.69	\$100,358	\$46,956	90.2	4.1
Fishers	86325	128.2	20.40	34.9	7.0	0.62	\$95,590	\$41,959	89.8	4.0
Noblesville	57584	101.4	19.00	34.4	3.9	0.44	\$66,232	\$31,422	88.8	4.1
Westfield, IN	35297	279.8	20.00	33.5	4.8	0.57	\$86,894	\$36,253	88.9	3.5
Brownsburg	23322	60.6	18.70	35.5	3.7	0.37	\$64,611	\$32,198	88.4	5.0
<b>Cluster VIII Mean</b>	<b>57842</b>	<b>139.9</b>	<b>19.60</b>	<b>35.6</b>	<b>6.2</b>	<b>0.54</b>	<b>\$82,737</b>	<b>\$37,758</b>	<b>89.2</b>	<b>4.1</b>

Table 7: (Part A) Indiana Cluster

Towns By Cluster	Population (2014)	Median house value in 2013	Poverty Rate (2015)	Mean travel time to work (minutes)	Registered Sex Offenders in 2017 per 10,000	Adults Diabetes Rate	Adults Obesity Rate	General Health Condition	Officers per 1,000 residents in 2014	Air Quality Index	Outstanding Debt per \$100 Net Assessed Value
Indianapolis, IN	848788	\$116,400	21.2	23	20.01	9	28.5	54.40	1.79	97.80	3.24
<b>Cluster I</b>											
Zionsville	25734	\$335,055	2.6	25		9.3	30.3	62.80	1.06	97.80	1.45
<b>Cluster II</b>											
Bloomington, IN	83322	\$167,200	38.2	16	11.16	6.5	26.1	58.70	1.20	64.10	5.48
West Lafayette, IN	32109	\$177,699	42.1	15	2.18	6.9	27.6	67.10	1.47	83.40	5.96
<b>Cluster III Mean</b>	<b>57716</b>	<b>\$172,450</b>	<b>40.2</b>	<b>16</b>	<b>6.67</b>	<b>6.7</b>	<b>26.85</b>	<b>62.90</b>	<b>1.34</b>	<b>73.75</b>	<b>5.72</b>
Hammond, IN	78384	\$89,200	24.8	27	9.70	10.8	32.3	54.20	2.56	119.00	4.05
Gary, IN	77909	\$61,200	37.0	25	28.11	10.8	32.3	53.00	2.90	120.00	0.00
East Chicago	28990	\$82,414	35.8	23	7.59	10.8	32.3	51.60	3.44	119.00	6.74
<b>Cluster IV Mean</b>	<b>61761</b>	<b>\$77,605</b>	<b>32.5</b>	<b>25</b>	<b>15.13</b>	<b>10.8</b>	<b>32.3</b>	<b>52.93</b>	<b>2.97</b>	<b>119.33</b>	<b>3.60</b>
Merrillville	35450	\$129,636	13.8	27	11.28	10.8	32.3	56.40	1.37	119.00	3.29
Granger, IN	30465	\$174,904	4.2	23	3.94	9.4	29.5	60.80		109.00	
Schererville	28926	\$206,583	5.8	30	3.80	10.8	32.3	59.10	1.67	119.00	3.23
Hobart, IN	28635	\$132,022	10.1	27	10.83	10.8	32.3	56.10	2.11	120.00	2.51
Crown Point, IN	28623	\$171,490	6.6	29	8.04	10.8	32.3	59.20	1.49	117.00	2.01
Highland, IN	23127	\$152,999	7.5	27	3.03	10.8	32.3	57.80	1.51	119.00	3.58
Munster	23103	\$195,250	8.5	28	0.87	10.8	32.3	59.90	1.73	119.00	5.19
<b>Cluster V Mean</b>	<b>28333</b>	<b>166126</b>	<b>8</b>	<b>27</b>	<b>6</b>	<b>11</b>	<b>32</b>	<b>58</b>	<b>2</b>	<b>117</b>	<b>3</b>
Elkhart, IN	51421	\$84,206	26.7	20	55.81	8.6	28.6	53.60	2.34	109.00	1.05
<b>Cluster VI</b>											
Fort Wayne, IN	258522	\$96,900	19.0	20	14.74	8.9	28.9	54.40	1.46	78.30	13.25
Evansville, IN	120346	\$87,000	21.0	18	31.24	9	27.3	55.40	2.33	83.10	18.29
South Bend, IN	101190	\$79,000	28.2	20	26.68	9.4	29.5	52.90	2.43	109.00	12.11
Lafayette, IN	70654	\$95,900	19.8	16	20.95	6.9	27.6	55.20	1.89	83.40	7.38
Muncie, IN	70211	\$71,300	32.2	19	21.93	10	31.3	55.40	1.45	84.40	3.85
Terre Haute	60956	\$75,878	27.4	18	29.37	9.2	30.9	55.30	2.11	85.10	1.19
Kokomo	57085	\$83,574	21.3	19	29.61	9.9	28.3	57.40	1.81	88.70	2.54
Anderson, IN	55455	\$76,376	25.6	23	35.16	10.2	30.4	54.70	1.96	84.40	12.02
Greenwood, IN	54491	\$127,330	13.6	26	10.09	8.1	27.6	57.40	1.01	97.00	4.00
Mishawaka	48174	\$85,008	19.2	21	11.63	9.4	29.5	56.10	2.15	109.00	8.34
Lawrence, IN	47550	\$123,692	18.7	28	0.63	9	28.5	55.50	1.28	97.80	0.15
Jeffersonville, IN	46440	\$120,352	11.1	22	14.21	9.8	29.8	55.80	1.63	93.10	12.74
Columbus, IN	46124	\$135,573	11.7	17	14.53	9.6	29.1	55.10	1.73	65.40	6.33
Portage, IN	36760	\$140,523	16.2	27	12.51	9	28.6	55.40	1.66	120.00	7.47
New Albany, IN	36589	\$113,614	21.5	20	14.76	9.4	29.1	55.70	1.73	93.10	11.18
Richmond, IN	36159	\$75,943	27.3	15	21.57	9.9	27.6	54.30	1.90	61.40	0.32
Valparaiso, IN	32369	\$163,291	15.6	22	14.83	9	28.6	59.90	1.54	120.00	7.77
Goshen, IN	32267	\$105,674	22.6	17	15.81	8.6	28.6	54.70	1.86	109.00	6.21
Michigan City, IN	31487	\$94,920	27.7	20	19.69	10.5	29.5	55.10	2.79	114.00	2.12
Plainfield, IN	30409	\$144,290	8.8	22	8.88	7.9	27.6	56.70	1.40	97.80	9.00
Marion, IN	29308	\$63,084	25.6	17	34.80	9.7	30.1	55.30	2.27		0.27
Franklin, IN	24356	\$111,691	12.0	23	20.53	8.1	27.6	56.80	1.85	97.00	0.00
La Porte, IN	22007	\$93,390	21.7	19	23.63	10.5	29.5	53.70	1.86	111.00	0.26
Clarksburg, IN	21879	\$108,822	11.5	22	14.63	9.8	29.8	52.40	1.86	93.10	11.52
Greenfield, IN	21398	\$117,720	8.4	22	16.36	9.7	28.3	55.40	1.92	101.00	2.87
<b>Cluster VII Mean</b>	<b>55687</b>	<b>\$103,634</b>	<b>19.5</b>	<b>21</b>	<b>19.15</b>	<b>9.26</b>	<b>28.944</b>	<b>55.44</b>	<b>1.84</b>	<b>94.84</b>	<b>6.45</b>
Carmel, IN	86682	\$305,500	3.9	25	1.27	7.1	24.7	59.40	1.28	97.80	13.77
Fishers	86325	\$222,600	3.1	28	1.97	7.1	24.7	59.70	1.17	102.00	4.70
Noblesville	57584	\$175,846	6.8	27	12.33	7.1	24.7	62.20	1.38	102.00	13.87
Westfield, IN	35297	\$226,878	4.4	26		7.1	24.7	58.40	1.23	97.80	3.47
Brownsburg	23322	\$140,583	3.8	27	7.72	7.9	27.6	60.90	1.74	97.80	7.33
<b>Cluster VIII Mean</b>	<b>57842</b>	<b>\$214,281</b>	<b>4.4</b>	<b>26.6</b>	<b>5.82</b>	<b>7.26</b>	<b>25.28</b>	<b>60.12</b>	<b>1.36</b>	<b>99.48</b>	<b>8.63</b>

Table 7: (Part B) Indiana Clusters

retaining young urban professionals.

The unverified assumptions are that these individuals require less per capita government expenditures, attract corporations and visitors, and choose amenities more desirable than those of middle- and low-income households. The emphasis is on leadership and vision as compared to the expressed needs of present residents. Consider, however, the inappropriateness of delivering services based on the preferences of voters in Cluster III (Bloomington and West Lafayette) to those in Cluster IV (Elkhart).

### III. What Does the Classification and Clustering of Indiana Towns Suggest?

Good democratic governance is not about changing the character or population of a town in order to improving its rankings or to mimic amenities preferred by affluent communities. It would seem that good democratic governance is about responding to the needs of and providing essential services to residents regardless of present circumstances.

Classification and clustering, along with subjective measures of well-being, does not uncover the magic bullet pinpointing towns that stand out in terms of good governance. As in the Canadian metropolitan study, however, local governance matters. Governance, in controlling crime and providing services at low cost, is as important to perceptions of well-being as economic and health factors. For example, “Feeling Badly about Oneself” is positively correlated with increases in the number of local government employees per 1,000 residents (.2936), the crime index (.3374) and officers per



Table 8: Cluster Percentage Means for Occupational Categories

1,000 residents (.2399), and also, but to a lesser degree, with unemployment (.1724) and obesity (.0453).

People and firms are attracted to certain towns because of their unique opportunities. The divide between towns reflects past circumstances, but present impoverishment does not guarantee perpetual dysfunction. Towns, like people, experience good and bad times. Although development is easily thwarted by bad policy, those who believe that planners and development agencies are capable of directing local economies are deceived. At most, they can nudge local economies in a specific direction. Economies consist of people and firms locating and doing their best to maintain and improve their level of well-being. The stock of human capital for potential well-being of any town depends on its residents.

Table 7 suggests two facts indicating that people vote with their feet. Unhappy towns experience declining populations (.1584). Foreign-born individuals, one indicator of mobility, tend to avoid locating in less happy towns or, once residing there, contribute to increasing the level of



satisfaction (-.2283). In what Indiana towns are the foreign-born choosing to live, aside from large university towns? Two generalizations stand out; foreign-born individuals are attracted either to towns with a large professional sector, like Munster, or to those with a relatively large productive sector, like Goshen.

### **The Conflict between Special and General Interests**

At the beginning of the last century, local expenditures as a share of public expenditures exceeded 50 percent, that of states 11 percent and federal government 36 percent. By 2017, the local share of U.S. public expenditures fell to 27 percent, as the share of states rose to 24 percent and that of federal government to 59 percent. Local tax revenue, adjusted for inflation, has declined absolutely in some towns and relative to state and federal government for all municipalities. Local officials have had to allocate increasing amounts of their time and resources to securing state and federal grants. Regional, state and federal government units have assumed more direct responsibility for providing health, education and welfare services. These factors explain but do not justify the tendency to provide uniform goods and services across communities with different needs for education, public welfare, highways, police protection, parks and recreation, community development, administration and other services.

The primary justification for government provision is the nature of public goods, which generally cannot be provided by households or easily purchased in markets. Decentralization of this task to local government is justified when the types and amounts of specific public services reflect the collective preferences of residents. If we

**“Although development is easily thwarted by bad policy, those who believe that planners and development agencies are capable of directing local economies are deceived.”**

observe no attempt to customize these services in a particular town, we can assume that benefits accrue only to particular sub-groups of residents. Public choice analysis suggests that there is a strong tendency in organizations to respond to small groups of individuals with much to gain in advocating for benefits financed by the population as a whole. For example, businesses have more of an

incentive and more to gain when lobbying for tax abatements and firm-specific amenities than households in general have to organize for minor improvements in trash and sewage services. How officials respond to this dilemma determines the well-being of a local community.

### **The Conflict between Delivering Services and Strengthening Democratic Institutions**

People “feeling badly about themselves” springs obviously from causes beyond the reach of civil authorities. This does not mean that efforts should not be made by local government to improve well-being in towns characterized by social and economic distress. Some towns in Indiana are characterized by indicators of health below U.S. averages, lower than expected educational outcomes and substance abuse; other towns, by a high crime index, low property values and chronic unemployment. We would expect that scarce tax revenue in these towns be allocated to opportunities for participatory rather than spectator sports, community centers rather than subsidized industrial parks, code enforcement rather than tax abatements for hotels, enhanced security measures, etc.

An emphasis on local conditions represents a bias in terms of traditional service delivery rather than implementing the idealized vision of city planners. Fortunately, some towns in Indiana are in the process of conducting surveys to determine



what it is that residents actually need and prefer. Also, the websites of certain towns suggest easy access and delivery of basic services to residents. Local officials committed to these priorities may be able to build or rebuild trust and efficiency into the provision of basic public services.

Skill in participatory-governance takes practice, and when attained a community is more easily able to meet the inevitable challenges of substance abuse, for example, as well as economic and natural disasters. The role of local officials in enabling individuals and local organizations to do this starts with a fundamental review of how services should be designed and delivered. This need not be done by commissioning expert panels, but rather by encouraging innovation and experimentation at the local level, thereby determining on a step-by-step basis which innovations are low cost and most deserving of broader application.

Cross country research indicates that as communities become more affluent, residents value participation in determining how government services should be designed and delivered. Meanwhile, for residents in less affluent towns, offering opportunities to engage in the practice and art of deliberative decision-making will increase well-being and close the gap between towns for the benefit of current and future generations of all Hoosiers.

Good data and more research are needed to fully understand the interplay of factors that determine the inequality of well-being across towns in Indiana. However, there is every hope that classification and clustering will help in identifying challenges facing particular towns. Analysis may also assist in redirecting the focus away from seeking that which is beyond the realm

**SLUGGISH POPULATION** growth continues to be the norm in many Indiana communities in 2016, according to population estimates released by the U.S. Census Bureau. Fifty-three of the state's 92 counties lost population from 2015 to 2016, led by Lake County, which dropped by an estimated 1,800 residents last year. The next-largest declines were in Grant County and LaPorte County, which both lost roughly 750 residents. Even among Indiana counties that are adding residents, many are growing more slowly than they have in the recent past. Hamilton County, for instance, led the state with an increase of 7,200 residents last year, well below its average annual gain of roughly 9,180 residents per year from 2000 to 2010.

— Don Knight in the March 23 *Bloomington Herald*

of local governance towards improving the well-being of current residents. International and cross-metropolitan studies suggest that this can be achieved through acceptance of present circumstances and better delivery of basic services. ♦

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## Appendix: 37 Attributes and 1 Target in Data Set

Population (2014)	Continuous	Percent in Professional occupations	Continuous
Change in Population since 2000	Continuous	Percent in Service occupations	Continuous
Percent of Males in 2013	Nominal	Percent in Sales occupations	Continuous
Median Resident Age in 2013	Continuous	Percent in Construction occupations	Continuous
Percent of Population White	Nominal	Percent in Production	Continuous
Percent of Hispanic Population	Nominal	Mean travel time to work (minutes)	Continuous
Percent of Asian Population	Nominal	Crime Index (2014)	Nominal
Percent of African-American Population	Nominal	Change in Crime Index	Nominal
Percent of Foreign Born	Continuous	Registered Sex Offenders in 2017 per 10,000	Continuous
Bachelor's Deg. or More - percent of Adults 25+ (2015)	Nominal	Adults Diabetes Rate	Continuous
Median Household Income 2013	Continuous	Adults Obesity Rate	Continuous
Growth in Median Income, 2000-2013	Nominal	General Health Condition	Continuous
Per Capita Income in 2013	Continuous	Officers per 1,000 residents in 2014	Continuous
Growth in Per Capita Income, 2000-2013	Nominal	Local Government Full-Time Employees Per 1,000	Continuous
Median house value in 2013	Continuous	Education Gini Index	Continuous
Growth in Median House Value, 2000-2013	Nominal	Air Quality Index	Nominal
Cost of Living in 2016	Continuous	Outstanding Debt per \$100 Net Assessed Value	Continuous
Unemployment Rate (2015)	Continuous	People Feeling Badly about Themselves	Flag
Poverty Rate (2015)	Continuous		
Home Ownership Rate (2015)	Nominal		

# Best Town in Indiana? My Town (City Hall Permitting)

*Frederic Bastiat described the two reasons our cities fail to be the best for the people who live in them: “Stupid Greed” and “False Philanthropy.”*

The author, a 20-year member of the foundation, describes himself as a “regular” citizen of his Indiana city. If so, then more of our cities need such examples — a graduate of Indiana University, a former major in the U.S. Marine Corps, a husband and father, the co-owner of a longtime family business, a Republican who won reelection in heavily Democratic Terre Haute, and a man who won’t give up on a belief that he and his neighbors are better off when they have the freedom to decide what is best for themselves and their families.



by Maj. Ryan Cummins

What makes a city, county, or a particular area of Indiana the “best”? Like many discussions regarding political matters, it is a good starting point to define one’s terms. Is the best an area with lots of jobs, or a low cost of living, or lots of government-provided amenities, or growing incomes, or even a general sense of well-being?

Well, the answer from my point of view is yes to all of these but also to recognize that these things and similar attributes are symptoms of, or the result of, a better or best environment. They are not the cause.

It is the political, social, and cultural environment that exists in a particular area that creates the conditions where jobs are available, costs are reasonable, amenities exist, incomes are rising. While these things are desirable ends, it is the means to reach these ends that make a city or region the best, or conversely, the worst.

What follows is a description from my perspective, and based on my experience in

business, in local government, as a family man, and as an investor in my own local area, of what makes an area the best. Yes, we do have a long way to go but we can get there in a short time, perhaps as short as one generation.

## Why I Chose Indiana

There is both good news and bad news for Hoosiers. The good news is that our potential is virtually unlimited. We sit in a central location with access to national and international markets; we are blessed with abundant natural resources, including that most important resource, human capital. It is from that human capital, the intelligence, the work ethic, the ingenuity, the entrepreneurial spirit of those who call Indiana home, where making worse into better and better into best will come from.

So what’s the bad news? It is the chains that bind, that weigh down, that inhibit and hinder the tremendous efforts of regular people trying to deploy their human capital to serve their fellow man in a free market. Those chains come from government, the state, and from those who use the political means to achieve the ends they cannot, or will not, achieve in that same free market.

So let’s define what is best when it comes to a particular city or locality. I don’t consider the availability of nice parks, low-cost housing, or even an abundance of jobs to be the criteria for achieving a “best” designation. Again, these are symptoms, if you will, of what happens when human capital is unfettered by both the state and by those who use the force of government to inhibit, hinder, and gain a political advantage over a competitor.

It is worth restating here the analysis of Dr. Maryann O. Keating, an adjunct scholar of the Indiana Policy Review Foundation: “People and firms are attracted to certain towns because of their unique opportunities, over which local government has little control. Although development is easily thwarted by bad policy, *those who believe that planners and development*

*agencies are capable of directing local economies are deceived. Economies consist of people and firms locating and doing their best to maintain and improve their level of well-being. The wealth of any town depends on its residents; how well it functions depends on trust and participation.”* (Emphasis added)

I live, work and am invested in Western Indiana, specifically Terre Haute and Vigo County. Did I locate there because I think the area is “best”? I’ll say maybe as an answer to that question, and explain.

On graduating from high school I wanted to leave my hometown as do many young people, cue Harry Bailey in “It’s a Wonderful Life”: I wanted to “shake the dust of this crummy town from my feet and see the world.” As it ends up, I did. I lived all over the United States and saw a fair amount of the world, too. I was living in Japan when it dawned on me that Terre Haute and Indiana were pretty nice places with a lot of potential. There was a small business in Terre Haute to which I thought I could contribute and perhaps make it a little bigger. I was working for the government at the time and had quickly learned that wasn’t what I was going to be doing for long. The potential was there because there was an entrepreneur who had started this business and up to that point had been able to profitably serve his customers while overcoming those obstacles so often placed in the way by government — federal, state and local.

I did not come back to Indiana because my downtown had been revitalized. Far from it, when I returned in the early 1980s my downtown was well into its decline. Nor did I return because there were trendy bars, a water park or new playgrounds for my children. These things are nice but would have never weighed in my decision. I did not come back because the business was located in a TIF district and had all the competitive advantages that entails. It was never in such a location nor was it ever considered for one. I did not come back because a tax abatement reduced the business’s costs and hence they could pay me more. The business had never

asked for any special deals and I made less there than in my previous government job. I did not come back because the local or state government paid to train me in my new position. The business owner spent his own money to help teach me and never thought to seek help from the state. He would have been insulted if someone had told him he could or should seek some sort of subsidy from government paid for by his neighbors.

The business owner worked tirelessly, investing his human capital and creating opportunity and potential for people in his area. I became one of those people. He did this while taking tremendous risks, risks that he hoped would result in good profits but that he also knew might result in significant losses. He experienced both in his time in business. He did all this not because of any programs, policies or subsidies from government. Rather, he did it all in spite of these political machinations, despite the hinderances thrown in his path by government.

Because he did this, I came back to Indiana. I didn’t come back because I thought it was the “best” town. But I knew it could be a great place to invest, to raise a family and to create opportunity and potential for the next generation. I am sorry to say that I don’t think my town is best, but I sure as hell believe it could be. And so did that hard-working, risk-taking business owner — my father.

### Stupid Greed

So what will it take for my town — or for your town — to be what the people who live there believe to be best? Again, it is not parks, jobs, housing, industrial parks, downtowns or any of those things, although you might find them in the better cities and towns. It is when the great number of citizens believe they are responsible for themselves, their families, their neighbors and not the state. It is when a great number of citizens know the fruits of their labor are secure from coercion and appropriation by state; when they know their property rights are secure. It is when the great number of citizens demands an end to the interference in markets by state; an end to the



silly, destructive and counterproductive interventions by a state that foolishly tries to pick winners and losers in the name of so-called economic development. It is when the great number of citizens understands that their wants, needs, and desires will be most effectively and efficiently met in the voluntary exchange of the market, not in the force and coercion of the state.

A city, town, county or locality can and will be best when the government is strictly and substantially limited, when the voluntary exchange of the free market is the first choice in that area to meet needs and solve problems, when property rights are clearly understood and the protection of these fundamental human rights are the primary function of government and when personal responsibility and responsibility for one's family and neighbors is the characteristic taught by and exemplified by family leaders, business leaders, social leaders and political leaders in that community.

Show me a city, county or particular area that does all these things and I will show you the best one in the state of Indiana. It is a good bet that this area already will be well known by those with entrepreneurial spirit and ethic looking to invest their property and human capital.

Limited government, free markets, property rights and personal responsibility . . . Why doesn't it happen? Why aren't these principles embraced by my community or your community? That is the \$64,000 question. I certainly have my thoughts on the question and they follow here.

In 1849, Frederic Bastiat penned his famous book "The Law." In it he described the two reasons my city and yours fail in their efforts to be the best for the people who live there. Bastiat identifies two motivations that lead to the use of the force of state for evil rather than good. Those motivations are "Stupid Greed" and "False Philanthropy." In my eight years on the local city council, I observed both these motivations at work at every single meeting. I continue to observe them, read about them, watch them in action every day by politicians, business people, unions,

non-profit groups and ordinary citizens. Stupid Greed as defined by Bastiat is when a person attempts to live and prosper not by their own efforts but at the expense of others. Stupid Greed is on display in my town and in your town, in every state across the nation, and certainly is a daily occurrence in the federal government.

Want some examples? Locally, take a look at the process for implementing a TIF (Tax Increment Financing) district. It begins with a falsehood. The boilerplate language of an ordinance establishing a TIF district requires the bureaucrats and politicians to state that the area is blighted and would not see productive economic activity if the district were not implemented. This is usually a bald-faced lie .

In my city there was a large flat, open area right at an interstate exit with a four-lane highway and utility infrastructure in place. It was primed and ready for development except for one thing: A developer would have to risk his own money to make something of it. Enter the TIF ordinance and . . . voilà, instead of paying property taxes and paying for improvements, the developer pays "property taxes" used to fund improvements making his property more valuable.

Nice work if you can get it. The profits remain private but the costs are socialized to a significant extent. It is the local version of the grotesque TARP (Troubled Asset Relief Program) of the Bush administration except that it is worse. Most TIFs are ongoing and will last much longer than TARP. And if you have the time, do a little digging to see who owns a majority of the property in a proposed TIF or which developers engage in building inside it. It will be interesting reading.

Stupid Greed is on display today in every mercantilist-statist deal struck between government and business at every level. Look for the seemingly innocuous term "public-private partnership" and you will likely find a good example. A friend of the foundation, speaking informally over lunch, had a useful insight: It is not so much the tax increases per se or even the regulations that depress him, it is that they

invariably are promoted in the name of projects that do not spring from the citizenry but from the bureaucrats in the planning and economic-development offices and related crony businesses. From sugar subsidies at the federal level to your city council handing out abatements, TIF dollars and outright subsidies, it is not hard to find Stupid Greed in action.

### False Philanthropy

As destructive as Stupid greed is, at least it can be tempered when a particularly egregious example comes to light. Far more dangerous to the principles of limited government, free markets, property rights and personal responsibility is Bastiat's False Philanthropy.

In my time on the city council, there were colleagues and other office holders whom I knew had sought and gained their position for the sole purpose of enriching themselves or their family. While this is reprehensible, at least you knew why and how they would make a decision or vote on a particular issue. The "do-gooders" of False Philanthropy were more unpredictable and harmful.

This has been the most baffling to me. We all know good people, people who would never think in a million years of stealing money from you but who will do so in an instant using the force of state to spend it on what they believe to be a good cause.

My colleagues on the city council did it with their votes on a regular basis and never batted an eye; my friends, neighbors and fellow business men and women, often working through the local Chamber of Commerce, do it by supporting every government-implemented economic development

"My contention is that good men (not bad men) consistently acting upon that position [imposing "the good"] would act as cruelly and unjustly as the greatest tyrants. They might in some respects act even worse. Of all tyrannies, a tyranny sincerely exercised for the good of its victims may be the most oppressive. It would be better to live under of robber barons than under omnipotent moral busybodies. The robber barons cruelty may sometimes sleep, his cupidity may at some points be satiated; but those who torment us for their own good will torment us without end for they do so with the approval of their own conscience. They may be more likely to go to heaven yet at the same time likely to make a Hell of earth. This very kindness stings with intolerable insult. To be "cured" against one's will and cured of states which we may not regard as disease is to be put on the level of those who have not yet reached the age of reason or those who never will; to be classed with infants, imbeciles, and domestic animals. — C. S. Lewis, *"God in the Dock: Essays on Theology and Ethics"*

scheme that comes down the pike regardless of the economics; kindly people working with charitable organizations routinely use the police to confiscate the property of me and my fellow citizens and don't give it a second thought.

All of these folks consider themselves to be moral, upright human beings. All of them, when they use the force of state to take from their fellow man that which is not given voluntarily, routinely violate both the Seventh Commandment ("Thou Shalt Not Steal") and the Tenth Commandment ("Thou Shalt Not Covet Thy Neighbor's Goods").

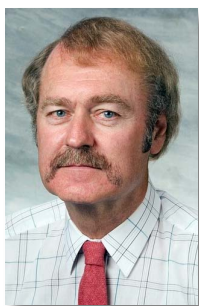
False Philanthropy breaks down that trust and participation that was identified by Dr. Keating as so important to building the wealth and well-being of a community. And yet, our communities have filled with people who think they know what is best for everyone else. (*To understand such people and their False Philanthropy, see the C. S. Lewis passage above.*)

What most effectively contributes to each individual's notion of well-being is known only to the individual himself. If you live in a community that understands this, that promotes and protects free markets and property rights in the operations of local government, that values personal responsibility, you live in Indiana's "best" city. ♦

# Barack Obama, America's Truly Anti- American President: Governance and Security Implications

*A deconstruction of the philosophical profile embodied by the past U.S. president, his ideology and conduct of office. Partisans of both the right and left will find much to dislike in the treatment.*

John Gaski, Ph.D., an adjunct scholar of the Indiana Policy Review, is an associate professor in the Mendoza College of Business at Notre Dame. He is a long-time registered Democrat — and a long-time registered Republican — intermittently, not sequentially, which should dispatch any possible impression of partisanship.



by John F. Gaski, Ph.D.

(Feb. 23) — It is not just his personal history of conspicuous disdain for American institutions, such as the polity, economy and world leadership role, although that tendency is clear enough in Barack Obama's own writings and oratory: for example, referring to the private sector — in a capitalist country — as the “enemy,” as in his own brief business job “like a spy behind enemy lines” (Obama 1995, p. 55), he wrote; and his contempt for the middle-American proletariat revealed in his “bitter clingers” remark. Moreover, only a person with intensely negative sentiment toward America as a whole would want to “fundamentally transform” it. Tweak, improve, refine, or reform, sure, but transform? What are America's fundamentals, anyway? Democracy and capitalism? Therefore, an ominous Obama — to anyone who accepts democracy and capitalism, at

least. And it is not only his long history of anti-American associations. The general outline of the Bill Ayers and Reverend Wright scandals are familiar, but the true depth of Barack Obama's affront against his nation should be definitively delineated for posterity: Bill Ayers is an anti-American terrorist, a leader and alumnus of the Weather Underground terrorist group. Ayers was involved in bombings of police stations, the U.S. Capitol and the Pentagon. He got off on a legal technicality and is unrepentant to this day.

It is astounding that a president of the United States could have any connection with such a person, but in this brave new world, contrary to Obama's debunked cover-up claim that Ayers was just “a guy in the neighborhood,” the Obama–Ayers association was a long and close one. Obama's political career indeed was born in the home of Ayers and his '60s and '70s-terrorist wife, the notorious Bernardine Dohrn. Obama and Ayers also worked together as a committee of two at the Chicago Annenberg operation for several years. This president has, in fact, had a long-term connection with an anti-American, communist, terrorist revolutionary, and the mainstream media do not consider it newsworthy? How would they cover a Republican with such an association? Frankly, it is inconceivable that a Republican (or Libertarian or traditional Democrat) would have a similar background, and this should be appreciated as a purely non-partisan observation.

Likewise is Obama's association with the avowed anti-American, anti-Semitic, Marxist preacher, the Reverend Jeremiah Wright. Obama's endorsement of that unsavory ideological combination is inherent in a 20-year discipleship so strong that the rabid reverend baptized the Obama children. What do you suppose the outcry would be if George W. Bush, or any Republican, had consorted with David Duke for two decades — a comparable reciprocal to the Obama impropriety? In fact, Mr. Bush was nearly crucified politically for a) a quarter-century-old Class D misdemeanor DUI arrest, b) prosecuting a war that had the overwhelming endorsement of

Senate Democrats, c) poor grammar, d) all of the above. In view of the correct answer, can we acknowledge a partisan double standard?

On the Obama–Wright nexus, one detail needs to be explicated for the public record. Barack Obama has compounded the offense by dissembling about his Wright background, which can readily be proven per the customary confidence level standards of social science, as follows:

Suppose Obama had been present for half of Wright’s sermons over the 20 years, as he himself has estimated. If the reverend had delivered only one Marxist-racist-anti-American rant in his 20 years with Obama, the statistical probability that the future president was not present is 50 percent. Only twice, and the probability that Obama attended neither rant is down to (approximately) 25 percent. Three times yields a roughly 12½ percent chance of an innocent Obama, and so on. So after even a handful of objectionable, to say the least, Wright sermons over the period, the probability of Barack Obama telling the truth about not having been present would be so low as to be dismissed, literally to about 3 percent after only five occasions.

Thus is the statistical evidence that President Barack Obama has not been telling the truth about his indulgence of thoroughly vile hate speech, and it easily meets the scientific standard for robustness, i.e., less than or equal to 5 percent. Other supportive evidence is that the Dreams from My Father autobiography (1995) reports in detail much of Wright’s incendiary oratory. Apparently, Mr. Obama assumed little overlap between his book’s readers and the Wright-denial audience. (The entire population of public Democrats in the United States will affirm that there is nothing wrong with calling a U.S. president a liar; recall the chorus of “Bush lied.” Of course, conservatives and Republicans will concur as well — “Clinton lied” — so there truly is nothing non-mainstream or controversial about this type of conclusion applied to President Obama. Ideologues of any persuasion can

probably achieve rare agreement upon summoning the specter of Richard Nixon, just to bolster the immediate point further.)

So now a rough operationalization of the anti-American construct is established, and it clearly does not rely upon domestic policy disagreement across the political divide. Nothing in the illustrative content portrayed thus far relates to policy. This allows us to pursue the seemingly radical hypothesis, as implied in the preceding summary, that a U.S. President, Barack Obama, maintained a uniquely hostile attitude toward the country he was sworn to serve. But the foundational substance gets more bizarre.

We know that not only were both of Obama’s parents socialists or communists, but even more of the main formative influences in the president’s life were Marxist-communist, including the criminal Frank Marshall Davis and Saul Alinsky (whom Obama probably never met in person). Formally and for emphasis, since that apparently is necessary, an elliptical syllogism suffices: 1) Barack Obama’s vital formation was Marxist-communist (as well as Muslim, for that matter, which may or may not have any relevance); 2) Marxism/communism is innately anti-American — given how “American” is defined by its founding documents, present legal system, politico-economy and culture; and 3) QED.

Then, for trenchant reinforcement, Barack Obama relentlessly reminds us of his “community organizer” roots, which can be recognized as an anti-American thumb in the eye once Alinsky’s *Rules for Radicals* (1972) interpretation of community organizers is recalled.

*(Note: True to the dispassionate academic paradigm, we do not assert whether socialism, Marxism or communism is good or bad intrinsically, or even whether anti-Americanism is normatively desirable or undesirable. What is being adduced is the fundamental incompatibility between the former American president’s basic personal and political orientation and the position he holds — and that this tension does, in fact, lead to genuine*



*dysfunction, harm and fault. Moreover, the ultimate origin of the Obama antipathy toward his country is not at issue. Regardless of whether the underlying source is the historical U.S. civil rights conflict, his father's legacy of anti-colonialism, black liberation theology, childhood Islamic indoctrination, conventional radical politics or visceral anger and hatred brought on by negative personal experiences and racial alienation [as documented throughout his Dreams memoir; also see Gledhill 2008], only the putative reality of this relation is the subject.)*

## I. Supporting Evidence

Yet it is much more than the objective elements of the Obama résumé, and the tangible reality seems not to have fully registered in the public, or academic, consciousness — hence, this refresher. To wit, Barack Obama's recent, purposive misconduct in office has far surpassed any known precedent. He makes Nixon and Clinton look like patriotic pikers. (The patriotism imagery is fair, and fitting karma. Liberal Democrats are often the first to challenge others' patriotism, so it is not out of line, even for a neutral umpire, to return the blessing. Countless examples of that very behavior can be readily mined [Gaski 2012, p. 10], notably Barack Obama's public accusation that George W. Bush was "unpatriotic" because of the size of his administration's budget deficit, of all things for Obama to criticize.) Specifically, never before have we seen a U.S. president so blatantly and intentionally harm his countrymen and country.

## II. A Bill of Particulars

A brief bill of particulars, none of which should come as a surprise to honest observers:

1. Barack Obama was derelict in his obligation to protect American personnel at Benghazi, Libya, before and during the fatal Sept. 11, 2012, attack, although he had abundant requests and opportunity, then went AWOL in effect, while the slaughter was in progress, as his critics colorfully but accurately term Obama's non-response. Error

is one thing, but gross recklessness signifies culpability. Regardless of why he committed the negligence, casual if unintended complicity in the multiple murder of American Foreign Service officials is rather anti-American behavior objectively. And, given the established circumstances, this summary description seems temperate. A further troubling but undisputed fact: We do not know the whereabouts of the president of the United States at the time of the Benghazi incident, or whom he was with. Why not? Obviously, he does not want the public to have that information.

Of course Mr. Obama and former Secretary of State Hillary Clinton have needed to resort to perhaps the most audacious diversionary cover story in political annals. Based on what is known already, and despite the House Republicans' amateurish attempt to illuminate, Benghazi-gate is arguably the biggest scandal of executive branch misfeasance or malfeasance in American history. It can be hypothesized, somewhat trivially, that if a Republican had done anything remotely close, with flagrant official dishonesty soon exposed, he or she would be out of office in short order. The difference is a symptomatic measure of one political camp having a captive propagandist media (as is well-established empirically, e.g., Baron 2006), rather than a nation with the vigilant free press the Founders imagined — and knew was essential to freedom.

2. To undermine national security by forgoing almost uniformly the taking of prisoners in the terror war (because new ones would have to be warehoused at politically incorrect Guantanamo), even though their intelligence value is a key defensive, life-saving weapon, is nothing less than abetting the enemy during wartime. There is a constitutional name for that offense, is there not? Abiding by the rule of U.S. law also does not require Mirandizing the few apprehended terrorists we do serendipitously happen to secure (e.g., Tsarnaev, al-Libi; neither is it required to capriciously leak classified information for political advantage, as has been done more than

once by the Obama White House.) That President Obama and his Attorneys General maintain this stance for transparent domestic politics as impelled by a well-recognized commitment to the left-wing base and its rigid ideology (Wall Street Journal 2013) – not that the right side of the spectrum does not have rigidities of its own—is only an aggravating factor. Some readers may know that radical leftism is inherently anti-American, the same as is most right-wing fanaticism.

2a. Recently a revealing extreme was reached with release of five Taliban terrorist leaders, among many other Gitmo prisoners. This action meets the intentionality test on three grounds:

First, no one, not even Barack Obama, could realistically believe that re-circulation of the Taliban “fab five” would not provide material assistance to the terrorist enemy. Also, Obama himself has acknowledged his awareness that the former prisoners could return to anti-American terrorist activity – and released them anyway. This establishes consciousness aforethought. Finally, Mr. Obama’s own government advisers in the military and cabinet had earlier rejected this prisoner swap on grounds of danger to the United States. What changed? Again, this provides evidence of prior cognition or intent.

The only remaining issue is how gravely the action violates U.S. law and security. Under existing federal law, one may not provide resources to a terrorist organization, so this case is not at all comparable to historical post-hostility exchanges. The doctrine of “leave no man behind” has been transmogrified unrecognizably into capitulation.

3. The Obama administration put the United States on a trajectory toward national bankruptcy. Its deficit spending had been an order of magnitude greater than any other experienced in U.S. history; Bush 43’s deficits were a small fraction of Obama’s. (No, Mr. Obama did not cure the recession or prevent a depression. The misnamed “great recession” actually ended during the last Bush fiscal year; U.S. Dept. of Commerce

2011.) It is now clear that Barack Obama never had any interest in constraining federal spending, thereby creating endless geometric magnification of the national debt. Partisan arguments about the proper proportion of spending versus taxation components of deficit reduction are peripheral spinnage. These dangerous deficits are a fact, and Obama’s red ink has us in uncharted macroeconomic territory. For a prospective decline in the annual deficit from over a trillion dollars, four years running, to half a trillion or so to be seen as progress is instead a sign of fiscal doom.

When a country goes bankrupt, it is not like individual or corporate bankruptcy. Think of Greece, Zimbabwe or Weimar Germany. Think of all dollars becoming practically worthless – and the Obama government’s role in that loss. Then, a bankrupt nation cannot afford to defend itself. Ponder the consequences of that rather reckless upshot. (And think of what secret deal President Obama evidently made with Russia’s Medvedev and Putin on U.S. disarmament, as he once inadvertently telegraphed over an open “mike” but did not want to share with the American people, for some reason.) Together with the ongoing emaciating of the military, the only spending category President Obama ever trimmed, there seems to be a pattern, and plan.

If you believe that Barack Obama is so thick that he is not aware of any of this – contrary to the near-universal recognition of the president’s inherent intellectual gifts—then you can dispense a pass on the intentionality issue. Otherwise, Barack Obama must be held accountable for willfully bankrupting America, along with the full range of catastrophic international consequences. And he seems so preternaturally sanguine about it all. Curious, and a bit anti-American by Obama’s own enunciated standard, is it not?

3a. A minor road bump on the Obama-facilitated express to national economic collapse was the sequester, yet the president found ways to use even that contrived device against the American people. Never has a president so overtly

and consciously meant to harm his fellow countrymen as when Barack Obama directed his administration to make sequester cuts as painful as possible to the public, so as to advance his cynical partisan scheme of blaming Republicans. The same has been witnessed with the pre-engineered tragedy along the Mexican border. This type of gratuitous cruelty against Americans is unprecedented, and completely conforms to what the Constitution's framers meant by "high misdemeanors," that is, serious misconduct in high office. The behavior is, however, akin to the foreign-directed mischief recounted nearby.

3b. Still in the economic realm, no previous American president has ever set out to target certain domestic industries for destruction. Mutual friction or attempted nationalization, such as Truman and steel or Teddy Roosevelt and coal, sure, but even FDR's hostility to some sectors did not reach the Obama manic level, reified as the declared war on coal and the undeclared wars on petroleum and health insurance. Lincoln vis-à-vis slavery was more of a long-running social movement against a production factor, not an industry per se, and prohibition against beverage alcohol was passed over President Wilson's veto. To reinforce, although dramatic effect is hardly necessary, these are not foreign industries receiving a president's hostility, but American industries.

4. Then there was "Fast and Furious," the wild machination of Barack Obama and Eric Holder designed to cause gun violence on our Southern border by arming the drug cartel, again for domestic political effect. Because the firearms were intended for possession by the criminals, the case for this premise is comfortably rested. No, again, the Bush administration had no equivalent program. They tracked and interdicted the weapons involved in their much smaller plan.

We can be thankful that the Obama-Holder partnership had more limited success with this intrigue than they envisioned: Only one or two U.S. border agents were murdered with a gun they placed. However, over 1,000 Obama-Holder-

planted firearms are still unaccounted for. So can we accept "anti-American" as an objective descriptor? Is there really anything extreme about that designation in this context? That such discussion even attaches to a U.S. president is tragic and distasteful, but circumstantially inescapable now.

5. Not to overlook the bureaucracy, we witnessed the Obama administration's assault on the First Amendment by means of the IRS and NSA. These scandals have actually combined to become a unifying force, drawing the condemnation of partisans and ideologues from both ends of the political spectrum, which further upholds the non-partisan character of this compendium. Contempt for the rule of U.S. law is a patently anti-American posture of the first magnitude, from any perspective, but especially on the part of a U.S. president. Far beyond anything Nixon and Clinton did with the IRS, politicizing and corrupting the agency is Barack Obama's legal culpability and his indelible personal legacy. Although it takes up the least space on a printed page, this scandal may be the biggest of all.

6. Augmenting the contribution to a weakened U.S. national defense attributable to the looming economic disaster, Barack Obama as president renounced the historical bipartisan consensus on strategic deterrence. His aspiration to reduce his country's nuclear weapons inventory toward zero is no less than a naïve dream or mad scheme. (This brief section will not resonate with those who have not learned the most basic lesson from military history, i.e., that weakness begets war; Fischer and Bloomgarden 1989; Singer and Small 1974.)

Back to earth, and reality: Irrespective of how few nukes Russia would retain clandestinely under Obama's demonstrably quixotic vision of a zero-option strategic accommodation (Kyl 2010), what will be the combined total of nuclear weapons for Russia, China, North Korea, Iran, Pakistan — and even France, for good measure — relative to our country's prospective new strategic

arsenal of zero (down from the former and indomitable 25,000 or so)? The ratio of strategic forces suddenly becomes infinity, and not in the United States' favor. Even if we would maintain 1,000 nuclear warheads, as allowed under the latest START proposal, the U.S. inventory would be dwarfed by the aggregate total of the above rogue roster. Does that prospective answer make you feel safer, whether an American or not, or is it the height of imprudence by a U.S. president in the face of acutely anti-American international operators, nation-states and otherwise? Could it even be a prescription for national suicide, and how can any normal American president be so cavalier about it? Empirically, how often does a major power's peace overture restrain potential aggressors?

Do you really feel that world peace or even your own country's security is enhanced when aggressive outlaw states such as some of those listed are more powerful strategically than the U.S. — the nation that saved the world from tyranny, maintained the balance of peace during the Cold War period and has exercised its power more temperately overall than any other superpower in world history (yes, including the atomic bombing to end World War II, which is estimated to have saved hundreds of thousands of lives, net)? And the objectivity of the last proposition is confirmed as one futilely seeks a counterexample. Unfortunately, Barack Obama has demonstrated that he does not think of his country in that benign way. Hence, the "anti-American" allegation grows more and more supported. One can only hope that a new president will reverse this high-risk trend.

7. Maybe the most fundamental Obama offense, and another candidate for most serious, is his adventure into the nouveau-dictatorial governing practices of flouting the judiciary (e.g., ignoring National Labor Relations Board court rulings) and circumventing Congress and established law by arbitrary executive fiat (e.g., ObamaCare employer mandate and congressional waivers). This issue has been dissected well

enough elsewhere (Henninger 2013) so it will not be incorporated here except via this reference. While the president's partisans appeared to relish the overreach of unilateral governance by executive order, this extra-constitutional behavior must also be called anti-constitutional, so an impeachable offense, rightfully, and anti-American ipso facto.

One application of this despotic Obama tendency does merit special mention. A secure border is an imperative for nationhood. No border: no nation. Our 44th president's imposition of virtual amnesty for *illegal aliens* (still the correct locution) through non-enforcement of our border, in contravention of his legal duty, has been literal subversion of national security and national existence by diktat. Could any executive action be more anti-American?

8. Just to punctuate, we have Obama's recurring anti-American calumny, a piece of which has been euphemistically labeled his "world apology tour." This deprecatory, anti-U.S. rhetoric obviously did not produce the promised positive impact on the nation's international standing — but has had the natural impact. Obama, on foreign soil, accused the United States of violating Mexican sovereignty at the same time Mexican nationals were illegally violating U.S. territory in terms of its immigration law. That also is objective fact whether one approves of the practice or not.

A variant of this genre is Mr. Obama's persistent accusation of torture against the United States of America on the grounds of three revealed episodes of the terrorist interrogation technique known as "water-boarding." Regardless of how readers feel about the substance of the claim, they should be sensitive that large numbers of U.S. citizens and admirers, or even neutral observers, can regard it as unadulterated anti-American slander because water-boarding had never been officially defined as torture by the international bodies that take it upon themselves to author the taxonomy of such practices (Taylor and Wittes 2009, pp. 5-6). Adhering to the objective, substantive aspects: Water-boarding was never



defined as torture until it became known that the U.S. government had used the method, that is.

9. In the Syria WMD debacle, President Barack Obama humiliated his country globally with an appeasement façade, orchestrated in collaboration with the more-than-willing Vladimir Putin and Bashar Assad, no less, only to try to save face for himself in the wake of his “red line” bluster. It did not succeed, at least for his country. No matter how the crisis and hoax play out, the nationally embarrassing status as of this writing is as described, its effect on global U.S. power will continue to be negative, and Obama’s cynical gambit cannot be whitewashed.

10. Barack Obama’s crypto-treaty with the government of Iran is providing that regime with the capability to obliterate Israel, America’s best ally in the region. Iran has publicly declared that very intention, and has violated the agreement since its inception, despite the favorable terms. If and when history’s verdict is that Obama is an accessory in the incineration of six million Israelis, the imagery and linkage as well as the reality will compound the disaster for the president’s legacy — a well-deserved stigma.

If that ignominy were not enough, also included in the Obama-Iran deal was a cash payment of \$150 billion for the world’s leading state sponsor of terrorism. It would be implausible to assume that none of the future terrorism enabled by those funds will be directed at the United States. Nothing more need be said about the anti-American character and result of Barack Obama’s conduct in this sordid matter.

11. Finally, discarding the gains of the Iraq and Afghanistan wars simply returns us to the status quo ante: state-sponsored staging areas for terrorists — including ISIS now, as well as al-Qaeda — which led to the original 9/11. Slightly reckless and irresponsible for a U.S. president, might we say?

What of Obama’s termination of Osama bin Laden, and his drone strikes against al-Qaeda? How do those actions square with the anti-American conclusion? Now that we have seen,

throughout the Obama presidency, the pattern of domestic politics guiding all policy, and if the plausibility of the presidential cynicism hypothesis has been adequately established, it all becomes reconcilable. If an American president adverse toward his country wanted to effectively cover up that reality with his electorate, 1) allowing the G. W. Bush-CIA plot against bin Laden to continue and 2) the remote quasi-video game of drone warfare would be valued as neat and tidy ways of planting the useful, false, diversionary perception. The Osama bin Laden killing was a major campaign talking point for Barack Obama in the 2012 election campaign, after all. Case rested. Judging motives should always be a last resort, but that is where we are with Barack H. Obama.

### III. Summary Synthesis

The truth is hiding in plain sight as the trees obscure the forest. Barack Obama’s entire life has been a pattern of willful associations with individuals and groups that collectively expose his own leanings which are inimical to American institutions and values — from F. M. Davis and the Alinsky-ites, through the Marxist profs and student groups that so attracted the future U.S. president, to Ayers and Wright, not to mention the Chicago socialist cell Barack Obama admitted he joined. Again, it used to be generally recognized that socialism is anti-American by definition.

*Note: Yet America is not reciprocally anti-socialist or anti-communist, per se. In its remarkable embodiment of true liberty, U.S. law allows the free and open observance of socialism, communism, and countless other “-isms” that are actively hostile to the nation itself.*

For emphasis, the totally conventional operative assumption throughout is that an American president should be, at minimum, pro-American. Across more than two centuries of U.S. history and its associated commentary, there is no record of anyone ever needing to proffer that proposition — until now. As Gledhill poignantly

reports in his review of Obama's *Dreams* volume, one finds "not . . . a single positive sentence about the United States" (2008, p. 38). I submit that individual inspection will confirm the Gledhill assessment as accurate. For a social critic such as the young Barack Obama to do a critical review of his country is not unusual. For a destined U.S. president's comprehensive manifesto to signal that he favors nothing about his country is something very new.

But then, as president, Barack Obama went much further — too far. He personified a torrent of anti-American actions so mean-spirited and hostile to the citizens of this country that his victims seem too dazed to grasp its nature and magnitude. If they could, this type of report would not be needed to make the case. It is past time to speak the unspeakable: What does all this reveal about the true sentiments and motivations of the person who occupied our White House between 2009 and 2017?

Unless Barack Obama is so unsophisticated that he cannot perceive the destructive acts and consequences as outlined here, then he was doing it to our country purposefully. (And there should be scarce question about the premises because they are all observable, established, objective fact. Go ahead and double check. In matters of human behavior, interpretation and conclusions can always be subject to argument, but the premises here are posited as objectively grounded — and the author is prepared to debate any challenge to them.) In view of the foregoing litany, it is not the least bit extreme to label President Barack Obama as anti-American. It may be remarkable and staggering, but not injudicious.

In the interest of balance, can we not similarly accuse leading Republicans of deliberately harming Americans, for instance by opposing social spending? Not even close. The long-term ratio of social spending supported by Republicans compared with Democrats is so high as to neutralize the accusation (de Rugy 2004). Anyway, this spending issue represents only a policy difference between two factions favoring

different routes to the mutual end of optimal national welfare.

What about Republican support for the big banks that wrought the 2008-2009 financial meltdown upon our country? The banks did not cause that event; prior government intervention in the mortgage market by the other party did, primarily and frankly (see Friedman 2011; Gaski 2012, pp. 6-7; Morgenson and Rosner 2011. A mini-digest: Why would banks want to lose money by making so many bad loans? And who ran Fannie and Freddie?)

More generally, this Obama-versus-America phenomenon is not merely policy-oriented, not a simple matter of policy disagreement. All political practitioners, observers and mavens, ideologues or not, naturally tend to feel that their public policy preferences are correct, so that any opposing policy prescriptions are wrong and, therefore, contrary to the national interest — "anti-American" in the present motif. One can only wish that the foregoing enumeration were that routine, rather than the fundamental and grave profile of incompatibility we excavate.

#### IV. A Partisan View?

The author can hear the reader accusations of partisanship through the pages and from some distance away in space and time. Let us reflect on the definition of the word "partisan": (adj.) "unreasonably devoted to a party or faction"; (n.) "a blind or fanatical adherent . . . of a party or cause" (Britannica 1959). That is, "partisan" means opposing a political or ideological position or group just because it is the opposition, rather than for substantive reasons. Therefore, any other legitimate motives for one's opposition or criticism render it non-partisan in orientation.

Similarly, "non-partisan" does not mean that one may only criticize the two major U.S. political parties or ideologies equally. What if the two are not equally wrong on a particular issue? There is no a priori or empirical reason to believe that the two major political parties in the U.S. are always identically right and wrong, or equally good and

bad. If that were true, it would be a probabilistic freak. In the same way, for example, a book or article about Richard Nixon's crimes is not ethically obliged to give equal space to criticism of Jimmy Carter.

Any suggestion of partisan content here is therefore disqualified as inadmissible because it presumes motives — a non-legitimate argumentation mode unless possessing considerable state-of-mind evidence. (Sometimes, of course, political groups and individuals do furnish that evidence via the totality of their conduct, including examples such as those discussed in the earlier section.) The author is the one in a position to best know the partisan or non-partisan nature of the argument in this case. Unfortunately, the reader can only judge under uncertainty based upon the full montage of surrounding text and this particular disclaimer — except for two other fortuitous and incidental evidentiary features: 1) The information in the author's note should be sufficient to provide objective confirmation of non-partisanship; 2) likewise, other author publications with conversely directed policy criticism are validating (Gaski 2012a; Gaski and Sagarin 2011).

Beyond this, the author is well aware that many readers may believe, by custom, that it is not legitimate to criticize U.S. Democrats on this or any other issue, only Republicans. We need to get over that, toward the non-partisan goal avowed, and the hope is that this demonstrably non-partisan and anti-partisan item can be an instrument for such an equitable purpose. Abundant empirical data verify that the public media and academic milieu in the U.S. and other countries are overwhelmingly left-leaning or liberal ideologically (in the modern Western sense; e.g., Baron 2006). A serious journal intersects with both worlds. It should not be considered out of line, therefore, to air a divergent, heterodox perspective, especially if non-ideological.

Further evidence of the need for this step back from partisanship (of the prevalent kind) may be

1) the hostile reaction of some readers at this very moment and 2) the fact that this author actually feels it necessary to elaborately justify criticism of a category of politician. That measure is not ordinarily required for criticism of the opposite camp.

## Conclusions

Ultimately, on a tangential but important point, I cannot prove that Barack Obama is a socialist and I cannot prove he is a communist — but it is easy to prove that he is one or the other. If you will, the deductive case: When in the U.S. Senate, Barack Obama's voting record was to the left of that of Bernie Sanders of Vermont, the only self-identified socialist in the legislative body (National Journal 2013). Therefore, Mr. Obama is either a more extreme socialist than Senator Sanders or something to the left of that. Alternatively, the inductive proof is the overwhelming Obama biography of self-selected socialist-Marxist-communist affiliations as reviewed here, which he chose volitionally and enthusiastically. Add to that his virtual seizure of U.S. "means of production," not so much through ownership but more efficiently from control via intimidation. Every business owner or CEO in the United States came to know that the Obama government would not hesitate to snuff out his or her business. Incidentally or not, Barack Obama was also endorsed by the Communist Party of the U.S.A. in 2004, 2008 and 2012. And how many other U.S. presidents knowingly appointed Communists to their administrations? (President Truman famously allowed some to continue in his employ, but there is no proof that he knew their Communist connection when first appointed; Wikipedia 2013.) Obama is even proto-Stalinist in the approach of demonizing or destroying those who disagree with him. No? Recall the leaking of sealed divorce records of two Senate opponents in 2004. Recall his 2012 campaign's picturesque theme of "kill Romney," which belied the simultaneous but hypocritical "civility" posture — quite an example from an American president. Truman's "give 'em hell" is now seen as charming

and quaint. Will future historians ever say the same about Barack Obama's brass-knuckle-type tactics? It may depend on whether the history is written in English, Arabic or Mandarin.

Has Obama himself not been subject to demonization? A major surprise to this author has been the search finding that Republican opposition has actually "pulled its punches" and moderated its criticism of Barack Obama. Conjure up the meek John McCain candidacy on this score: for example, the campaign chairman's strange rule of no criticism of Obama. Cases of national or office-holding Republican leaders resorting to the kind of personal attacks that Obama regularly launched at adversaries are extremely difficult to find, very much a modern myth or caricature, contrary to the popular non-wisdom. (In many cases, though, politicians of both major parties demagogue any criticism as "demonization" or "negative attack.")

Truly, Barack Obama was a different variety, plumbing new depths of political ruthlessness to augment rare political skill and opportunism. Those who forewarned about him may have understated the prognosis. Coming from the notorious Chicago machine as he does, which is a form of organized crime, after all (Campbell 2005; Kahn and Majors 1984), perhaps we should not be so surprised. Of course, this particular president also happens to be an admitted felon by "virtue" of his self-proclaimed cocaine use and trafficking, and felony is the highest defined category of violation of U.S. law— an intrinsically anti-social, anti-American act. (Unless every lifetime use occasion was gratis, then trafficking, at least on the purchase side, was involved. If the unsubstantiated rumor of George W. Bush's cocaine use is ever verified, he will deserve the same assessment.) To have 100 percent certainty that a U.S. president is felonious is not unique, but rare. Is it not timely, or overdue, for the question to be asked: Does our nation really have to submit to this institutionalized hostility from within, including the moral and practical equivalent of sabotage, as spotlighted here? What,

fundamentally, should we think of all this? (Again, the reader will find no sentiment in this document to the effect that socialism, Marxism or even Stalinism is bad — only anti-American inherently. The author does acknowledge subjective opposition to "mean-spirited," "destructive," "hypocritical," "ruthlessness," "felony," "hostility," "sabotage," etc.)

So are we accusing Mr. Obama of everything from the crucifixion, to the plague, to the Holocaust? No, that is what George W. Bush's political opponents did with him, and still do. The focus here is on what Obama has actually done.

The implications of having a national chief executive with the psychographic traits of Barack Obama are self-evidently monumental, but that is the condition the American people volitionally (if ignorantly?) chose. Not having advance access to an analytic exposé of this document's nature may appear to have been a contributory factor, but the Obama voters did have access to all the pre-election facts contained herein, nonetheless.

In the interim, though, President Obama received special public deference, most notably the critical forbearance and outright support, even adulation, by the normally aggressive and jaded news media. Because of that background, a salutary sense of exposing the Wizard of Oz(bama) behind the curtain may be construed here, and even a proper dose of "the emperor has no clothes" — which, as can be recalled, was a supremely rational act of civil disobedience. This entire contrarian presentation is tendered in that positive spirit. It is offered as a necessary and timely balancing instrument.

Above all, scholars and other observers should not turn a blind eye toward watershed events with national security overtones, even if a politicized news media and a large segment of professional historians choose to do exactly that. I further submit that nothing resembling this unusual review could have been compiled for any other U.S. president. Barack Obama is undeniably a unique case study, but perhaps in one more way than has generally been imagined. ♦



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# Book Reviews

## The Founders at Home

Myron Magnet

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*The common theme that united these disparate men and their approaches? It was the foundational natural right to hold and dispose of private property and government's role in protecting this right.*

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by Mark Franke

It's difficult being a classical liberal these days. Is one a conservative or libertarian in current political speak? To get all the way down into the verbal gutter that too frequently describes our political discourse today, does one qualify as a True Conservative? A Tea Partier? An Angry White Man? Or, worst of all, a Radical Religious Bigot (read: practicing Christian)? None of these labels are helpful in describing one's political philosophy or fostering serious discussion of current issues. They divide conservatives rather than help us unite around core principles and most importantly advance reasonable solutions to gridlocked issues.

One would think that this is something new to American politics, brought about by modern ideologues, almost always on the right rather than the left if one were to believe everything one reads or hears in the national media. This illustration of fake news is propagated only due to our society's pathetic lack of knowledge of our own history, especially that of our formative years through about 1820. If you think our last election cycle was nasty, read about the 1800 presidential election

and the four to six years leading up to it. Fortunately, you can. More than a handful of academic historians (McCollough, Chernow, Ellis, to name a few) have been writing about our nation's formative years and in an accessible style that the average John Q. Public can follow — that is, if Mr. Public is willing to think beyond simplistic, thirty-second sound bites as the be-all, end-all of political discourse. Granted, working through 800-plus pages of academic biography can be a chore, albeit well worth it.

Without Readers' Digest or Classics Illustrated to guide us these days, it is a refreshing discovery to read Myron Magnet's recent book, "The Founders at Home." The book is thematically structured around the ideological homes for six of our founding fathers and one family of founders while giving more than passing attention to their physical homes as representation of them as men and citizens. These American patriarchs — William Livingston, the Lee family of Virginia, George Washington, John Jay, Alexander Hamilton, Thomas Jefferson and James Madison — are grouped based on how they eventually sorted out as Federalists or Republicans. His taxonomy is conventional but with a twist:

*The Firebrands* — Livingston and the Lees, but he titles the Lee chapter "Conservative Revolutionaries";

*The Federalists* — Washington, Jay, Hamilton;  
*The Republicans* — Jefferson, Madison.

Washington is allocated three chapters and Madison two, while the others receive only single-chapter treatment. The treatment of Madison is instructive of the changing nature of the revolution. Magnet distinguishes Madison's theory from his practice and I appreciate the distinction. Madison's deep thinking on the failure of the Articles of Confederation and the essentiality of an adequately powerful central government was the touchstone of the resulting Constitution. It was Madison who persuaded Washington to lend his reputation and gravitas to the Constitutional Convention, and his Olympian albeit silent presence in the chair steered the

delegates to complete a document that could unite the new nation. Much has been written about Madison's eventual break with Hamilton and his apparent role as Jefferson's catspaw in the partisan mud-wrestling of the late 1790s that makes today's political vitriol look tame. (I admit to personal bias on this affair; for a more balanced view of Madison's role, see Lynne Chaney's recent biography.) But one thing is clear: Madison's genius was the key ingredient in the political soup of the 1780s as the Revolution seemed destined to fail.

John Jay is the forgotten man of the new nation, and Magnet corrects that oversight. He reminds us that Jay was the third partner in the production of the public essays we know as the Federalist Papers. Magnet also works to restore Jay's reputation as a diplomat who negotiated the best deal possible with Great Britain and, in fact, achieved more in the 1783 treaty than Britain and our putative ally France had privately agreed to grant.

So what was the common theme that united these disparate men and their approaches? It was the foundational natural right to hold and dispose of private property and government's role in protecting this right. Jefferson's most memorable phrase from the Declaration of Independence is "life, liberty and the pursuit of happiness." There is an interesting back story on how this became the final wording, but it is important to give credit to Jefferson's antecedents. The importance of John Locke's writing cannot be overstated.

**“While the American revolution proved to be permanent, the French experiment did not. Perhaps the primary reason for this is its rejection of property rights. The slogan “Liberty, Equality, Fraternity” points to a different objective and logically resulted in an endgame of radicalism, violence, intolerance, bloodshed and ultimately tyranny.”**

Jefferson's substitution of happiness for property, by way of George Mason's Virginia Declaration of Rights, does not take property rights out of the equation but redefines them.

After all, Magnet argues, the American revolution became permanent precisely because it was a conservative one based not an appeal to overthrow a government or dispossess a plutocracy, but rather as an appeal to reinstate basic British rights based in natural law. Our forefathers simply wanted their constitutional rights restored to what they believed to be their heritage as Englishmen. Locke's social contract theory served these conservative revolutionaries well by

limiting their revolt to a simple “give us back what you illegally took from us.”

While the American revolution proved to be permanent, the French experiment did not. Perhaps the primary reason for this is its rejection of property rights. The slogan “Liberty, Equality, Fraternity” points to a different objective and logically resulted in an endgame of radicalism, violence, intolerance, bloodshed and ultimately tyranny. Likewise, the Russian revolution replaced one tyranny with an even more tyrannical and brutal government.

Magnet also argues that the founders benefited from a general acceptance of Protestantism and its birth in an earlier movement for religious freedom. Even though contemporary school children wouldn't know this, many if not most of the early colonists came to practice a non-

established religion. I'm not convinced. Religious freedom was a key issue for the colonists, but most of the men Magnet chooses to portray were non-religious deists at best or antagonistic to religion such as Jefferson and Madison.

So how did they create a nation? It was a difficult balancing act between ensuring liberty while recognizing the need for government to tax to protect that liberty. What is a tax, after all, but a legal confiscation of private property? Even the most strident libertarian will concede government's role in providing domestic security. Let's look to an example that Magnet features.

The controversy resolved in Hamilton's grand financial plan was the assumption of state debts and the redemption of indentures at face value. States that had paid off their war debts, such as Virginia, opposed being taxed to redeem defaulting states. Adding to this a visceral mistrust of "stock jobbers" and bankers, the Jeffersonian party did not want to reward those who purchased war notes from demobilized soldiers at fractional values. At the same time the planter class demanded that their pre-war debts to British merchants be defeased. This, in my opinion, was the fundamental hypocrisy of the Jeffersonians. Fortunately, Hamilton, Jefferson and Madison took a dinner together and worked out what may have been the last great compromise of our Founding Fathers. In exchange for Hamilton's agreement to rally Northern support for a Southern national capital site, Madison agreed to drop his opposition to the debt assumption bill. (Disclaimer: My final paper as an undergraduate economics major was on Hamilton's plan to make the new republic financially solvent. Some personal bias here is psychologically unavoidable.)

Several key principles were affirmed as the law of land:

- Public debt would be repaid at face value and not with artificially devalued currency but with a sinking fund of tax and tariff revenues.
- Owners of property (debt instruments) have the right to sell them, and the buyers have the

right to expect repayment by the original issuer. While property rights are unalienable, property itself must be alienable.

- Most importantly, contracts are inviolable. This was reaffirmed by the U. S. Supreme Court in the Dartmouth case of 1819.

There was more to it, of course, but these points illustrate what Magnet sets as his theme: the conservative nature of our founders in revolt.

One final advantage to this book is that it is written by journalist rather than a purely academic historian. I bring this up not to bash on college history departments but to recognize that the two professions write for different purposes, usually for different audiences, and in different styles.

This book is recommended if only to learn more about William Livingston and John Jay, two founders generally assigned to the back row of our national pantheon.

Its abiding value lies in its panoramic scope of the revolutionary period and our nation's first years, and all this in an enjoyable read.

## The New Urban Crisis

Richard Florida  
Basic Books ( 2017)

The reviewer, a financial consultant, represents the 4th District on the Fort Wayne City Council. He is a member of its Redevelopment Commission and the Community Legacy Investment Committee.



by Jason Arp

Being a city councilman in a medium-sized city, you are going to come across the writings of Dr. Richard Florida in one way or another. Real estate developers, Chambers of Commerce heads and politicians of all stripes have learned that Florida's concept of "quality of place" translates into big bucks at the taxpayers' expense. The best-selling author, however, has recently done an about-face that might signal a change in the appetite of city governments for urban renewal



projects. Florida is a professor of a particular niche of economics labeled “urban studies,” which is sort of an economic geography and public-policy amalgamation. In his 2002 work, “The Rise of the Creative Class,” he posited that in order for a city to be prosperous, particularly its urban core, it needed to attract the type of people who will make it so.

Florida divides the world into three basic classes: service-industry workers (retail, restaurants, call centers); blue-collar workers (manufacturing, mechanical, construction); and creatives (“knowledge workers,” “techies” and “artists”).

Presumably, the category “knowledge workers” includes bankers, attorneys, architects and doctors as well as painters and videographers. The essence of “The Rise of the Creative Class” was that the right kind of urban growth would only happen in places that attract and retain members of the creative class. In order to attract and retain these talented people, cities must look and act more like San Francisco or New York. And for the last 15 years cities across the United States have been trying to do just that — recreate themselves to meet the criteria that Florida laid out as having a vibrant “quality of place.” Florida defines that as having the right kind of restaurants, a music scene and lots of stuff to do. This he associates with population density and a certain *je ne sais quoi* that attracts younger, hipper people. As a result, cities and states spent billions trying to use the Florida Model to reverse a five-decade flow of people to the suburbs.

The clamor to capture Dr. Florida’s creative class has been the impetus for ever-escalating budgets of redevelopment commissions and community-development departments in city governments nationwide. Tax increment financing (TIF) of downtown apartment complexes became

the norm. Florida inspired the creation of regional development authorities and other special-purpose entities. In short, the Florida Model has been a boon to the so-called economic development industry by adding straight-up, public works-type financing to private construction projects, an area previously limited to tax abatement and incentives to individual companies.

What changed?

Dr. Florida’s most recent book, “The New Urban Crisis,” can be described as a mea culpa. As data came in from the past decade and a half of re-urbanization, Florida began to see that the people who benefited from his plan were the wealthy, while the poor and middle class suffered. The unintended result, he now writes, was “something that conferred a disproportionate share of its benefits on a small group of places and people.”

But the more startling revelation is the admission that only his previously identified “super-star cities” and “knowledge hubs” actually saw any benefit from his recommendations. Indeed, only a

couple of dozen cities showed any benefit whatsoever from catering to his formula, and the great number of those were the cities on which “The Rise of the Creative Class” was modeled. The Florida Model, in other words, only fits the Florida Model.

Dr. Florida, the authority in city planning departments across America, now is saying that Pittsburgh, where he labored as a professor at Carnegie Mellon for 20 years, cannot after all compete with Boston for talent. And that is so despite building a state-of-the-art convention center and two gleaming stadiums. In fact, as a result of what he describes as “winner-take-all urbanism,” places like Pittsburgh — or Indianapolis, or Evansville, or Fort Wayne, for

**American  
“Super-Star Cities”**  
New York  
Los Angeles  
Chicago

**American  
“Knowledge Hubs”**  
Boston  
Washington DC  
San Francisco  
Seattle  
Austin

that matter — need not apply. Florida’s criteria for being a superstar city that draws the creative class was always nebulous. Note that Houston, America’s fourth largest city and fastest growing large city, is not listed as a superstar city or a knowledge hub.

In fact, it goes rather unmentioned until the chapter on rethinking zoning, where, paradoxically, he states that Houston has been on the vanguard of zoning by simply not doing it. Houston, by the way, ranks high among the large cities when it comes to many of Florida’s pet peeves, such as income disparity and segregation.

This new position likely ends Dr. Florida’s own superstar status in American economic-development circles. His offering the white flag on turning Topeka into San Francisco, while long overdue, is a surrender that will not please his crony capitalist fan club. There is simply too much money left on the table.

Chasing the golden chalice of the creative types has provided a lucrative industry for savvy developers. In my city, downtown apartment buildings complete with posh bars and restaurants are being constructed with public money (to be owned privately, of course) all in the name of attracting the right kind people.

These deals (yes, there are more than one) are done on the most outrageously uneconomic terms, averaging \$275,000 a unit in a city where the average single-family home is priced at \$100,000. If you discount the projected future cash flows

(rents less expenses) of these operations at a reasonable rate, say six percent, their value would be typically a third of their financed costs.

That means the government is paying three times what it should for something that it then gives away to “equity” investors.

“The curse of the creative class,” to borrow the phrase of Steven Malanga, a Manhattan Institute scholar, is that cities now have an elusive goal that can never be measured or even precisely defined, a goal they nonetheless spend hundreds of billions to pursue.

As a result, the “quality of place” rationale justifies practically any project anywhere — riverfront promenades, extensive bike trails, apartments, entertainment districts — as long as it requires massive amounts of public financing.

Dr. Florida’s “new urban crisis” is a crisis for sure, but one of his own making. ♦

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# Backgrounders

Cmdr. John Pickerill is former chairman of the Montgomery County Republican Party. He wrote these articles for the foundation.



## Yes, Capitalism Is a Good Idea

(May 1) — All the prosperity we enjoy today we owe to capitalism. For decades progressivists have attempted to challenge this notion. One of the most notable was Phil Donahue in his 1979 interview with Milton Friedman, the 1976 Nobel Prize winner in Economics.

Donahue posed this question to Friedman: “When you see around the globe the mal-distribution of wealth, the desperate plight of millions of people in underdeveloped countries, when you see so few ‘haves’ and so many ‘have-nots,’ when you see the greed and the concentration of power, did you ever have a moment of doubt about capitalism, and whether greed is a good idea to run on?”

Friedman brilliantly turned the table on Donahue: “Well, first of all tell me, is there some society you know that doesn’t run on greed? Do you think Russia doesn’t run on greed? Do you think China doesn’t run on greed? What is greed?” And then cracking a smile he jested, “Of course none of us are greedy. It’s only the other fellow who’s greedy.”

Friedman then turned serious again and bore down on his main point:

“The world runs on individuals pursuing their separate interests. The great achievements of civilization have not come from government bureaus. Einstein didn’t construct his theory under orders from a bureaucrat. Henry Ford didn’t revolutionize the automobile industry that way. In the only cases in which the masses have escaped the kind of grinding poverty you are talking about, the only cases in recorded history, are where they have had capitalism and largely free trade. If you want to know where the masses are worst off, it is exactly the kind of societies

that depart from that. The record of history is absolutely crystal-clear: That there is no alternative way, so far discovered, in improving the lot for ordinary people that can hold a candle to the productive activities that are unleashed by a free enterprise system.”

Donahue responded with a now-all-too-familiar progressivist response, “It seems to reward, not virtue as much as the ability to manipulate the system.”

But Friedman again shines a bright light on the truth of things. “And what does reward virtue?” he asked. “Do you think the Communist Commissar rewards virtue? Do you think a Hitler rewards virtue? You think, excuse me if you’ll pardon me, do you think the American president rewards virtue? Do they choose their appointees on the basis of the virtue of the people appointed, or on the basis of their political clout? Is it really true that political self-interest is nobler somehow than economic self-interest? You know, I think you’re taking a lot of things for granted. Now please tell me, just where in the world will you find these angels who are going to organize society for us?”

Friedman’s smile then turned as he looked Phil Donahue in the eye and said, “Well, I don’t even trust you to do that.”

The same could be said of our local politicians. Does our mayor reward virtue? Does he choose his huge number of appointees on the basis of their virtue? Or does he choose them based on his political self-interest? When we hear the mayor, in league with county commissioners, preach about organizing our society for us through government-dictated economic development, are we to believe these politicians are somehow more virtuous than business owners or individuals making their own decisions about their businesses and their own lives?

As Friedman reminds us, economic achievements don’t come from government bureaus. The record of history is clear: The greatest economic achievements for our society come when individuals are free to pursue their separate interests.

## A Better Way to Set Election Districts

*(April 4)* — After the next census in 2020 the Indiana General Assembly will once again take on the task of redrawing the state’s election districts. Because Republicans hold a super-majority in both the House and Senate in Indianapolis, there is concern they’ll game the system and draw the lines to defend their super-majority at the expense of everyone else.

Some have even called for creating a non-partisan “redistricting commission” to draw the lines instead of letting the General Assembly do it. That’s a nice thought, but good luck on finding enough non-partisan people in this day and age to appoint to such a commission.

But there might be a way out of this dilemma. A wise man said, “If you want a new idea, read an old book.” What if we followed the model of the U.S. Constitution in how its House and Senate are set up? The U.S. House districts are redrawn every 10 years by population, yes. But the U.S. Senate always stays the same (each state gets two senators no matter how big or small the state).

In Indiana we have 100 state representatives and 50 senators. There are 92 counties in Indiana. Why not change the Indiana House to 92 state representatives and assign one to each county? You would never have to redraw House districts again. Oh, sure, you’d still have to redraw the Senate districts, but it would be a big improvement over the system we have today.

It would have the added bonus of rebalancing power in the statehouse. More and more each year, big-city interests dominate over rural interests. But this fixes that. With a House composed of one representative from each county, a small rural county has an equal vote as Marion County, Allen County (Ft Wayne), Vanderburgh County (Evansville), or Lake County (Gary/Hammond). So any proposed legislation would have to pass both the Senate (based on population) and the House (where each county gets one representative no matter how big or small the county). City interests and rural interests would finally be balanced.

But back to the problem at hand, this idea would prevent one political party from completely dominating how election districts are redrawn. And all without the added complexity of introducing a “non-partisan” redistricting commission.

## Indiana Healthcare: A Broken Promise

*(March 27)* — Well, our Indiana Republicans broke another promise. This time it’s their support for repeal and replacement of Obamacare with a free-market solution. The Indiana Republican platform promises, “We believe healthcare decisions should be made by patients, in consultation with their personal physician — not government bureaucrats. We support our Congressional delegation’s continued efforts to repeal and replace the Affordable Care Act.”

Despite that, if you can believe Howey Politics, the top Republicans in the General Assembly recently suggested they don’t want Obamacare repealed:

“Republican Senate President Pro Tem David Long and House Speaker Brian Bosma both warned that the repeal of Obamacare could boot up to 420,000 Hoosiers off the Healthy Indiana Plan (HIP 2.0). ‘If they go back ... that’s going to have to cause us to recalibrate HIP 2.0. There’s no question about it,’ Long said on Wednesday of President Trump and congressional Republicans plans to repeal Obamacare. ‘The number of people on the program that could be affected? We really don’t know what we’re facing right now.’ Bosma told the Fort Wayne Journal Gazette, ‘We’ll have to re-evaluate the HIP 2.0 program and the number of clients it serves, the state’s support for it. I’m not saying it would go away, but certainly a major portion of the funding for that is no longer available. So we’ll have to take a hard look at the program.’”

Bosma and Long may have forgotten that it is the free market that will deliver the highest quality healthcare for the most affordable price to the largest number of people, that individuals have the right to make their own healthcare decisions, including for how much or how little



health insurance they are willing to pay, that the government has no legitimate authority to force an individual to buy health insurance, that it strangles economic recovery to force a business to provide health insurance at the expense of laying off employees to pay for it. Have they may have forgotten how many middle-class Hoosiers haven't seen a raise in their paychecks in almost a decade — at a time when their health-insurance premiums have doubled or worse.

They ignore the two million working Hoosiers whom their policy position hurts. They support robbing Peter to pay Paul because they know they can count on Paul's political support. It is time to right this wrong. There are free-market solutions on the table that the Statehouse leadership could apply right now.

Sen. Rand Paul, a physician, has a plan that could be applied at the state level to lower the original cost of healthcare. It eliminates the individual mandate, eliminates mandated one-size-fits-all insurance coverage, allows buying health insurance across state lines, is based on a Health Savings Account (HSA) system, gives \$5,000 tax credits to fund those HSAs for the needy and allows young people to stay on their parent's insurance plans. Indiana could follow this philosophy with its state HIP, basing it more on a free market via HSA and less on expanding Medicaid subsidies.

Raising gas taxes, enacting spending increases, expanding government programs, killing gun-rights bills, killing pro-life bills and now supporting Obamacare — could a Democrat takeover of the Indiana Republican Party's policy agenda be more complete?

### **Mayoral Power Corrupted**

*(March 13)* — Power corrupts. And absolute power corrupts absolutely. That is why the America tradition has always been separation of powers between the executive, legislative and judicial. By separating powers we citizens are better protected against government corruption or tyrannical behavior. One branch of government

can hold the other in check. But somewhere along the line Indiana got away from this tradition when it comes to city government, specifically the chief executive of our third-class cities. Indiana has handed mayors there practically unchecked power. And the one organization you think would hold the mayor in check, the city legislature, has been neutered by state law.

State law dictates that the mayor of a third-class city shall be the presiding officer of the city council (Indiana Code 36-4-6-8). This is astounding. Consider would you would think if Donald Trump served as both the president of the United States and the Speaker of the House in Congress.

As presiding officer, the mayor in these cities gets to set the legislative agenda for the city council. He runs their meetings. My city has compounded this error by giving the mayor power to pick and choose which of the city council members get assigned to which committees (City Ordinance 31.04). In other words, the mayor can reward city council members who agree with him by assigning them to the most influential committees, i.e., the fiscal affairs committee, and punish those who don't by assigning them to the less desirable committees. The biggest check-and-balance the city council has over the mayor is power of the purse. But today the mayor can circumvent it by packing the fiscal affairs committee with his buddies.

State law (IC 36-4-9) also hands third-class mayors the power to appoint a huge number of people to the city's boards and commissions. In my city the mayor appoints all members of the board of works (approves all city contracts), park and recreation board, economic development commission, housing authority, downtown revitalization advisory commission and Sugar Creek Natural Park advisory commission.

And the mayor appoints a controlling majority on the planning commission, board of zoning appeals, utility service board and redevelopment commission. He appoints every department head. He also has the power to suspend or remove any

city officer, deputy or employee (IC 36-4-11-2). All this power is in one man's hands. It gives a mayor incredible influence over every city appointee, officer, department head, deputy, employee and contractor. (It's worth noting that the president of our county commission is also a city employee.)

So how do we fix it? Again, in the American tradition the city council would be independent of the mayor. The president of the City Council should preside over the city council. The city council should assign its members to its committees. The committee members should elect their own chairmen. In the American tradition, the city council would have equal power as the mayor, and would have checks and balances over the mayor. The mayor would nominate his department heads but their actual appointment should be approved by the city council. The city council, since its members represent the different wards of the city, should appoint the majority on boards and commissions, not the mayor. But the mayor should retain his present veto power over city council legislation to keep his check over the city council.

Some will complain that this would make government in the smaller cities inefficient and bogged down. Yes, that's true, but typically the most efficient government is the one most dangerous to the liberties of its citizens.

### **Eco-Devo, Public or Private but not Both**

*(Jan. 20)* — There was news last week about my county's economic "development" corporation that may have statewide implication. The mayor and his board of works withdrew all city funding for the corporation. He proposed instead to give elected officials direct control over economic development.

Since the county government was already planning to withdraw its funding within the next year, that will soon leave the corporation as a 100-percent privately funded organization. So now the question is, will this be good or bad for our local economy? It's good in that local taxpayers won't be forced to fund the group, it now having to

prove its worth to earn future financing. It's bad in that it creates a new government economic-development authority under complete control of politicians. Economic-development policy will likely be used even more for political gain rather than real economic prosperity.

In a free society, individual consumers decide the direction of the economy. Businesses are most successful when they best serve their customers. Good business owners live by the motto, "the customer is always right." The only time government steps in is when someone refuses to honor their contract, commits fraud or does something harmful. Otherwise, government stays out of the way so that individuals can work together through their own social cooperation to make the best economic decisions.

But in a society where government oversteps these bounds, politicians and bureaucrats arrogantly think they can make better decisions for individuals than individuals can for themselves. That is when government force is used against taxpayers to fund their schemes. Tax abatements and taxpayer-funded infrastructure improvements are given to one company but not another. Politicians decide who wins and who loses. It's a big, ugly step toward socialism.

Actually, I take that back. It opens up the whole process to corporations funding politicians re-election campaigns, who in turn hand out government favors to those same corporations. It's a big, ugly step toward crony corporatism.

This is why this move is a positive step for an economic-development corporation. Now that it gets no government handout, its survival depends on admitting "the customer is always right," and by doing so they will become a much more effective organization for our community. Our corporation will likely seek funding from local factories to remain solvent.

That's good because when local factories scream that they need a pool of good workers from which to hire, the economic-development corporation will have to deliver on its promise of workforce "development" if it hopes to keep them

as investors. The corporation will also likely need funding from our community's numerous small businesses. So when the corporation considers inviting an outside business to come to our county, it will tend to concentrate on those companies that best complement existing businesses.

On the other hand, the proposed Economic Development Authority, being government funded and controlled, will tend to make decisions based on getting politicians re-elected. Stanford economist Thomas Sowell put it best: "No one will really understand politics until they understand that politicians are not trying to solve our problems. They are trying to solve their own problems — of which getting elected and re-elected are No. 1 and No. 2. Whatever is No. 3 is far behind."

An economic development corporation, as a privately-funded organization, is a step in the right direction. Creating a government Economic Development Authority is a step in the wrong direction.

#### **A Gas Tax Hike: Who Does the GOP Represent?**

*(Jan. 5)* — As the Indiana General Assembly begins its 2017 session this week, one would assume the Republican-dominated state government would be pushing legislation for a more limited and fiscally responsible government — and one that protects individual liberty, freedom of religion, the right to keep and bear arms, and the sanctity of life. After all, that's what their 2016 state convention said they stood for.

That would be a bad assumption; the GOP leadership actually intends to increase taxes.

The heart of their legislative agenda is a gasoline tax hike on Hoosiers from 18 cents per gallon to 26 cents per gallon. Why? So they can spend an additional \$900 million to \$1.2 billion a year to maintain state and local roads and fund new highway projects. They're also talking about new tolls on state and federal highways and imposing new fees at the Bureau of Motor Vehicles.

So much for the Republican Party's promise, "We believe that budgets should be balanced and should reduce spending, rather than increasing taxation." To add insult to injury, House Speaker Brian Bosma's agenda is to triple the spending on the new government-funded pre-school pilot program at the same time he says we don't have enough money to maintain our existing roads and bridges. His counterpart, Senate President Pro Tem David Long, wants to double this pre-K spending. If these Indiana Republican leaders were really the fiscal conservatives they claimed to be on the campaign trail, they would fix the road problem by reducing spending elsewhere to pay for their road funding plan instead of raising taxes.

If Republicans merely held true to the principles they say they stand for, this \$900 million in cuts would be easy. The talking points:

First, all of the sales tax on gasoline should go to road maintenance — not just one-seventh of it but all of it. That's \$400 million that should be dedicated to road funding but instead gets squandered elsewhere in the general fund.

Second, if they really believed in economic freedom, Bosma and Long would eliminate the \$95 million the state spends on so-called "economic development," which turns into politicians handing out government favors to those who contribute to certain political campaign committees.

Third, they can reduce regulations, and an easy place to start is eliminating the \$50 million on the Gaming Commission and Horse Racing Commission, which makes it more difficult every year for not only casinos and race tracks but for philanthropic clubs like the American Legion, VFW, Eagles, Moose Lodge, etc., to operate.

Fourth, show the kind of fiscal discipline in the state-funded university system as what the private sector has to deal with in tough times. Get rid of top-heavy bureaucracies, and start by eliminating the \$368-million Commission for Higher Learning and transfer its functions to the universities themselves.

Next put new construction at universities on hold (\$46 million) while we focus on roads. During this same period, have state universities run leaner by reducing their budgets by 15 percent, freeing up \$285 million for roads.

Lastly, since government-funded student loans are feeding the college student debt bubble it would be prudent to reduce this as well. A 25 percent reduction in these subsidies would free up \$90 million. All totaled, these cuts would give Bosma and Long at least \$800 million for roads without a single tax increase.

Budgets should be balanced by reducing spending, not by raising taxes. The 2017 legislative session will reveal whether Bosma and Long are the fiscal conservatives they claim to be, or are mere lackeys of the Indiana Chamber of Commerce and their other special-interest campaign contributors.

**Jon Bingham, a senior lecturer in economics at Indiana University Southeast, wrote this for the Indiana Policy Review Foundation.**



### The Trump Effect on 'Truth'

*(May 18)* — So, now objective truth exists, and it matters?

There is a transformation underway in reaction to Trump's ascendancy. Long-time purveyors of relativism now proclaim the virtue of truth. Who could have seen this coming?

No less than the New York Times has launched an unprecedented ad campaign to declare the importance of truth, including claims that they are "committed" to it. Many other media outlets are following suit, with new-found zeal for combating anything they label as fake news, an old term experiencing a meteoric rise in usage.

This profound reaction is not limited to mainstream media outlets. Oxford Dictionaries declared "post-truth" as the 2016 Word of the Year. Great institutions of higher education are now also engaging in their own declarations concerning "truth." The President's Address at the 2017 graduation ceremonies of Indiana University

is but one example. Calls for a resurgence of interest in objective truth are surely to be commended. But will such calls create a movement within these institutions — and society as a whole — that will fully embrace what is actually true? For example, within government, media and higher education will:

1. the "irreducible complexity" of life be acknowledged as the true signature of a Creator?
2. the fetus be recognized and respected for what it truly is — a living child?
3. journalists and journalism classes research and teach the veracity of "The Case for Christ"?

These are basic truths waiting to be upheld and defended. What will the New York Times do with them? Color me skeptical that what is actually objective truth will become valued and sought after. Most likely, society's institutions will not become stalwarts of the truth, simply seeking to re-establish the dominance of their truth.

**Tom Charles Huston, A.B., J.D., an adjunct scholar of the Indiana Policy Review Foundation and a former associate counsel to the president of the United States, served as an officer in the United States Army assigned to the Defense Intelligence Agency.**



### Why Automatic Tax Increases?

*(April 26)* — I supported the legislature enacting a multi-year program for constructing and maintaining our roadways and bridges, public infrastructure which is necessary to economic growth and public convenience.

So far, no big deal, but unlike my friends at Indiana Policy Review, I also supported raising the revenue to pay for these improvements through rational and measured tax increases. I can nitpick the mix and relative balance of the various "revenue raisers" the governor and the legislature decided on, but overall I think they made a good faith effort to get the most benefit for the dollar. That said, there is one aspect of the measure to which I do wish to take exception:



Tying the gasoline tax rate to inflation thus freeing the legislature from any future necessity to again address whether the tax is fixed at the appropriate rate relative to other revenue priorities.

There are two obvious problems with tying tax rates to inflation: 1) The increase falls hardest on those least able to afford it, those on fixed incomes and those whose income has not kept pace with inflation; and 2) it unreasonably relieves the legislature from facing the ongoing question whether this tax and its revenues bear the proper relationship to other public priorities.

Now, I recognize that the legislature can always intervene to offset the negative impact of inflation adjusted rates, but how likely are they to do so and, more importantly, isn't it more responsible to intervene periodically to raise them if necessary in broad daylight and with accountability to constituents?

The highway bill sets a bad precedent for automatic tax hikes, and Hoosiers ought to object to such acts of legislative abdication.

### **Dan Coats Won't Be Draining any Swamps**

*(Jan. 6)* — I am disappointed in Donald Trump's choice of former Sen. Dan Coats to serve as Director of National Intelligence. Senator Coats certainly has the competency to preside over the massive intelligence bureaucracy if the objective of his tenure is simply to maintain an even-keeled equanimity among the tribes which constitute the intelligence community (IC).

On the other hand, he offers no hope to skeptics of the IC who believe it is bloated, incompetent and institutionally biased against the Trump agenda. During his years in the Senate, Coats was one of the most robust cheerleaders for the IC. His record is one of embracing the spook agenda with little concern for civil liberties or effective spycraft.

Dan Coats is a reasonable man, even-tempered and well regarded, which would be terrific selling points if he were being nominated for a judgeship on the Court of Claims. Unfortunately, he is also a

man who shares none of Trump's sentiments, instincts or passions. The very personal attributes that sustain his reputation as a calming influence render him less likely to stir the bureaucratic waters or carry the fight from the White House to Langley, Fort Mead and the other territorial fiefdoms of the intelligence establishment.

There is also reason to question his management skills: He has no experience managing large organizations, and it was reported in 2001 that President George W. Bush declined to offer Coats the defense portfolio in his cabinet because of his doubt that Coats possessed the necessary management skill set.

The best operational choice as well as the most politically sensitive one would have been Carly Fiorina, who served for many years on the President's Intelligence Advisory Board and understands not only the intelligence business but also the management (and restructuring) of bureaucracies.

The political benefits of selecting a woman and a former competitor for the nomination seem obvious. The only conclusion I can draw is that Trump was not personally comfortable with her (or perhaps she with him), and so he elected to take the road most traveled in Washington — the easy one.

Sadly, what we have here is a big miss with respect to that part of the swamp most in need of draining.

**Fred McCarthy, an adjunct scholar of the Indiana Policy Review Foundation, represented various taxpayer and business organizations before the Indiana General Assembly for 40 years, being awarded a Sagamore of the Wabash by two governors along the way. He is editor of the blog *IndyTaxDollars*.**



### **Pacer 'Success' Needs Qualification**

*(April 16)* — One hundred sixty million dollars — that's how much the Capital Improvement Board (CIB) three years ago agreed to hand the Pacers basketball team over a period of 10 years, supposedly for operation and maintenance of the

field house. There are still seven years to go on that bounty. Just last year, the CIB approved the use of \$2.8 million of that annual gift for converting parts of the field house to plush surroundings for upper echelon fans.

And this morning's paper tells us the team owner wants a "major redo" of the field house for "what he needs for a long-term commitment to Indianapolis."

He's asking for a new lease to be approved. The reader should keep in mind that the current lease is for \$1 per year, with the Pacers retaining all basketball and non-basketball revenues. Astonishingly — well, not really — the CIB president takes no offense at this re-introduction of extortion into demands for public money by a private, for-profit business, to wit, if you want me to commit to stay in Indianapolis, hand over the dough.

No dollar amounts are mentioned but we have a warning about what is ahead: It will be more of the same outrageous disregard for the beaten-down taxpayer who will never be able to afford to see the inside of the field house.

The situation is best summed up by a quote from the CIB president herself, the last paragraph of the article: "I suspect that in the near term we will probably want to hear more about what his (the team owner's) vision is and how to ensure their continued long-term success."

Success? Subsidy of the team began in 1974 with the construction of Market Square Arena. That is 43 years of inability to make a profit and the need to sponge off the taxpayer.

### **Stretching the Meaning of 'Economic Development'**

(*March 20*) — The headline on a recent article out of Indianapolis says, "Council Panel OKs \$148K to Fund 'Economic Recovery Coordinator.'" The text tells us that the city council's Metropolitan and Economic Development Corp. there approved \$147,916 (for "salary and some basic administrative costs") to fund the first year of the three-year contract

position. This is to be an individual to help workers laid off to "move on to new employment." It specifically refers to "workers affected by impending layoffs at Carrier Corp. and Rexnord Corp." The position is referred to as a "contracted hire through Develop Indy." The individual will not be a city employee, the article says. Rather, the position will "work 'collaboratively with the Indy Chamber, companies, workforce development partners and the city.'"

In sum, the wording would indicate that the individual will operate as an entity being paid by Develop Indy with tax dollars from the city, in expectation of cooperation from all concerned. Several questions come to mind. Who came up with the idea in the first place? Did the Chamber of Commerce ask for additional help? Did the Chamber suggest a contractual arrangement rather than an employee? If so, why? How was the amount of money estimated down to the last \$16?

We are told by a spokesman for the Indianapolis mayor that Develop Indy has the discretion to set the salary level of this position. Does that also apply to operating costs spent by the individual? It would be interesting to know how many other Chamber employees and programs are being paid by taxpayers.

This proposal would seem to indicate, unfortunately, just how far the term "economic development" can be stretched. Develop Indy is described as "the local economic development organization for the county." (Our emphasis.) As a "part of the Chamber," is it a private parallel to the Metropolitan Development Commission (MDC)? If so, why is the new tax-funded position not simply a city employee?

Then we read that this individual "will also work on revitalizing former industrial cites, facilities and corridors in order to attract and grow a more robust manufacturing sector." We were under the impression that this sort of thing has been a basic, decades-long, priority program under the MDC for multiple mayors.

Finally, we are offered a little reassurance on future funding, being told that eventually 80

percent of the dollars will come, apparently, from that great Free Money Giver in the East.

A Chamber of Commerce used to be — and may still be in some places — a voluntary organization of businessmen working for the good of their community. It was never intended to be, and should not be, an arm of government financed with tax dollars.

### **The Eternal Red Line — Funded or Not**

*(Feb. 15)* — The people in this city who decided on the Palladium-to-Stadium bus route (otherwise known as the Red Line) are determined to go ahead with that plan, even though it obviously means further delay in the needed expansion of city-wide bus service to those who would use it and truly need it.

While print media publishes articles and letters about how dire the city's needs are for general public transportation — many with which we would agree — there is no logical justification for beginning to move that direction by spending the first hundreds of millions of dollars on a single bus route straight through the center of the city.

A recent article gives us the fantasy of “frequency of service” on the Red Line, with or without federal generosity (our own money). That might be great for patrons headed to Lucas Oil Stadium or Bankers Life Fieldhouse but how many students will it get to school or employees to their jobs?

A chart accompanying the article includes two lines of note:

Red Line Phase 1 completed — 2018

More buses, more frequent service — 2019

Those are projections for completion with federal aid. Without federal money, you can add a year to each date. And the reference to numbers of buses and frequency of service come after Red Line completion and with no specific reference as to where these other alleged improvements will take place.

We're now hearing insistence that the same disastrous plan will continue even if the major

part of the necessary funding is, at best, problematic. In other words, we're going to get a tax increase, whether or not. But we think the members of the City-County Council should keep a couple of things in mind:

First, the most recent articles include reference to “infrastructure improvements.” We would venture to say that a good many taxpayers who support expenditures on infrastructure improvements do not have in mind traffic-strangling, mid-street mini bus stations.

Second, the tax referendum was adopted after a veritable blizzard of media support by a margin of six to four, now being labeled as “overwhelming.” Under the circumstances, we would consider the result more of a close call than a mandate.

Indianapolis has real financial problems, among which is finding a way to assist public transportation so as to benefit a significant number of citizens. Moving ahead with a questionable plan with questionable funding that would mandate additional municipal debt is not a solution. The best action the Council could take would be no action at all.

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### **Immigrant Spending Questions**

*(March 23)* — When immigrants, legal or illegal, earn money by working in the United States, what happens to the dollars? One possibility is that they spend them on goods and services sold in the United States, not necessarily on the things that they are producing, but on the wide variety of items necessary to living. Another possibility is that they send the dollars back to their families and friends in their home countries. Finally, the immigrants might stash some of the dollars in their mattresses or some other “safe”

place. Does it make a difference to resident Americans' living standards what immigrants do? In my many years of confronting economics students with this question, there has been virtual unanimity that resident Americans are best served if immigrants spend their dollars in the United States. Reasons vary, but the predominant one is that when immigrants spend their dollars in the United States, it keeps the money at home and maintains overall demand for goods and services in the United States. Methinks that the response among Americans at large (including my students' parents) would not be much different. It turns out, however, that immigrants spending their dollar earnings on goods and services available in the United States is the option least favorable to resident Americans. The things immigrants purchase will become things unavailable to resident Americans. In fact, in the best of all worlds for resident Americans, dollar-earning immigrants would stash all their dollar earnings in the proverbial mattress. That way, resident Americans would have the goods and services that would be available in the immigrants' absence plus those things produced by the immigrants.

Is the latter likely? Dream on. In such a scenario immigrants end up ill-clothed, ill-housed, ill-fed and dead. Those U.S. things immigrants buy should be viewed as the cost Americans incur to obtain to the things immigrants produce. Resident Americans "import" what the immigrants produce and "export" what the immigrants buy while in the United States.

What if immigrants send some of their dollar earnings to families and friends in their home countries? The answer is that it all depends on what the family members and friends do with the dollars. If they use the dollars to buy things from the United States, the result, as far as resident Americans is concerned, is the same as if the immigrants had spent the dollars themselves on things in the United States.

However, should families and friends hoard the dollars in their own mattresses, or should the

dollars end up circulating in the home countries, resident Americans gain in the same way that they gain were immigrants to stash some of their dollar earnings in the mattress. That is, more goods and services will be available to Americans as a result of the presence of the immigrants.

What about my students' worry that dollars might be leaving the country? Not a problem. If there's one thing the U.S. government and the Federal Reserve System can do easily, it's increase the number of dollars. It's a privilege that it guards jealously. Giving up less means having both what resident Americans were formerly producing and more of other things.

I would be remiss if I didn't point out that working immigrants benefit resident Americans in ways that go beyond what happens to the dollars they earn. Immigrants who secure employment have underbid resident Americans for jobs. This means immigrants reduce the cost of producing whatever goods and services are at issue.

Cost tells us what we as a nation give up to obtain goods and services. Giving up less means having both what resident Americans were formerly producing and more of other things. Those competing with immigrants obviously lose, but what they lose goes to resident Americans buyers of the affected products, not the immigrants. In addition, the fall in the prices of the affected products will mean resident Americans will have the opportunity to put the affected products to new uses, uses that were previously uneconomic.

What working immigrants do with their dollars should be viewed as potential frosting on the cake of this latter gain.

### Exports and Imports: A Primer

(*March 8*) — Among economics data watchers, a country's exports enjoy a hallowed status. The ability of producers in country A to sell goods and services to people in other countries is taken as a sign of A's economic strength, although the underlying metric for economic strength goes unmentioned. In addition, job counters across the



spectrum constantly count the number of jobs associated with exports. The more export-related jobs, the better. In a nutshell, exports are intrinsically beneficial — no questions asked.

The problem is that virtually no one, except perhaps for a workaholic, runs their personal economic affairs like this. Let's consider an example.

Countries export those products that, were it not for the exports, would obtain a lower price domestically than they would in the international marketplace. For example, suppose the United States banned the export of soybeans. If the world price of soybeans were, say, \$10 per bushel, the U.S. export ban leads to a lower U.S. price, say, \$5 per bushel, and an annual production level of, say, 50 million bushels.

Lifting the U.S. ban on soybean exports would cause the U.S. price to rise to the \$10 world price. U.S. farmers would increase their soybean production as production deemed uneconomic at \$5 becomes economic at \$10. In addition, soybean related consumption in the United States would fall as consumption choices that are economic \$5 per bushel become uneconomic at \$10. Suppose soybean production rises to 60 million bushels and consumption falls to 45 million bushels. The difference between the higher level of production and lower level of consumption, 15 million bushels, would become U.S. soybean exports sold to foreigners at \$10 per bushel.

So, is the additional production of soybeans sold to foreigners intrinsically beneficial to the United States? Hardly. After all, additional production of soybeans is not costless. It means other agricultural products are not being produced; say it's tomatoes.

If the average cost of the additional soybean production in terms of tomatoes is, say, \$7.00 per bushel, then the cost of the additional soybeans measured in foregone tomatoes would be \$70 million. So Americans have fewer tomatoes worth \$70 million as a consequence of soybeans going to foreigners. Where's the gain? Second, the 5 million bushel reduction in Americans' soybean

related consumption also imposes a cost on Americans. If the average consumption value of these foregone soybeans is, say, \$7.00 per bushel, this means Americans incur a soybean consumption cost of \$35 million. Again, where's the gain?

It follows that exporting the 15 million bushels of soybeans imposes a cost on Americans equal to \$105 million in terms of foregone tomatoes and foregone soybean consumption satisfaction. The idea that exports are intrinsically beneficial is bogus, regardless of who espouses it. Indeed, taken by themselves the soybean exports reduce the size of the U.S. economic pie!

Then how can we claim that the exported soybeans do in fact increase the U.S. economic pie? It's because exports enable Americans to import. Note the soybeans are sold to foreigners for \$10 per bushel.

That means Americans earn the ability to buy foreign goods (imports!) equal to \$150 million. This means giving up soybean related consumption and tomatoes worth \$105 million to Americans enables them to buy foreign goods worth \$150 million. That's a gain of \$45 million for Americans.

That the gains associated with exports ultimately trace to imports is no doubt a bitter pill for many to swallow! Nevertheless, virtually all of us organize our own economic lives consistent with this idea.

In the marketplace we produce goods and services which we sell (export) to buyers. This is the source of our incomes which we use to buy goods and services from others — that is, import. The more imports, the better.

People who choose to export while importing as little as possible will find themselves ill-clad, ill-housed, ill-fed and possibly dead in short order.

How can it be that what is economic wisdom for the individual not apply to a nation? Hint: it can't.

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### Replacing ObamaCare with a Choice

(March 16) — The political tumult surrounding the proposed replacement of the Affordable Care Act (Obamacare) with a Republican alternative (Trumpcare), underpins a greater concern felt by many households: Will another inside-the-beltway proposal, imposed by the majority du jour, be an improvement over the previous effort, foisted on the minority? Or does another painful transition of even more rules, red tape and regulation with even higher costs await us in the next few years? Witnessing three decades of astonishing advances as a Silicon Valley insider, I learned firsthand how a marketplace of ideas can deliver efficient and often elegant solutions to many of the most challenging problems. The histories of the industrial revolution and the pursuant information revolution reveal how, working on parallel paths, a plethora of entrepreneurs can discover and deliver solutions in unexpected ways. When the past consistently demonstrates the power of a competitive market, why consign oversight of nearly 20 percent of the economy to a political monopoly? More importantly, why do people continue to expect an efficient outcome?

The United States of America consists of 50 states embracing much more than just the ideologies of the dominant political parties. Recognizing this, the founders explicitly limited the powers of the central government monopoly and reserved remaining powers to the states. Only in the states can policies flourish or flounder in a competitive political marketplace — with the flourishing political innovations ultimately embraced by the states who chose poorly. With this in mind, I suggest a straightforward response

to the debate over how to fix the Affordable Care Act (ACA) — announce an official end date for the act (I suggest the end of year) and give the states ownership of the healthcare problem. Let competition in the political marketplace play out.

Everyone should be happy with this approach. Those still holding out for a positive outcome to the ACA can encourage the states where they have political control (California, New York, etc.) to continue with the existing program. The other states can experiment with a wide array of variations: 1) a single-payer system; 2) a market solution; or 3) a hybrid of market and single-payer.

Over the next few years, the best of these ideas either will bear fruit or collapse from poor incentives and outcomes. The states with failed ideas will be able to observe the more efficient policies and adopt the best of these. In the end, the entire country will benefit from the application of our renowned Yankee ingenuity. Let the best ideas win.

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### Adjusting the One-Sided Data from the Media

(March 13) — I recently received an e-mail from Arthur O. Sulzberger, Jr., the publisher of the New York Times, to which I subscribe. He knows that the media are under attack from President Donald Trump and he wrote to “defend” the media and “assert the value of quality journalism,” since, after all, “the truth matters, now more than ever.” As well, “the truth . . . is also incredibly hard to get to.” Nonetheless,” Sulzberger states, “we remain undeterred in our efforts to reveal and report the facts with integrity and courage.”

Sulzberger likely had in mind attacks on the media for “false” news. Of course, if false news is reported in the popular media — and there is

some truth to the charge — then the New York Times and other media outlets have failed in their mission.

However, another problem, a larger one, has little to do with false news and more to do with “convenient” news, less than complete coverage.

The problem reminds me of a silly children’s joke: a young student asked the teacher, “Would you punish me for something I didn’t do?”

“Heavens, no,” replied the teacher.

“Good,” said the child. “I didn’t do my homework.”

That joke, in a nutshell, captures the press and media in general. They don’t do all their homework. Examples abound. The New York Times article, “Is a Teen Moody? Or Depressed?” in the Science Times, Feb. 14, 2017, began with this sentence: “The hardest questions pediatricians must routinely ask teenagers at checkups are those about depression and suicide.” After an observation about depression in teens, the article stated: “The trend toward more depression was steeper in girls than it was in boys.”

The article later asked, “Why was the prevalence of depression increasing, and why was it more intense among girls?” The article also observed that “suicide is the second leading cause of death in adolescents 15 to 19, second only to accidents . . .” and that “suicide in children from 10 to 14 had increased to the point” where risk of death by suicide and by traffic accident were the same.

The article concluded by quoting the American Academy of Pediatrics: “Suicide risk can only be reduced, not eliminated, and risk factors provide no more than guidance.”

Were I the parent of a daughter, I’d be concerned. To use the language of feminism, the article directed my gaze to girls. What about boys and depression and suicide?

An astronomical difference exists in the suicide rate between boys and girls, even if the difference went undisclosed. The Center for Disease Control

reports: “Of the reported suicides in the 10 to 24 age group, 81 percent of the deaths were males and 19 percent were females. Girls, however, are more likely to report attempting suicide than boys.”

So, yes, depression is more prevalent in girls, but boys are, far and away, suicide victims, not girls. That fact would be useful to know for parents of boys. And really, how hard is it to get and include? Truth may be “incredibly hard to get,” but I found the data in six minutes.

The lack of information regarding the young male suicide rate does not suggest integrity and courage on the part of the New York Times.

I do not wish to single out the New York Times with neglecting homework, or, heaven forbid, the lack of inclusion. TIME magazine had a cover story on “Anxiety, Depression, and the American Adolescent” in its Nov. 7, 2016, issue. The cover featured a female teen. The story had accounts from Faith-Ann, Phoebe, Nora, Tommy, Alison and a snippet for Josh. The article showed a graph: 19.5 percent of girls compared with 5.8 percent of boys are likely to experience depression. The article included a brief discussion of suicide; it provided no data on suicide by sex.

The media, by and large, report accurately, but the information is woefully incomplete, often excluding relevant information when the information disturbs the story line.

The media’s handling of the “Black Lives Matter” movement is another perfect example: the movement may be built on incomplete coverage. Data on arrest-related deaths show that 42 percent are white, 31 percent are black, and around 20 percent are Hispanic. Blacks, who comprise 13 percent of the population, commit 46 percent of the homicides; with regard to interracial violence, Table 42, Personal Crimes of Violence in the Bureau of Justice Statistics has data from 1996 to 2007. In 2007, 3,262,660 violent offenses against whites were reported, of which 13.3 percent were committed by black, or 433,933 violent offenses; 562,470 violent offenses against blacks were reported, of

which 9.9 percent were committed by whites, or 55,684 violent offenses.

By raw numbers alone, blacks commit 7.8 times as many violent offenses against whites. Were demographic profiles also used, with blacks being approximately 15 percent of the population and whites around 70 percent, the figures are worse by about a factor of five. More recent data for 2012-2013 show that blacks committed approximately 560,600 violent crimes against white but conversely, whites committed around 99,500 violent crimes against blacks.

Why do the data go unreported? What purpose does it serve to tell less than the full truth? Would the fact that more whites than blacks are killed by police help race relations or hurt race relations? Would the data on interracial violent crime hinder race relations and bring bigots out in force? Is truth supposed to be reported only if it helps a certain political position? In the New York Times Review of Books, Feb. 26, 2017, two books about death at the hands of the police are reviewed. One point made in the review was that “police kill African-Americans at more than double their share of the population . . .” No data were provided regarding the rates of violent crimes committed by the races. Would the data not help defuse the situation of race relations in America? Are progressive political ends more important to media outlets than truth?

Coverage of the recent vandalism to Jewish cemeteries is another case in point. Little data was presented in USA Today in its Feb. 20 edition, right after the vandalism in St. Louis, and in its Feb. 27 edition, when the vandalism in Philadelphia occurred. The New York Times did better. It included the data: 664 incidents of hate crimes with an anti-Jewish bias occurred in 2015, down 9 percent from an earlier year but up from 2014. However, what do the 664 incidents represent? What is the full context?

Anyone who retrieves the data can see what it means: more hate crimes are committed against the Jewish population than the Islamic population. Muslims suffered 257 incidents. Since

the Muslim population is about half as many as the Jewish population, a person could expect around 320 incidents were hate crimes proportional.

When I ask my students which religion has the most hate crimes directed at it, they typically say, “Muslims.” They read the papers and respond with the popular narrative, not the correct narrative.

The March 1 Indianapolis Star had a story on the “Plight of Women in 2017,” by way of USA Today. Among the concerns was equal pay for women. In fact, the Star printed this sentence in 1996: “The National Longitudinal Survey of Youth compared people aged 27 to 33 who never had a child and found that women earned 98 percent of men’s wages.”

Newspapers typically ask why policies are not more generous with regard to maternity leave, as though fathers do not exist. But enough. I believe the point has been made. The media could improve mightily by presenting more complete coverage on all groups, by race, by sex, by religion, when presenting information on various subjects. Who knows? Maybe media outlets will grow into becoming what every progressive person hopes for — more inclusive.

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### **An Alternative to Public-Private ‘Partnerships’**

(March 6) — Government-run economic development entities are having a difficult time replicating the real thing.

News stories from around Indiana point to problems related to creating what I call synthetic economies: The Muncie building commissioner is charged with wire fraud, theft and money-laundering; a Marion tax district lost \$2.5 million on a failed hotel project; Crawfordsville and Montgomery County defunded their economic development corporations; the Angola Herald-Republican filed a public access complaint against



the Steuben County Economic Development Commission.

And these hiccups aren't confined to Indiana. The Florida House recently voted to eliminate Enterprise Florida, its equivalent to our Indiana Economic Development Corporation.

Despite myriad variations and convoluted machinations, the problems of supply, demand and price in free exchange cannot be solved by a system of bureaucratic agencies trading in other people's money. These systems are rife with the complacency and nonchalance of those who have none of their own capital at stake as gatekeepers, bookkeepers and paymasters.

The weakness of the government-funded economic development model is laid bare by its own example. In my city in the last three years, we have seen three progressively more egregious public-private "partnerships" in our downtown.

In even the least preposterous of these the government-funded portion of the transaction is about a third. It was the first of the Regional Cities-funded projects (despite being unmentioned in the application to the state). Its total cost at the time the city granted it \$4.1 million was about \$46 million (factoring in the portion of a parking garage that our city deeded over).

The developer put in \$5 million of equity capital and borrowed more than \$16 million, according to the information that City Council had at the time it considered the project. That means the balance (a full \$24 million) came from a mix of governmental sources. The story for the other two projects is similar, but the percentage from truly private sources of capital is even lower.

The problem with all these programs is the tremendous waste of money. For instance, apartments that will rent for between \$900 and \$1,200 a month are being constructed for between \$220,000 to \$250,000 a unit. Compare that with apartments in roughly the same price range at the Riley Towers in Indianapolis, assessed at \$60,000 a unit, or at the Three Rivers Apartments in downtown Fort Wayne assessed at \$25,000 a

unit. Finally, the new subsidized buildings include commercial space that is being built for \$280 a square foot when high-quality office space is available for sale throughout the city (southwest, northeast or even downtown) for \$75 to \$125 a square foot.

No one in their right mind would construct such projects with their own money at these prices. In fact, a quick scan of commercial real estate prices in my city finds plenty of properties available that would yield unleveraged investors anywhere from 5 percent to 8 percent, given current occupancy trends.

There is an alternative. Those who really "believe" in downtown development should form a REIT (Real Estate Investment Trust), which pays no federal income tax itself, distributing 90 percent of taxable income to investors.

The ownership must be dispersed across at least 100 investors with no five holding more than 50 percent of the shares, a requirement that would seem doable considering the number of wealthy boosters of downtown renovation.

Such an entirely private solution allows them to pursue their vision without forcing the rest of us to abandon our own.

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### Guaranteed Employment

*(Feb. 20)* — In the civics section of the 2014 National Assessment of Educational Progress, eighth graders were tested on this question: "Which of the following is a belief shared by most people of the United States?"

1. The country should have a single political party.
2. The country should have an official religion.
3. The government should be a democracy.
4. The government should guarantee everybody a job.

Thirty-two percent correctly chose 3; however, 51 percent incorrectly choose 4. There is something poignant about 14 year olds believing that the role of government is to guarantee everyone a job. The real question is whether or not adults agree.

Actually, many accept the position that the availability of jobs is the ultimate goal or purpose of a nation's economy. They argue that investors and executives together with workers spur innovation, create wealth, engage in material progress and extend human potential. It is therefore the responsibility of government to provide adequate opportunities for people to have work in order to grow, learn and mature (Max Torres, "America Needs Work", First Things, March 2017, 15-17).

Fortunately, people holding this view do not insist that paid employment is the only path to human fulfillment. However, even when they take it as given that a person should be free to opt in or out of the labor force, they nevertheless insist that a job be provided if a person decides to participate. This raises the important distinction between a guaranteed availability of any job versus a job consistent with an individual's human potential.

In the 1960s, the U.S. government expanded funding for research. Universities responded by training scores of individuals in pursuit of advanced degrees. When government funding slowed in the 1970s, many highly trained American scientists were unable to find work in their area of expertise. Most of them retrained at personal cost as engineers, technicians, real estate agents, etc. Admittedly, these individuals were skilled and sought work in fairly robust labor markets.

But, surprisingly, there was little discussion of having been misled or denied what was their due. Perhaps their understanding of "striking out" in realizing a personal goal was honed through America's national pastime, baseball, and its sense of statistical possibilities. Consider two statistics used to evaluate the health of U.S. labor

markets. The unemployment rate is the number of people actively seeking work divided by the total number in the civilian labor force. As of January 2017, this rate was 4.8 percent. It would be unrealistic for this rate to fall much below 4 percent due to seasonal work and the fact that we accept that job seekers, particularly new entrants, take their time in finding an acceptable position.

The labor force participation rate is the percentage of the population, aged 16+, who have full- or part-time paid employment or are actively seeking work. In January 2017, the rate was 62.9 percent. This is lower than the pre-2008 financial crisis rate of approximately 66 percent. The decline, partially due to an aging population, is also the result of discouraged job seekers leaving the labor force.

Given that Americans tolerate neither compulsory labor participation nor immediate acceptance of any available job, what is expected from government? Above all, we expect courts to honor labor contracts. Secondly, the government is charged with providing relevant information about labor markets, prevailing wage rates and training opportunities. Finally, we expect government to exercise appropriate policy instruments and limit onerous regulations in order to maintain a functioning flexible labor market.

Politicians talk jobs, jobs, jobs, but sooner or later we realize that here on earth the work of finding work must truly be our own. And there is something liberating about the risks assumed in a dynamic labor market, as compared with a guaranteed job. It requires maturity and society's acknowledgment that a person's worth not be reduced to earning a paycheck.

Let's hope that today's eighth graders come to appreciate the liberty needed to seek work on their own terms, and in the process do well for themselves and their families.

### Trump's Trade Policy

(Feb. 14) — There was much soul searching at the annual meetings of the American Economic

Association held in Chicago last month. Four ex-chairs of the President's Council of Economic Advisors, two Democrats and two Republicans, commented in a panel discussion on economic issues facing President Donald Trump. His proposed trade policies concerned the several hundred economics professors in the audience, all generally committed to teaching their students the economic benefits of unrestricted movement in goods across national borders.

The logic underlying the economic principles of international trade is tight. All residents, particularly those from lower income households, benefit from being able to buy the best and cheapest products regardless of country of origin. Protecting local producers from international competition harms consumers. Nevertheless, there are inevitable winners and losers as a country moves towards freer trade. It may be the case that the economics profession in the past has minimized the cost to certain individuals and certain sectors of the U.S. economy. Presently, the focus of the American public may have shifted from cheaper consumer goods to the availability of productive employment.

Firms and workers associated with industries having an international comparative advantage reap the gains of freer trade. However, all those associated with industries, unable to sell their products at rock-bottom global prices, lose.

Economists, since World War II, have supported the U.S. government's strategy of

**“The degree to which existing trade agreements contribute to stagnating U.S. median household income and rising income inequality is an open question. Whatever the cause, the fact is that discouraged younger workers, in the early part of this century, were unable to find or reduced their efforts in seeking employment.”**

encouraging international and regional trade initiatives, including the General Agreement on Tariffs and Trade (GATT), the European Union (EU), and the North American Free Trade Agreement (NAFTA). In practice, free-trade policies have indeed fostered co-operation between nations and raised the living standards of the bottom billion of the world's population. But what about those in the U.S. harmed by these policies?

It is optimistically assumed that firms and workers associated with losing industries would be directed through market forces towards sectors of the economy in which the U.S. continues to maintain a particular trade advantage.

What happened? As well-

educated technologically sophisticated or well-connected Americans thrived in globally competitive markets, others, particularly those associated with the U.S. manufacturing sector, saw their jobs disappear and inflation adjusted income decline. Tariff barriers declined but they were effectively replaced by other countries' reliance on value-added sales taxes. In addition, U.S. exporters may be hampered by more onerous environmental and employment regulations.

The degree to which existing trade agreements contribute to stagnating U.S. median household income and rising income inequality is an open question. Whatever the cause, the fact is that discouraged younger workers, in the early part of this century, were unable to find or reduced their efforts in seeking employment. Labor force participation declined, putting pressure on the tax

supported social safety net. The overall rate of gross domestic product growth never reached levels prior to the Great Recession, limiting displaced workers' absorption into employment.

Economic trade theory in goods and services, alone, cannot address labor problems associated with the mobility of persons and firms across national frontiers. Furthermore, the competitive advantages of developing countries with increasingly well-educated workers and efficient industries cannot be reversed. Economics, however, does have something to offer concerning U.S. competitive disadvantages due to the dollar acting as the world's reserve country and tax boarder adjustments. Economic analysis is also useful for discerning if international agreements are efficient or merely trade diverting.

Maybe it is time to reconsider existing international trade agreements to determine if the scale is balanced in favor of truly low-cost quality goods and services, such as air conditioners produced in Indianapolis. It remains to be seen, however, if the suspension of existing multilateral agreements and renegotiation of bilateral ones will create new losers, such as Indiana farmers exporting corn and soybeans.

Americans, in the past, have been willing to trade-off international economic advantage for national strategic objectives, up to a point. For example, they are not willing to provide unlimited subsidies to maintain workers in declining industries. But, most of all, they have traditionally objected to trading off economic advantage resulting from special treatment given to politically favored individuals and industries at

**“Grocery stores in urban centers throughout the nation face difficult economic challenges. Ironically, these include efforts to help the poor — e.g., free breakfast and lunch at school, and charitable efforts to provide food and meals.”**

home and abroad.

The four ex-chairs of the President's Council of Economic Advisors were each questioned as to whether or not free-market economists would be willing to work with the present administration. There was general agreement among the panelists that the supply of economists is ever-ready, but it appears that demand is weak.

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### Government Groceries

(Feb. 16) — The downtown of Louisville across the river is now a food “desert” in that it has few significant grocery stores. Last year, four prominent groceries closed there and a proposed WalMart was sacked by legal hurdles and social hassles. Grocery stores in urban centers throughout the nation face difficult economic challenges. Ironically, these include efforts to help the poor — e.g., free breakfast and lunch at school, and charitable efforts to provide food and meals. Often, they face political barriers as well.

Let me propose an approach similar to one in another public-policy area. Let's divide downtown into districts and put a full-service grocery store in the middle of each. Everyone would be less than a mile away from a large grocery store and could get there by walking, driving, taxi, Uber, Lyft or riding a bus. Problem solved? Not yet, such grocery stores would be unprofitable. So, we could use taxpayer dollars to make up the difference,



subsidizing the stores or subsidizing their customers (allowing them to spend enough to make the stores profitable).

The federal government provides food stamps but that's not enough to sustain such a downtown grocery system. Perhaps we could pursue a waiver to get that money sent directly to city government. Then, we could get local taxpayers to kick in some more money. The greater government spending on groceries would reduce government services elsewhere or increase tax rates and hurt the local economy. But providing food to the poor is really important, so let's assume that we're willing to pay that price.

From there, we could give city residents a certain amount of food for free, depending on family size. We could provide an amount of store credit to spend. Or even easier, we could determine what would be required for a nutritionally adequate diet and simply allocate that food to each family.

Who would run these grocery stores? We could depend on the private sector. But many people would be concerned about a profit motive. And we'd be subsidizing companies, engaging in crony capitalism. Let's have the government run them.

Who would make the food? Again, we could rely on the private sector. But if a government is competent to toll bridges and regulate health insurance it can probably be trusted with making food. The grocery stores would be able to achieve economies of scale in purchasing and producing the food needed by its customers.

One might reasonably worry about who would monitor the government grocery stores — on spending, quality, red tape, meeting consumer preferences, etc. But we could elect City Grocery Boards (CGBs) and Manager/Customer Associations (MCA's) to serve that function. We could make customers go to the government grocery store nearest their house. But we could probably allow them to go to whichever grocery they want — at least with the CGB's permission.

We could allow each grocery store manager to make a number of decisions. But it'd be easier to have the CGB make the big decisions for the groceries. Private-sector groceries would still be allowed to operate, but practically, they would only be able to compete with government groceries by getting their own subsidies or by serving niches. Jewish people might subsidize a kosher store. And a small store could be successful selling popular Hispanic food.

At this point, you may be wondering if this is all crazy. You may have guessed that it is the system we use to get K-12 education to the poor and most of the middle class. The comparison invites the question of whether our approach to public education is equally crazy.

With the election of Republican legislatures in many states, "school choice" initiatives are on the table. In all of this, the question is not whether government will be involved with K-12 but rather what this involvement should look like. Should government be in the business of running schools — and if so, should it encourage flexibility through charter schools?

Or should the government even be the dominant player in providing K-12? Instead, it could subsidize lower-income and middle-class parents to obtain K-12 services in a competitive educational marketplace. This would be through vouchers (equivalent to food stamps) or backpack funding (where funding follows the child, an extension of the G.I. Bill to K-12).

Those who struggle with analogies will say, "But groceries are not the same as education." Right, and pizzas are not the same as haircuts or cars. But the question is whether the analogy holds. Or to be more direct: If this arrangement is absurd in the realm of groceries, why would one expect it to be glory in K-12? ♦

# The Outstater

Craig Ladwig is editor of the quarterly *Indiana Policy Review*.



## All the Sanctimony Fit to Print

(May 17) — A few days ago the top story on the front page of our morning newspaper was not the threat of a North Korean nuclear attack or the chaos in Washington. It wasn't even the impact of increased state taxes on a dwindling middle class. No, it was that a black justice on the Indiana Supreme Court is retiring and it appears that his seat will not be filled by another black. "State's Top Court Will Lack Diversity," the headline read.

But the real news of the day was the decision to make that the news of the day. It was a decision born of lazy assumptions, all of them abusing the trust of a hapless readership, black or otherwise.

That a judge is retiring and the state's merit selection system cannot find a politically correct nominee to replace him is not news but merely an observation, one that deserves to be on the editorial page where it can be fully discussed by all sides and the facts weighed, including that only about 1,000 of Indiana's 15,000 practicing lawyers are "non white" and only two of the 21 who applied for the court vacancy are black.

The high placement on a front page, however, implies something sinister, that someone is illegally blocking better qualified nominees because of a racist impulse. If true, that is indeed news and the investigative team at the newspaper had best get to the bottom of it right away. But nowhere in the story is that fear voiced let alone substantiated. Rather, it springs undocumented from the imagination of the assignment editor.

There was, of course, documented emotionalism in the form of hand-wringing by persons outside the process, some outside the

tenets of Western Civilization entirely. "The (black) community has lost its voice," one was quoted as saying as if the court were a legislature subject to the factionalism of a town council or any of the cruder democratic mechanisms.

The court is not so subject. Its *raison d'être* is to check the power of the other two branches through an independent reading of the Constitution, a wise but imperfect process described by the playwright David Mamet thus: "The Constitution, written by men with some experience of actual government, assumes that the chief executive will work to be king, the parliament will scheme to sell off the silverware, and the judiciary will consider itself Olympian and do everything it can to much improve (destroy) the work of the other two branches."

Diversity? Who knows what that means anymore? It is a good guess that a DNA check of the sitting justices would find ancestry from not just one of the major divisions of humankind but dozens. And you can be sure that none shares the particular mix of the old white guy at the next desk (47 percent Western Europe, 16 percent Ireland, 13 percent Scandinavia, 7 percent Iberia, 7 percent Eastern Europe plus 5 percent Great Britain, a nation that itself is a mixing pot of indigenous and invading tribes and groups). Should he, too, demand precise numerical representation?

At bottom, what bothers the editor is the superficial appearance of the judges, that is, the color of their faces. That is a ridiculous position when nominating to a judicial body dealing entirely with ideas, a position that if carried to its extreme would

recommend measuring skin tone, noses, eye placement, earlobes and such. All of that is easily managed, please know, through modern facial recognition algorithms that compare appearance values with templates to



ensure variance or, in this case, invariance. And yet, there is a place where even superficial diversity would be meaningful. It is in the newsrooms, where familiarity with and acceptance by a city's various communities is useful in the timely, insightful and accurate reporting of the day's events.

It is indicative of failure in that regard that only two of the 20-plus reporters who covered the presidential campaign for the New York Times were black, none were Latino or Asian. "That's less diversity than you'll find in Donald Trump's cabinet thus far," noted one of the paper's editors. And of the newspaper's newly named White House reporting team, all six are white, as is most everyone in its Washington bureau

Industry wide, the Columbia Journalism Review reports that minorities made up 21.4 percent of graduates with degrees in journalism or communications between 2004 and 2014, but less than half of minority graduates found full-time jobs compared with two-thirds of white graduates.

So let the diversity axe fall if it must. Let's begin, though, with the heads of sanctimonious editors who put nonsense at the top of their front page.

### First Amendment Fantasies

*"We are not fake news. We are not failing news organizations. And we are not the enemy of the American people." — Jeff Mason, president of the White House Correspondents' Association*

(May 3) — It is a question that has dogged some of us for years: If it is a good thing to break up Wall Street banks, regional hospitals, monopolies and such, why are we supposed to think it is a bad thing to break up the newspaper chains?

Journalists of a certain age know that the decline of our profession and industry had nothing to do with either the Internet or imagined dissing of the First Amendment. It had to do with an ownership model, the widely held corporation, meant for the steel industry and others with extraordinary capital needs. Its misapplication to

newspapers has been the near ruin of community journalism and its role as a constitutionally protected watchdog.

The single-proprietor newspaper began disappearing in the mid 1970s as inheritance taxes and small-business regulations made it difficult to pass the property on to an heir. Corporations stepped in, attracted to the inflation-proof reputation of classified advertising.

The corporate owners brought in expensive computer typesetting equipment. It wasn't all that expensive, actually, because it was used to break the typesetting unions and affect savings in labor costs. Typesetting was moved into the non-union newsrooms where slots once held by experienced editors were filled by clerical journalists, typesetters in effect with a bit of proofreading thrown in.

For contrast, Gay Talese's description of the now defunct New York Times "bull pen" is an illustration of the old model, the adult supervision that held reckless reporters and news editors to task. It is a model sorely missed by readers who prefer their news accurate, objective and therefore prescient.

Senior editorships once held by journalists who had spent a lifetime covering and supervising hometown beats were filled by assignees from headquarters, men and women whose talent was cost-managing news, not gathering it — fake newsmen, if you will.

The resultant environment fostered an anything-goes mentality allowing content inappropriate for home delivery to the target audiences of local advertisers. Editorial-page boundaries widened accordingly with similar disregard, even disdain, for community sentiment.

Profits, though, doubled as coverage and distribution contracted. A family such as the Pulliams of the old Indianapolis Star, once a statewide paper, may have been satisfied with a return of 10 percent or less, paying themselves in part with pride in guiding their community. Gannett strives for 20 percent, and public policy

be damned. Newsrooms are unrecognizable today. The staffs are impossibly small. The few at the desks have no time to gather news, only to administer it. Fewer still dare go near that cliff where news becomes conflict, being unsure whether superiors will back them up should the truth offend the powerful and official.

Given all of this, the particular delivery system, be it paperboy, Internet or telepathy, is irrelevant. Again, ownership model and organizational structure are sufficient explanation for the decline of big-time journalism. Indeed, small outstate community papers are doing well by comparison.

And the First Amendment? It is guaranteed for all of us as individuals, not just to those who find themselves in command of large media organizations hiding behind high-minded principles at gala self-congratulatory dinners. We would be better informed without them.

#### **'I Am an American' — Sort of**

(April 19) — Each year the suits in the window offices of the corporate media think up socially aggrandizing projects to justify annual bonuses. It is a gruesome ordeal for all involved.

The reporters take the brunt of it. They are sent on bizarre assignments, the points of which are known only to the senior editors who wrote up the formal bonus paperwork and are depending on a good outcome to pay for their swimming pools. And there is the hapless readership, including parents left to explain to their children why their newspaper is giving away especially colored prophylactics as its way of observing LGBT National History Month (to pick an example from random memory). Last Sunday, the Indianapolis Star began such a project with help

**“The particular delivery system, be it paperboy, Internet or telepathy, is irrelevant. Again, ownership model and organizational structure are sufficient explanation for the decline of big-time journalism.”**

from its partners at USA Today and Gannett — or at least that is a good guess. It is called “I am an American; We Are One Nation.” Each week, the newspaper will introduce its readers to “an exceptional American who unites, rather than divides, our communities.”

In these troubled times, who wouldn't want more of that? Give the managing editor his bonus in advance. Let's read about the Harlem chess champion, the surgeon who spends summers

volunteering in Uganda, the one-armed paper hanger, or whatever.

But wait . . . the initial installment is, well, less than uniting. The editors presented as their first “American” someone out of the Barack Obama playbook, an overeducated former social worker, now community activist, with a masters degree in we know not what.

She tells the newspaper that she became a community activist on observing that a six-year-old boy was growing up without a functional family. OK, good enough, commendable of course, but this revelation comes 54 years after “The Moynihan Report” and 42 years after Thomas Sowell's “Race and Economics” and 33 years after Charles Murray's “Losing Ground.”

Nor does her solution broach any of the intractable problems identified in those works, namely the unattended consequences of welfare, the destruction of the black family and the broad cultural disincentives to find work or build a family. Rather, she recommends poetry.

“Today, she is working to foster honest dialogue across racial, religious, gender identity, ethnic and socioeconomic differences,” enthuses the Star. “Her organization began as an artistic space that brought spoken-



word poetry into local churches to open conversation about issues. The group holds multiple monthly gatherings, from book discussions to larger events.”

Her politics aside, who wouldn’t wish her luck with that? It is a matter of pride that we live in a country wealthy enough to afford payment for such work. The misgiving, though, begins when our poetry facilitator is asked the critical question, that is, what it means for her to be an American. Here is her answer in full:

“It means, for me, living in a space that is still learning to love, and to even love who I am. And it means loving it enough back to expect more of it.”

Gannett might hold the bonuses. Expectations for “I am an American; We Are One Nation” are not high.

#### The Middlebury Way Comes to I.U

*“This country is planted thick with laws, from coast to coast, Man’s laws, not God’s. And if you cut them down, and you’re just the man to do it, do you really think you could stand upright in the winds that would blow then? Yes, I’d give the Devil benefit of law, for my own safety’s sake.” — Sir Thomas More challenging his son-in-law William Roper in Robert Bolt’s play, “A Man for All Seasons”*

(April 12) — Having put multiple children through college this past decade, some of us have a close, personal experience with the modern liberal arts curriculum. That experience has been

**“What if Martin Luther King was right that skin color is incidental. And what if those particular dead-white-men ideas are critical to seeing us as free rather than as an “appurtenances of the soil, the property of the ruler,” to use Ludwig von Mises’s characterization of the European serf.”**

deflating.

Students come to believe — some adamantly and others simplistically — that modern history can be explicated by skin pigment, it being a mere record of the continuing effort by the privileged to subdue peoples of color. As a result, the discussion of public policy is as demonstrated this week at Indiana University and earlier at Middlebury College: the shouting down of serious and honest thinkers, in this case the social scientist Charles Murray. It was a display of incivility fitting of Robespierre and the guillotine.

The issues raised at Indiana University are deeper than

mere freedom of speech or academic tenure. History, requisite of anything that could be called an education, is much more complicated than the students and their faculty mentors want to acknowledge. What if Bastiat had been a Filipino? Would the idea that property precedes law be less profound? What if Magna Carta had been written by Ugandan princes? Would the thought that no man, not even a king, is above the law have made less of an impact?

These ideas are discredited because they were put forward by dead white men. But what if Martin Luther King was right that skin color is incidental. And what if those particular dead-white-men ideas are critical to seeing us as free rather than as an “appurtenances of the soil, the property of the ruler,” to use Ludwig von Mises’s characterization of the European serf.

From another direction, would slavery have occurred had our nation been settled by some other nationality? That is problematic, for the

slave trade at the time of America's founding was managed largely by Africans. Our friend, Dinesh D'Souza, notes in his documentary on America that prior to capitalism both physical slavery (chattel on the block) and economic slavery (ruinous taxation) were the only ways rulers of nations and peoples sought to enrich themselves. And that had been so since the beginning of time. Indeed, it was the English followed by the Americans who abolished it in its most dehumanizing forms.

The Franklin Hall protesters tell us with their actions that they want to tear it down, flatten it out and start over. They imagine — and that is the key word — a world where results are somehow made equal, where democracy is supreme, peoples are nationless, all is stripped clean of religious and cultural trappings or social custom. Most particularly, they dismiss the advantages of a nuclear family and a work ethic.

Let their fathers' hypocritical, self-serving, constitutionally binding, antiquated system of individual rights, checks and balances and private property, be damned. They assume they would prosper in the default of the world, the one where Rule of Law is foreign, where nothing is legal until a supreme, presumably beneficent, authority deems it so.

We can only hope that some of them will be diligent, or at least curious, and compare this default system with their own exceptional one. They will find the other world hostile to their sophomoric sense of right and wrong.

The historian Dan Hannan establishes that the prosperity of our so-called Anglosphere is a meme rather than a gene. It doesn't belong exclusively to white men. It can be transmitted without any genetic material whatsoever. That is the point being made by the Peruvian economist Hernando de Soto Polar as he travels the globe giving away America's secret for prosperity. He tells the leaders of impoverished nations how it was founded first of all on liberty, not democracy, and certainly not on statism or egalitarianism or envy. He does so even as Americans themselves forget

that secret. There is an elegant proof of this. It was established by the life work of the economist Lord Peter Thomas Bauer beginning in the 1950s. He compared those peoples oppressed by British colonial rule with those left uncolonized — those left pure, if you will. He found that the former were faring better.

Was that because the British colonizers were nice guys, nation-builders? They were ruthless, in fact, although not as ruthless as the French and German colonizers and, arguably, the times being what they were, not more ruthless than the colonized themselves had they gotten the upper hand. Rather, it was because the British accidentally transferred to the colonies core elements of their system of natural and legal rights.

But perhaps those Indiana University protesters imagine — that word again — they can keep their prosperity if not their freedoms and still promise everyone an equal outcome. If so, they will sow only tragedy.

That tragedy is personified in Nkechi Amare Diallo, a.k.a. Rachel Anne Dolezal, the Caucasian former president of the NAACP chapter who self-identifies as black. Reading her history and her comments, you can conclude that Ms. Dolezal does so not because she admires American blacks but because she abhors American whites, or how she has been taught to think of them.

Moreover, she assigns to blacks the thinking of that default setting, romanticized beyond recognition. She unquestionably accepts its global ideology, stereotypes and heroes, an acceptance fortunately not shared by the great number of authentic black Americans. Nonetheless, the transracial Ms. Dolezal is the poster person (she is bisexual as well) of her age. The truth, though, is that she and so many around her have no idea who they are.

To begin to understand them and their odd view that melanin is *prima facie* evidence of righteousness or that its absence is *de facto* evil, we must turn to the Barbadian philosopher and vocalist Rihanna: "I think (Dolezal) is a bit of a

hero,” she told Vanity Fair recently, “because she kind of flipped on society.”

Flipped. That’s the word. It’s how America will look when the Indiana University protesters get finished with it.

#### Property is Important in Bloomington or Gurgaon

(April 2) — Some Indiana mayors got together last week to congratulate themselves on thinking big, that is, thinking globally. The takeaway from an Indiana University panel discussion was that if municipal government could turn its attention away from the small-mindedness of Main Street, progress would come, that property free of government encumbrance is an outdated notion, and so forth.

The panel, made up of the mayors of South Bend, Bloomington and La Porte, speaking at something called the “America’s Role in the World” conference, reduced the discussion of jobs and investment to arranging public-private partnerships, the more distant and corporate the better.

Their ideas were familiar to the point of mundane: “My community deeply values the connectivity with the world economy,” said the Bloomington mayor. “The fewer doors we close to people the better we are, the stronger we are.”

OK, let’s open some doors. Let’s look at success stories around the world, starting with some places that are more challenged than even South Bend, the home of the \$10 minimum wage and a city ranked 13th in the state by city-data.com in the percentage of people (21.7 percent) who say

**“How many jobs in Indiana do you suppose were lost in these last 30 years by land restrictions and building permits — jobs lost when either the investors abandoned projects because they could not afford the expense of a more favorable zoning designation or decided to locate somewhere else where property was less restricted?”**

they “feel badly about themselves.”

There is a city in India, for example, that has gone literally from rags to riches without any comparable governmental help. In Gurgaon, called “the private city of India,” public services such as transportation, utilities, fire-fighting and law enforcement are funded and operated privately. The minimum wage is zero. It now has India’s third-highest per-capita income.

During the last 30 years when Gurgaon was growing from about the size of South Bend to its current 2 million people, the economies of our mayors’ cities were relatively stagnate despite tax-increment financing, rebates, regional cities grants, redistribution programs and other

economic-development contortions.

Interestingly, the change began in Gurgaon when restrictions on the purchase of land were inadvertently omitted during a governmental reorganization. The city was allowed to operate without planning and zoning functions. The result, according to Shruti Rajagopalan and Alexander Tabarrok of George Mason University, is that today nearly half of the Fortune 500 companies operate in Gurgaon, including American Express, General Electric, Motorola, Dell, Microsoft, IBM and Google. The city has 43 shopping malls, including the Mall of India — one of the largest malls in the world — many luxurious apartment towers, gleaming skyscrapers, seven golf courses, and at least half a dozen large five-star hotels. How many jobs in Indiana do you suppose were lost in those last 30 years by land

restrictions and building permits — jobs lost when either the investors abandoned projects because they could not afford the expense of a more favorable zoning designation or decided to locate somewhere else where property was less restricted?

While you mull that over, here is another example, or more exactly a contrast. The new leaders of South Africa, not unlike the mayors on our panel, have never been convinced of the inviolability of private property, dismissing it as a colonial contraption. Most recently, over the protests of even old anti-Apartheid leaders, the government put in place plans to expropriate land without compensation.

Multi-racial Singapore, on the other hand, another nation subjected to colonialism, a country once owned outright by the merciless East India Company, institutionalized private property regardless.

Our Indiana University panel might want to know how that is working out. The average income of a South African kept pace with that of a Singaporean until about 1969. Today, the average income in South Africa is 16 per cent of that in Singapore. Between 1950 and 2016, incomes in South Africa rose by 101 per cent. In Singapore they rose 1,344 per cent. To underscore that this is not merely a policy preferences but a matter of life and death, the gap in life expectancy also has grown between the two.

Haiti, a stop on the holidays in hell tour, is a country for which the globalist Clinton Foundation raised \$30 million. Our Dr. Norman Van Cott has spent some time wondering where that money went — that and why earthquakes of roughly the same strength barely damage southern California but lay waste to Haiti, another life-and-death distinction.

Van Cott asks a question by way of explanation: “If you were building a house for which you had no legal title, how interested would you be in building a durable structure? Not very. Certainly, you would be less interested compared with having clear title. After all, you’re unsure

about someone coming along and taking ‘your’ house, and you’re unsure about your ability to sell the house in the future. The resulting shabby construction won’t cause earthquakes, but it’ll make earthquake-related damages more extensive, even fatal.”

That is the argument of the Peruvian economist Hernando de Soto in his celebrated book “The Mystery of Capital.” He estimates that 68 percent of Haitian city-dwellers and 97 percent of their rural counterparts live in housing for which no one has clear legal title. For Haitians to settle legally on government land, they must first lease it for five years. Finalizing a lease requires 65 bureaucratic steps, taking two years on the average. Subsequent purchase requires another 111 bureaucratic steps, taking 12 more years — a total of 19 years of red tape and paperwork in a country where, to compound the problem, illiteracy is pervasive.

Would it have taken \$30 million to change the zoning and permit laws of Haiti — or South Bend, or Bloomington or La Porte?

It is a reach to apply faraway economic examples from widely varying cultures to Indiana. It is not a reach, though, to reject the gauzy vision of Hoosier mayors checking the “economic development” box on their list of campaign promises with plans for magical global partnerships.

If the mayors truly value that “connectivity with the world economy” they should start by learning how it works. ♦

## Resources

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# INDIANAPOLICY

*Review*

A journal of classical liberal inquiry observing its 29th year