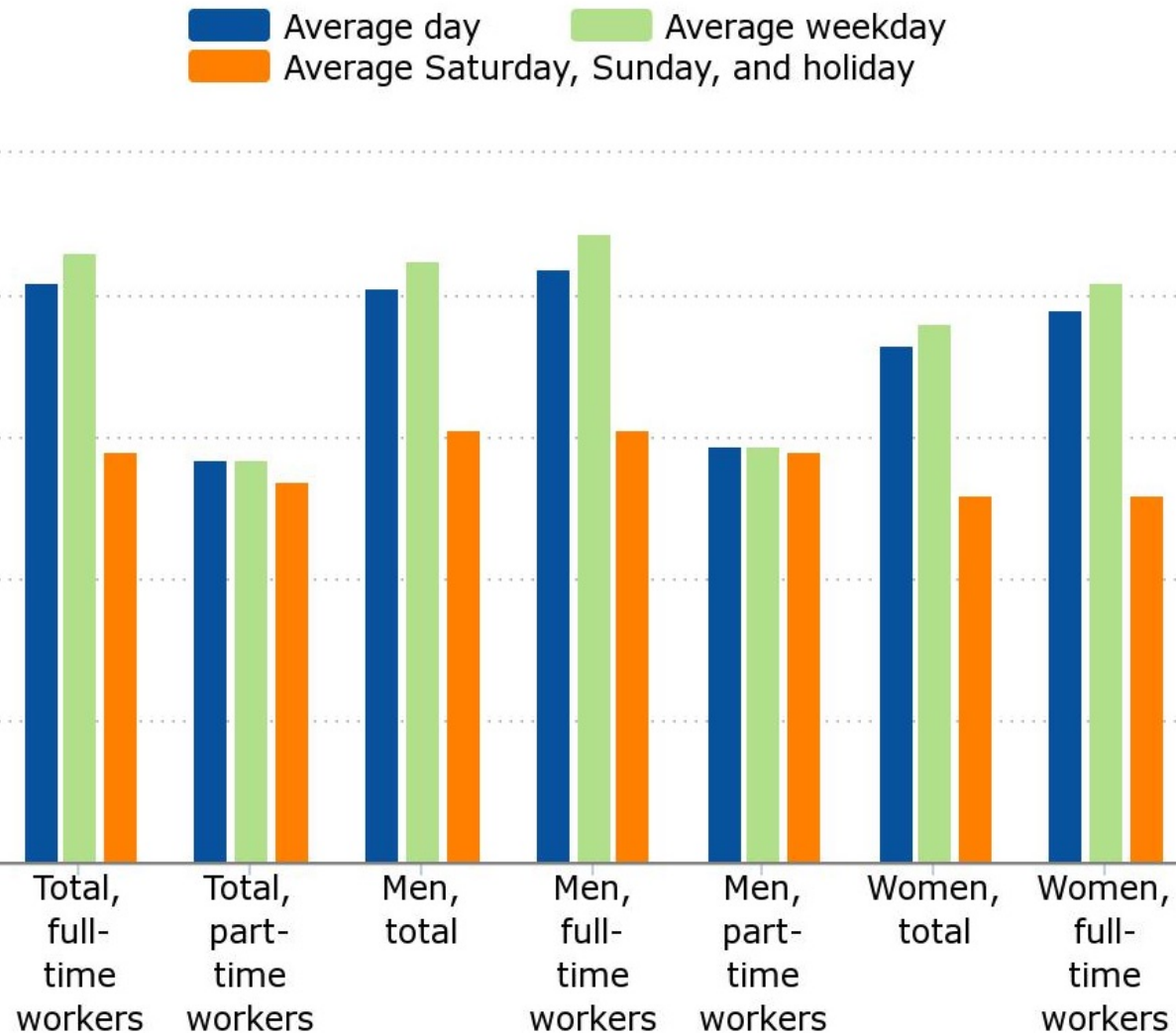


INDIANAPOLIS

Review

Summer 2018



Inequality Understood

A gender gap exists in hours worked and earnings. Most of it is due to the arrival of children, creating a difference of around 20 percent even in countries known for gender equality.

“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.”



Vol. 29, No. 3, Summer 2018

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The Thursday Coffee

The Gender Pay Gap

(April 22) — I come to some of the hot-topic debates of the day a little late because I get all caught up in the search for context. By the time I escape from the labyrinth of historical research and peripheral analyses, the zeitgeist has moved on, and nobody wants to talk about the issue any longer.

Consider the “gender pay gap,” shorthand for the fact that when we compare the median wages for full-time workers, women earn only 80 cents for every \$1 earned by men. “Equal pay day” — signifying how far into the year women have to work to earn the same pay men did the year before — was way back on April 10. So here I am finally, a day late and 20 cents short.

The situation is simply intolerable, the critics say, and immediate government relief is required. And it is even worse here in Indiana, where women make only 74 cents on the dollar. But nothing at all will be done, explains Suzette Hackney of the Indianapolis Star. “Indiana’s General Assembly refuses to take up the topic, though the issue has been brought to every legislative session for the past 20 years.” Indiana is “sending an ugly message” that women “don’t deserve to make as much money . . .”

That seems rather simple-minded, a simple number used to convince us that there is a simple solution to a complex situation. Perhaps we should consider some evidence from the other side.

The whole “median wage” thing — half the workers making more, half less — is highly misleading. It conceals myriad factors contributing to pay, such as the professions men and women tend to choose, the number of hours worked, who moves in and out of the workforce for childcare issues and who does not. To get a true picture, we would need to consider men and women who are in roughly the same jobs and have roughly the same experience and education levels.

That view is less simple-minded, but, like its counterpart, is merely an attempt to understand our current circumstances. How did we get here in the first place?

Just a cursory glance at history shows us that women have trickled into the American workplace over the years, with surges during times when large numbers of men were absent, such as in the Civil War, World War I and World War II. And the point from which there was no turning back came just in the 1970s when the equal rights movement failed to produce a constitutional amendment but profoundly changed our society.

Viewed from that perspective — all of human history telling us one thing (whether we agree with it or not) and recent experience teaching us the opposite, the appropriate response to the pay gap would seem to be, “Wow, it’s really that small?” (An aside for those who might be thinking that the perfect solution would be a new worldwide war of catastrophic proportions: Don’t forget that women now have an equal right — nay, an equal obligation — to be slaughtered in those wars.)

But looking a little deeper into history complicates the issue further. For most of human history, farming was the principal occupation, at which both men and women labored mightily. It was only during the industrial revolution that “work” became largely something outside the home, and that tended to be a family affair as well. Ironically, it was the push by government to make work less taxing on women and children that helped create the great work-home dichotomy we all love and loathe today.

So even the idea of the husband as the heroic breadwinner and the wife as the nurturing caregiver can be seen as a relatively recent phenomenon, and what in the world are we to make of that?

At times like these, I fall back on my ultimate framer of universal perspective, an exercise that always helps me cut through the clutter.

Spread your arms straight out from your shoulders. From fingertip to fingertip represents

the history of the Earth. Starting from your left hand, up to the wrist is a time we know nothing about — all the evidence is gone. Somewhere between the wrist and the elbow, one-celled organisms probably appear. By your shoulder, the atmosphere begins to be enriched with oxygen. Past your head and beyond the right shoulder, two-celled organisms appear. By mid-forearm, more complex organisms appear. At your right wrist, “hard parts” like bones and teeth appear that leave a fossil record. Between the joints of the

fingers on your right hand is when dinosaurs roam the Earth.

Now, take a nail file and gently scrape it along the fingernail of your longest finger. Congratulations — you just wiped out all of recorded human history. And you deserve the same pay for the effort, no matter who you are.

Of course, that’s if you believe the Earth is about 4.5 billion years old. If you don’t, nothing to see here, move along. — *lm*

Excerpt: ‘Equal Pay Myths’

“The idea that innate (average) differences between men and women affect their (average) labor market outcomes is dangerous to express in some circles, as former Google engineer James Damore discovered when he found himself without a job after writing a speculative memo on the topic. But a new Stanford study, in which three economists examine male and female earnings at the ride-hailing service Uber, appears to back up some of Damore’s musings. Uber is an ideal subject for a wage-gap analysis because it uses an automatic pay formula based on the time and distance of a trip, with drivers assigned blindly to customers by an algorithm dependent entirely on their proximity. Among drivers — the corporate offices may be another matter—there is no old-boy network, no salary negotiation, and no possibility that sexual harassment affects trip assignments. Uber also offers scheduling flexibility, a perk found particularly attractive to female workers. With information on 1.8 million drivers from January 2015 to March 2017 made available to the researchers, the study is particularly robust. The authors discovered no evidence that riders preferred male drivers; women and men got the same number of cancellations and similar ratings from customers.

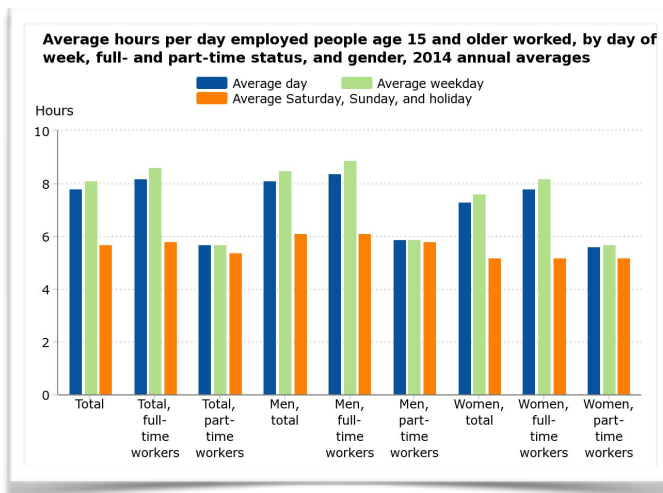
“With all factors appearing equal, Uber should be a female workers’ paradise. Yet male Uber drivers still make 7 percent more per hour than female drivers. Half of this gap could be explained by the fact that men choose to drive in more lucrative pay areas and to do so for more hours per week. That second part is consistent with what we already know about a pervasive gender-hours gap: in every country and in most industries, men log more time on the job than women. The reason for the remaining 50 percent of the gap, however, might have come from a list of Google-banned gender stereotypes: men drive faster. The difference in speed isn’t huge — only 2 percent — but it’s enough for men to complete more rides and accumulate more experience. Call it female risk aversion or male bravado; the upshot is that Uber-men are more productive than Uber-women. Ergo, men earn more.”

— Kay Hymowitz, “Equal Pay Myths,” *City Journal*, April 9, 2018

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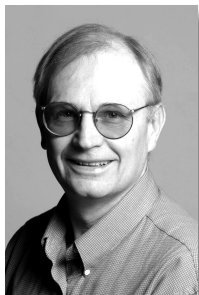


Source: Bureau of Labor Statistics <https://www.bls.gov/opub/ted/2015/time-spent-working-by-full-and-part-time-status-gender-and-location-in-2014.htm>

Women and Wages: One More Time

A gap in gender earning exists. Most of it, however, is due to the arrival of children, which creates a difference in earnings of around 20 percent even in countries known for gender equality.

Richard McGowan, Ph.D., an adjunct scholar of the foundation, has taught philosophy and ethics cores for more than 40 years, most recently at Butler University.



(April 15) — Decades ago, I left my career for nine years. During those years I was unemployed or working part-time; as well, I took care of our children.

My goal of chairing a philosophy and religion department was left behind; my directing a school-wide required ethics course was left behind; my rank as an associate professor with tenure was left behind. In addition, any kind of appreciable salary was left behind.

For those who are interested, I'd do it again. My tombstone could have read, "Here he lies; he could have made a lot more money," but it can

read, "He cared about his family, loved his wife, and loved the boys."

I was reminded of my history because recently newspapers and other media outlets have treated us to articles regarding women's ostensible pay gap. For instance the USA Today ran an article entitled, "It's Women's Equal Pay Day, but That's not a Good Thing" (April 10, 2018). The article stated what many people believe: "The notion of bringing home 80 cents for every dollar pocketed by a man on a national basis is unsettling . . ." and referred to the gap as "a shortfall," suggesting a lack of something expected or owed.

To the credit of the USA Today, the article never claimed that women were treated differently from men.

Newspapers in northern Indiana jumped on the bandwagon, too. One article opened by saying "Women in Indiana make 72 cents to the dollar that Hoosier men do on average, and they won't see equal pay until 2082 if current trends continue, according to a new study."

However, the widely known and properly documented gap between women and men in terms of their collectively earning money is not a pay gap. Similarly situated men and women get paid the same wage. In fact, women and men are paid the same even in that most male bastion of work — engineering. A National Science Foundation Report 99-352 (<https://www.nsf.gov/statistics/issuebrf/sib99352.htm>), "How Large is the Gap in Salaries of Male and Female Engineers?" released in the hoary days of 1995 stated that "the salary gap is primarily explained by the fact that female engineers, on average, have fewer years of experience since their first baccalaureate degree than males; salaries of female and male engineers with similar years of experience are virtually the same."

The Government Accounting Report GAO-09-62IT reported this: "The gender pay gap — the difference between men's and women's average salaries — declined significantly in the federal workforce between 1988 and 2007 . . . For the three years we examined, all but 7 cents of the

gap can be explained by differences in measureable factors such as the occupations of men and women and, to a lesser extent, other factors such as education levels and years of federal experience . . . Some or all of the remaining 7 cent gap might be explained by factors for which we lacked data or are difficult to measure, such as work experience outside the federal government."

Over two decades ago, I read in the Indianapolis Star that "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."

All of that known, people and media persist in calling the gap in earning a "wage gap," or pay gap and refer to it, pejoratively, as a "shortfall."

The fact that women receive, collectively, 80 cents for men's dollar, understood collectively, is well documented, but are there reasons for the differential? If so, are the reasons good? By asking these questions, I rely on what my students called "the Justice Tree" for analyzing policy for a policy's or practice's justness.

The Justice Tree looks first to see if a policy falls evenly among the groups it impacts. Normally, *ceteris paribus*, *ceteres res pares esse debunt*, that is, all things being equal, all things should be equal. So, if a policy impacts all people proportionately or, representatively equal, we conclude that the policy is likely just. It is when there is an inequality, for instance a woman earning 80 cents to a man's dollar, that we need to figure out if the policy or practice is just.

In other words, discovering an inequality, in and of itself, is not sufficient to establish an injustice. We have to investigate to determine if there are reasons for the inequality. If no reason is found, we should conclude that the policy or practice is working poorly or arbitrarily to impact some people more than others; then we should modify the policy or practice. If we do find a reason or reasons that account for the inequality, we are still not out of the woods. At that point, we must examine the reasons. If the reasons are

good, we may conclude that the policy or practice is fair. If the reasons are unconnected to the policy's or practice's impact, as they were in the Griggs v. Duke Power case, we may conclude that the policy is unjust and needs to be changed.

On my ethics tests, I gave students the following problem. "Table 352, from a Statistical Abstract of the United States, 'Prisoners Executed Under Civil Authority by Sex and Race 1930-2010,' states that 5,049 men and 44 women have received the death penalty. Is this fair? Please explain the structure or steps you use in coming to your judgment."

A good response states that we should first ask if there is an inequality, then look for reasons if there is an inequality; if there are reasons, they must be appraised. So, justice calls for equality but there is a clear inequality with regard to capital punishment. Are there reasons for the inequality? Men commit approximately 90 percent of the homicides. Is that reason connected to the inequality and can explain it? Yes, therefore, the inequality appears justified.

Are there reasons for the earnings gap between men and women? It is useful to start with occupations, since the aforementioned northern Indiana newspaper had an article on the 10 fastest growing jobs in northwest Indiana. The list included carpenters, construction carpenters, construction laborers and coroners, three of which are performed primarily by men because of men's secondary sex characteristics. Construction work is physically demanding; a man's typical physique is a better suited, collectively, for construction work.

But I want to be clear here: If a woman has the desire, ability and physique to be a construction laborer or carpenter, she should have the opportunity to do the work. She should not have to face sexual harassment or degrading comments and treatment. The hiring should be based on her relevant, individual traits, not on some aspect of women or men, collectively.

The occupations listed above, by the way, are the four highest-paying jobs in the top 10 list of

fastest-growing jobs from the northern Indiana newspaper. Men are well suited, collectively, for three of the four.

A small comparison might help. Baseball season is here and we might look at the payroll of a Major League club, for instance, the New York Yankees. The average annual salary of its employees, excluding the team members on the field, is around \$53,000. Heck, Giancarlo Stanton, alone, has a \$14.5 million salary. The Yankees have huge gap between the pay that women and men receive. Is that gap unjust? Have women been slighted or treated differently and unfairly?

I'll bet any woman who could hit 50 homers against Major League pitching would be paid millions in an instant. The occupation matters. Some occupations pay more, but the benefit of high pay is often offset by the burdens or skill requirements that the job places on an individual.

Consider the burdens placed on a construction worker. They wear out their bodies, risk injury and suffer death on the job. Construction work ranks high in job fatalities and that is the sort of work men's secondary sex characteristics are disposed to compared to women. Of the 5,190 job fatalities in 2016, 19.9 percent involved the construction industry, according to the Bureau of Labor Statistics (<https://www.bls.gov/iif/oshcfoi1.htm#2016>). Mining was around 17 percent and transportation and warehousing around 16 percent. Men, collectively, have secondary sex characteristics well suited for those industries; it is no surprise that of the 5,190 fatalities, 4,803, or 93 percent, were men.

Typically, the more risk a job presents to a worker, the higher the pay. It is no wonder that men without a high school diploma can compete with degreed women in terms of earnings. I once asked some dental students who were complaining about a coal miner's strike, "How much money would it take for you to go a half-mile underground and dig coal forty hours a week for fifty weeks?" One responded instantly, "You couldn't pay enough to do that work." Their

complaining stopped, though I suspect the number of men killed or injured on the job will have little effect on the earnings gap conversation.

Perhaps it would help to have an Equal Work Fatality Day, the day the number of women killed on the job is reached. In 2016, that day would have been Jan. 25. So, using the Equal Pay Day argument, for the rest of the year, only men would die on the job. Putting the matter another way and using the language of the Institute for Women's Policy Research's claim that Indiana women "won't see equal pay until 2082 if current trends continue," the next Equal Work death Day would not occur until May 30, 2029.

Does Indiana follow the national data? In 2016, 137 workplace fatalities occurred in Indiana. Of those, 124 were men, or 90.5 percent. The imbalance is almost obscene — and it represents improvement. Several years ago, the percentage for men was 93.7 percent. Indiana did a very little bit better than the 93 percent level for men, but by and large, Indiana fits the national data. Indiana's leading industries are manufacturing, agriculture, mining and service industries. Indiana's mining and construction industries reported the most work deaths. The occupation bears upon earnings.

According to the BLS (<https://www.bls.gov/web/empsit/ceseeb1a.htm>), the top five paying fields for occupations are, in order, management occupations; legal occupations; computer and mathematical occupations; architecture and engineering; and healthcare practitioners and technical occupations. The top five include fields that originate in science, technology, engineering and math (the so-called STEM disciplines).

Other occupations in the top 10 would seem to favor men — namely, arts, design, entertainment, sports, and media occupations and construction and extraction (mining) occupations. Protective service occupations, such as police officers and firefighters, ranked 11th. Men's secondary sex characteristics are well matched to several top 10 paying occupations. For instance, the outsized salaries of male professional athletes compared with female professional athletes will certainly

skew the data toward men. STEM occupations would seem to be weighted toward men, too.

That girls and women are not as involved in STEM disciplines may suggest bias against females. However, recent research based on data from almost a half million teens from 67 countries, suggests otherwise.

A study published in *Psychological Science* in February "showed that girls performed similarly to or better than boys in science . . . and in nearly all countries, more girls appeared capable of college-level STEM study than had enrolled." In short, women have the talent to enter STEM occupations. However, the study found that "paradoxically, the sex differences in the magnitude of relative academic strengths and pursuit of STEM degrees rose with increases in national gender equality." The researchers, Gijsbert Stoet and David Geary, concluded that "life quality pressures in less gender-equal countries promote girls' and women's engagement in STEM subjects."

Girls were as successful as boys in STEM subjects but girls were considerably more skilled than boys in the cognitive area of reading. If young people are encouraged to choose careers and study by their strengths, boys would head toward STEM classes but girls could head in more directions. The irony is that the countries with the greatest gender equality, for example, Norway and Finland, had the least female STEM graduates. The research is relatively new so it must be read with some caution but the research surely calls into question a societal bias against females in STEM domains.

The BLS data on hours worked (<https://www.bls.gov/opub/ted/2015/time-spent-working-by-full-and-part-time-status-gender-and-location-in-2014.htm>) also calls into question gender bias when it comes to men and women.

The data show that "On the days they worked, employed men worked 52 minutes more than employed women. This difference partly reflects women's greater likelihood of working part-time. However, even among full-time workers (those

usually working 35 hours or more per week), men worked longer than women — 8.4 hours compared with 7.8 hours." The BLS also reported that "On the weekend days they worked, men worked 6.1 hours and women worked 5.2 hours."

It's a straight line to conclude that if men work longer than women, they will have higher pay. Perhaps we should have an Equal Work Day, the day when women stop working while men continue to work. That day in 2016 would have been Dec. 4.

A real life application of the male work ethics was recently discovered by researchers at Stanford. They studied 1.8 million Uber drivers for two years. Uber assigns drivers using a blind algorithm so there is no knowledge of an individual driver's characteristics, including sex. The researchers, Cody Cook, Rebecca Diamond, Jonathan Hall John A. List and Paul Oyer, discovered no passengers' bias in favor of male or female Uber drivers, but did discover that men made 7 percent more than women who drove for Uber. One explanation that the researchers cited was that men worked longer hours.

But of course men work longer hours. Women typically take care of children and that takes time. Recent research from the National Bureau of Economic Research (NBER), a private, nonprofit research organization whose mission is to produce and make available non-biased economic research, shows the impact of having children. "Children and Gender Inequality," using research drawn from Denmark, observed that despite progress toward gender equality, a gap in earning remains. However, they "show that most of the remaining gender inequality in earnings is due to children. The arrival of children creates a gender gap in earnings of around 20 percent" even in countries known for their gender equality.

This finding can be more precisely explained. Researchers writing a "working paper" undertaken by the U.S. Census Bureau, "The Parental Gender Earnings Gap in the United States," discovered that when the child is born matters significantly. Women who have a child

before the age of 25 or after the age of 35 have earnings roughly the same as their male counterparts. The researchers speculate that prior to the age of 25, women have not yet established a career; after 35, women are firmly ensconced in a career. In either case, having a child outside the 25 to 35 year-old range does not significantly impact their earnings.

One solution, a Swiftian one to be sure, enabling women and men to get equal earnings, is simply for no one to have children. Of course, that means the end of society and the human race. A better solution is to follow feminist reformer — not revolutionary or radical — Betty Friedan's advice, namely, get fathers more involved in child-rearing.

Is that happening? Are men encouraged to assume the responsibilities associated with being fathers?

In 1989, my family visited the world's largest children's museum. My wife and I were on the fourth floor with our three boys. The oldest two went off with their mother for an age-appropriate activity. I planned to take the youngest to a gentler, less frenetic activity, but he had an event

in his diaper. I didn't worry about the mess since I had the diaper bag and a men's restroom was no more than 20 yards away.

I bundled my son up and entered the restroom: There was no changing table. I'd seen one in the first floor men's room so I figured the museum probably had them on alternate floors. I headed down the ramp to the third floor men's room — no luck, no changing table. So I took the ramp to the second floor men's room. No luck.

I won't get too graphic, but by now, a brown treacle ran down my arm. I finally got to the first floor men's room, 25 years after the start of the so-called modern women's movement, the one designed to produce equality in all facets of life.

And in 2015, Ashton Kutcher was putting pressure on New York legislators to pass a law ensuring that men's restrooms have facilities enabling fathers to change their children's dirty diapers.

If we want men and women to earn equally, we have a ways to go.

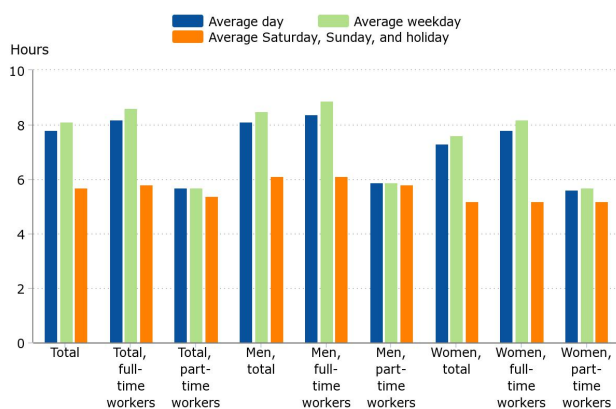
A full list of Dr. McGowan's resources is available by writing the foundation.

Excerpt: 'The Nordic Glass Ceiling'

"The Nordic countries are in many ways the most gender-equal in the world, owing to their history, culture, and some beneficial policies. Therefore, foreign observers assume replicating Nordic policies is the key to women's progress, even when facts and research tell us the opposite.

"Welfare policies, high taxes that make it costly to purchase substitutable services, generous benefit systems that reduce economic incentives for full-time work, public-sector monopolies and oligopolies in female-dominated sectors, and paid-leave policies that incentivize long breaks from working life prevent women from reaching the top. Taken together, these policies create a Nordic glass ceiling. Gender quotas are unable to make up the difference, even though politicians routinely point to gender quotas as a policy success story. In reality they fall short of their objectives."

— Nima Sanandaji, "The Nordic Glass Ceiling,"
Policy Analysis No. 835, the Cato Institute, March 8, 2018



The Great Leveler

"An earthquake achieves what the law promises but does not in practice maintain: the equality of all men." — Ignazio Silone

Eric Schansberg, Ph.D., an adjunct scholar of the foundation, is professor of economics at Indiana University Southeast.



(May 3) — There has been tons of attention on income (and wealth) inequality in recent years — much of it driven by a nasty combination of ignorance and envy.

For example, folks often conflate income inequality at a point in time with a lack of economic mobility over time. One can easily have income inequality without any trouble in the realm of economic opportunity — as people move between income classes, up and down the economic ladder.

I've written a lot on the topic. Adding to that pile, I'll offer a brief review of Walter Scheidel's "The Great Leveler." In one way, the book is not all that relevant, because one would rarely if ever advocate his historically based "solutions" — an array of disasters such as war — to the supposed and real concerns with income inequality.

But his book does help to put those concerns in a more appropriate place — i.e., limited in importance and contextualized with many other

variables. Ignazio Silone observes that "An earthquake achieves what the law promises but does not in practice maintain — the equality of all men."

By way of introduction, Scheidel starts with the important issues outside the scope of his project. First, he notes what the book does not cover: many of the standard reasons why incomes differ — from education and work ethic to luck and discrimination (9-11). Second, he discusses the most popular statistics — as proxies for the state of the world they try to measure (11-18). It follows that looking at less-developed countries or going back in time is an increasingly dubious exercise.

But he thinks the effort is still somewhat valuable. Third, he talks about the connections between innovation and inequality—and wonders whether inequality is all that important compared to poverty (18-22).

Part 1 of the book is a brief history of income inequality, ranging from "the great apes" to Europe after World War II. He notes the inequality of power in ape hierarchies (25-26). And he notes Europe's high and generally growing inequality — except for its experience with the fall of the Roman Empire, a plethora of plagues and the Great Depression.

The references to Europe's periodic "improvements" in income inequality allow Scheidel to set the table for the rest of the book and his focus on "the four horsemen" (5-9): War, Revolution, State Collapse and Plagues. He surveys history widely for examples, as he draws out the implications for economies in general and economic inequality in particular.

Scheidel notes that the accumulation of capital and wealth proceeds with far greater ease during peaceful times — for example, the 19th century West. In contrast, wars (particularly civil wars) are damaging or even devastating to economies, but "helpful" in promoting economic equality. Revolutions and the State Collapse are cousins of War — and so, the impact is about the same.

The case for plagues is less intuitive, since one might imagine that the wealthy would survive them more effectively or that random deaths would leave overall inequality mostly unchanged. But again, it's the general impact of plagues on overall economic health that causes inequality to fall.

Even for those who are greatly concerned about income inequality, the four horsemen are not an appropriate means to the desired ends. (For one thing, the events are largely exogenous, rather than something to be pursued.) In this sense, Scheidel's work is interesting and provocative but more tongue-in-cheek than directly applicable.

So, in the final section, Scheidel turns to more likely candidates — cousins of the horsemen that might yield enough benefits to be worth the costs. He closes with three chapters on lessons from the past and hopes for the future. But these are relatively speculative, so I'm going to focus on his more concrete proposals.

In Chapter 12, he discusses the theory and practice of modest "negative" efforts: "land

reform", debt relief and economic crises. It seems like a stretch to imagine economic crisis as palatable. But land reform and debt relief have been proposed and tried — with far less success than was promised on paper.

In Chapter 13, Scheidel covers a positive angle with improved education. This is more promising, especially since we do such a poor job with K-12 now despite inordinate spending. It's easy to imagine how more competition and more private sector involvement could allow us to make significant improvements with the same spending or less. Scheidel doesn't discuss family structure and stability, but this would obviously help with education, as well as a myriad of other social concerns. Unfortunately, cultural mores and economic policies act to discourage strong family structure. It can be hoped that the cycle will turn again — as it has in the past.

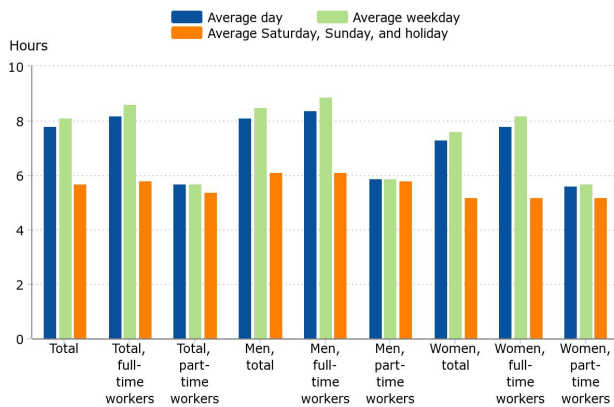
Scheidel's book is interesting history. But its most useful contribution to politics and public policy is putting income inequality in its place. There are far worse things in life than income inequality. ♦

Excerpt: 'The Inequality Bogeyman'

"Despite the preoccupation — if not obsession — of intellectuals with equality, we are all very unequal in what we do well and what we do badly. It may not be innate, like a sense of smell, but differences in capabilities are inescapable, and they make a big difference in what and how much we can contribute to each other's economic and other well-being. If we all had the same capabilities and the same limitations, one individual's limitations would be the same as the limitations of the entire human species.

"We are lucky that we are so different, so that the capabilities of many other people can cover our limitations. One of the problems with so many discussions of income and wealth is that the intelligentsia are so obsessed with the money that people receive that they give little or no attention to what causes money to be paid to them in the first place.

"For the money itself is not wealth. Otherwise the government could make us all rich just by printing more of it. From the standpoint of a society as a whole, money is just an artificial device to give us incentives to produce real things — goods and services. Those goods and services are the real 'wealth of nations' as Adam Smith titled his treatise on economics in the 18th century." — Thomas Sowell, *"The Inequality Bogeyman."* — Jan. 28, 2014



We're All 'Stinkers' as it Turns Out

To abandon Western culture is to abandon the very willingness to undergo self-criticism, the very commitment to freedom of thought.

Timothy B. Shutt, Ph.D., a friend of the foundation, prepared the following words for a college baccalaureate address, excerpted here. Dr. Shutt is a professor of medieval and renaissance literature. His full address was published in the Spring 2014 issue of the quarterly journal.



(May 17, 2014) — All cultures I have ever heard of are to varying degrees chauvinistic, if not always racist (sometimes, in more or less ethnically homogeneous regions, that is not really an option). Indeed, I have read that, according to comparative linguists, the most common word for “others,” the most common word for those who are not “Hellenes” or “human beings” or whatever, when one considers the whole array of known languages, reduces not, as we might expect, to “barbarians” or “enemies,” but rather — viscerally and dismissively enough — to “the stinkers.” A revealing construction, if not, on reflection, entirely surprising.

All cultures think they're the best. Or all cultures I've ever heard of. Including our own — even in its most recent, most progressive incarnations.

Likewise, I've heard of very few cultures that, given the chance to expand at the expense of their neighbors, failed to do so. The list is long and diverse, and most emphatically intercontinental — Sumerians, Assyrians, Persians, Huns, Mongols, Arabs, Aztecs, Incas, Iroquois, Athenians, Romans, Spaniards, the English and the French, Russians and Germans, Bantu and Zulu, even Maori. Take your choice. Some were more murderous and exploitative, others less so. None, to the best of my knowledge, were entirely selfless and benign. The large majority, anything but.

And once we pass what some have argued was the original Fall and find ourselves in an agricultural or urban society rather than a hunter-gatherer group — well, class and gender distinctions and inequities of one sort or another are universal. Indeed, I am not convinced that even hunter-gather groups were quite so innocent in that regard as we have been led to believe, though having to carry what you own admittedly puts a significant limit on wealth.

In the most celebrated commencement address I have ever heard of, David Foster Wallace spoke a good deal about water — beginning his remarks with a joke suggesting that, to at least young fish, water is effectively invisible precisely because in their lives it is all-pervasive, the medium in which they live and move and have their being. I would propose that the impact of Western culture on our own lives is, in some ways, similar. In many respects it shapes and conditions our views, even, perhaps, when we may least recognize the fact.

For example. Many, many cultures have practiced slavery. Some still do, or so one reads. But to the best of my knowledge, only one first abolished the slave trade and then — on moral grounds — did all that it could to assure that slavery simply vanished as an institution. In at least one well-known instance, it was at vast, bloody cost.

And again, many, many cultures have fostered wars of imperial conquest. But I know of only one that, in substantial measure, decided at last to free its colonies on the ground that imperialism itself

was immoral. The Romans did not apologetically greet the Ostrogoths and Visigoths with ruminations about how they had illegitimately usurped their Gothic cultural hegemony. They did not decide to return Gaul to the Celts or North Africa to the Numidians, Carthaginians and Egyptians because it had been wrong to take North Africa in the first place.

The Mongols and Avars and Huns and the rest did not suddenly decide that their conquests were simply unsustainable on ethical grounds — and thereafter decorously withdraw, restoring the infrastructure where appropriate, and offering medical and technological assistance where possible. Nor did the Moghuls. Or the Iroquois. Or to my knowledge, anyone else.

It is the same with class and gender relations. The idea of equality, to the best of my knowledge — class equality and gender equality alike — is to this day very sharply culture-bound. And again — and please forgive my ignorance if err I here — both notions arose in a culturally decisive way in a single, and, dare I say, a Western context.

To the best of my knowledge, even to this day, other cultures do not, on anything resembling a wide-spread basis, foster and espouse the detailed and sympathetic examination of other religious and cultural traditions in the hope of expanding their awareness, cultivating empathetic fellow-feeling, and correcting their own long-standing blindnesses and misdeeds.

“The idea of equality, to the best of my knowledge — class equality and gender equality alike — is to this day very sharply culture-bound. And again — and please forgive my ignorance if err I here — both notions arose in a culturally decisive way in a single, and, dare I say, a Western context.”

The one exception to this pattern that I can see is the near-universal desire to adopt Western science and technology, and perhaps, forgive me, weapons technology in particular. Otherwise, so far as I can tell, most cultures are content and always have been to leave well enough alone.

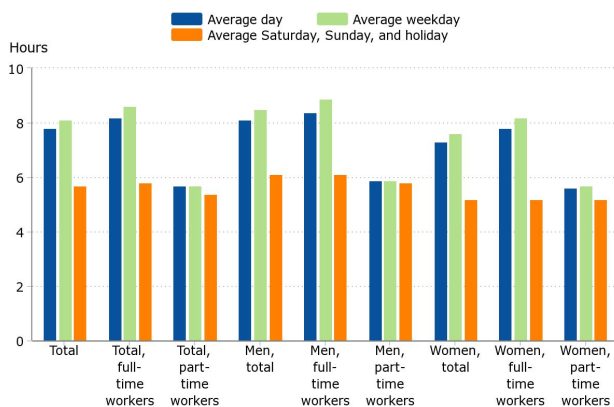
All of which is to suggest that the

critique of Western culture which has animated so much contemporary Western intellectual and academic life — and upon which we, often enough, so congratulate ourselves — is itself, paradoxically enough, something very close to a unique artifact of Western culture.

To abandon Western culture is therefore to abandon the very willingness to undergo self-criticism, the very commitment to freedom of thought, which are salient hallmarks of that critique. Sympathetic study, let alone advocacy, of cultures other than one's own is very nearly a Western monopoly. There is a vast asymmetry here.

And if — as I fear and regret that I may — I should to some at least give offense in saying as much, you are at perfect liberty to denounce and argue against me with whatever level of vigor seems appropriate.

Thanks, again, to those paradoxical Western values. Not all cultures, to put the matter gently, are so forgiving of dissent or apostasy. ♦



Politically Incorrect but Nonetheless True

Mark A. Franke, an adjunct scholar of the foundation, is formerly associate vice chancellor at Indiana University-Purdue University Fort Wayne.



(April 20) — “Facts are stubborn things,” John Adams asserted after the Boston Massacre. “Whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence.”

Except for when they have the audacity to disprove the received wisdom of our current progressive elites. That is, when they just don’t fit the narrative, a term our former president loved to use.

It is a sad commentary on our society today that we seem to have devolved to a tribe of temperamental adolescents with our fingers in our ears screaming, “I’m not listening to you!” Anything that questions the received wisdom handed down by the political-educational elites must not only simply be ignored but also shouted down with increasing vehemence.

That’s one heck of a way to find solutions to our many problems.

We seem unable to distinguish between causes and symptoms. Take the current fixation on income inequality. Everyone wants to focus on the gap between the top 1 percent and bottom 1 percent, but how many of us are at either level? Just two percent of us, if you take time to do the math.

The question we all ought to be asking ourselves is this: How does someone get out of poverty and move into the middle class? Two recent studies may have given us the answer. It’s called the Success Sequence.

The term originated back in 2009 as a result of two Brookings Institution researchers doing a longitudinal study of a cohort of Millennials who had reached age 28. What were the defining differences of those Millennials who had moved from poverty into the middle class over against those who remained in poverty?

The researchers found a sequential set of decisions made by a high percentage of these successful young adults.

- Graduate from high school.
- Get a full-time job.
- Delay having children until at least age 21 and only after marriage.

It took a formal study to figure this out?

I’m giving away my age but I was taught these principles throughout my childhood by parents, teachers, pastors and other adults who cared about me. We called it the American Dream back then — what blue-collar parents hoped to see their children achieve.

But back to John Adams. What are the facts about the Success Sequence?

Fact: Brookings Institute research showed that only about 2 percent of teens who followed this advice were still in poverty. This compared to 15 percent of the total age cohort.

Fact: Using regression analysis to control for a range of social and economic background factors, marrying before having children reduced the probability of living in poverty by 60 percent, graduating from high school reduced it by 38 percent, and working full-time by 66 percent.

Fact: The American Enterprise Institute in a followup study in 2017 found that 47 percent of older Millennials who had a baby prior to marriage were in the lower income third, compared to only 14 percent of their peers who married first.

Refusing to communicate these findings to our young people is not only irresponsible, it is cruel. Why would we not tell them this?

Sure, the professional naysayers have found a nit or two to pick. New York Mayor Michael Bloomberg, hardly the poster boy for family values, placed ads in city subways about the unfortunate consequences of teen pregnancy and was roundly criticized by Planned Parenthood because it stigmatized teen pregnancy. I think that was Mayor Bloomberg's intent.

I know it flies in the face of an orthodox narrative of victimhood and oppression, opiated by envy of what others have achieved. It puts

responsibility back on individuals to make three simple decisions to help themselves improve their lot in life. Not to mention the future lot of their children and grandchildren.

This used to be called pulling yourself up by your own bootstraps. I was told by a young friend of the Millennial generation that the bootstrap theory has been discredited. I replied, "Not by this data."

To her credit she listened, and I believe she will give some future thought to this. It is because of Millennials like her that the optimist in me hopes things eventually will work out OK. Please don't prove me wrong. ♦

Excerpt: 'Stop Calling the GOP the Party of Small Government'

"The voting record of congressional Republicans while Obama was in office is additional evidence that politics — not principles — guide the GOP. In 2011, Republicans used the fight over increasing the debt ceiling to curtail Obama's spending desires, but ever since they have joined Democrats in breaching spending caps. They attacked the rise in food stamp usage but helped keep what are essentially welfare checks flowing to wealthy farmers and landowners. They complained about the green subsidies that the Obama administration gave to now-defunct Solyndra but refused to terminate the underlying program (which, by the way, began during the Bush years). And they decried cronyism in government, unless it served friendly special interests like defense contractors and sugar moguls.

"Yes, Republicans deserve credit for getting in the way of the Democrats' wildest spending schemes. But whatever motivation they had to limit expenditure growth while a Democrat sat in the Oval Office vanished once a Republican took over.

"We obviously don't have a full picture yet of spending during Donald Trump's tenure. But with Washington unified under GOP rule since January 2017, congressional Republicans have been blowing money at levels congressional Democrats could only dream of. They quickly lifted the spending caps associated with sequestration — the only even modestly effective expenditure limit still in place — to grow the already bloated Pentagon budget even more. Indeed, the purported party of limited government shamelessly increased discretionary spending by \$300 billion over two years." — *Veronique de Rugy, "Stop Calling the GOP the Party of Small Government," Reason magazine, May 19, 2018*

Redevelopment Redux

Barry P. Keating, Ph.D., an adjunct scholar of the foundation, is professor of economics and business analytics in the Department of Finance at the University of Notre Dame, where he formerly served as chairman. He is a co-author of "Business Forecasting" (McGraw-Hill), now in its Seventh Edition. The following is based on comments made at a foundation luncheon April 12, 2018, in Fort Wayne.



(May 3) — Jerry Brown was elected governor of California in 1974 and again in 1978 before busying himself as mayor of Oakland. But Californians in 2010 apparently wanted to return to the days of "Governor Moonbeam," as Brown was affectionately known, and elected him governor again. Perhaps dating Hollywood movie stars and hanging with Cesar Chavez helped endear Brown to California voters.

But the Jerry Brown who won the hearts of voters for the third time appeared to be a different Jerry Brown. He campaigned on eliminating 749 redevelopment agencies in California. This was not the Jerry Brown of old.

The governor himself had created many of those redevelopment commissions ostensibly to raise funds to remove urban blight. His decision to eliminate the redevelopment commissions was backpedaling. Brown realized both that urban blight was not affected and the tax base did not increase; instead, taxpayers were given the opportunity to pay higher taxes and witness more urban decay.

Brown is an astute politician; he realized that public opinion had changed and nongovernment solutions may be more effective. He campaigned on that basis and won.

The South Bend Experience

In 2011, I wrote an article in The Indiana Policy Review titled "South Bend Learns a California Lesson." The article was inspired not

just by Brown's actions, but also by the College Football Hall of Fame debacle in South Bend. South Bend city fathers and economic "developers" decided in the early nineties to create a big-time attraction in the downtown central business district, one that would draw traffic and customers after previous attempts at redevelopment by the city government had failed. After all, we'd already tried (at great taxpayer expense) one-way streets and a downtown mall that had no streets.

Enter the National Football Foundation (NFF). It had a great "shovel-ready" idea for the South Bend redevelopment commission. The NFF would dump Kings Mill, Ohio, its current location, and move lock, stock and barrel to South Bend. Of course, the people of Kings Mill would be left with a useless building and a bad taste in their mouths, but the move would be good for the NFF.

By 2011, the NFF had seen that South Bend was no better than Kings Mill, and off it went to Atlanta where the Hall remains. But a trail of devastation remains in South Bend and Kings Mill.

South Bend throughout the 1990s spent millions of dollars to please the NFF and make it feel welcome. In 1994 alone, just a year before the Hall opened, the city spent \$19 million on it.

The Economic Club of Michiana at this time learned from city officials how the Hall was to be financed; members were aghast at the opulence of spending compared with the South Bend tax base.

The Hall was touted as the most important service needed by South Bend residents. It was quite the opposite. Most residents never ventured into the Hall; the Hall drew few outside visitors, and by 2009 it had become a liability to the city of massive proportions.

The city of South Bend still owes \$3 million on the vacant 52,000-square-foot building and has been paying \$100,000 per year just to maintain it. What the NFF and the developers left behind was urban blight in the central business district.

Presently, South Bend taxpayers service bond payments to finance a vacant eyesore across the

street from another developer's dream: the South Bend Century Center Convention (an underused publicly funded building).

In short, government redevelopment commissions rarely make good choices. They rarely identify winners. And like California, Indiana's redevelopment commissions deserve to be eliminated.

The Elkhart Experience

But South Bend isn't the only Indiana city to be wooed by the Music Men of development commissions. Barack Obama visited Elkhart twice in 2009. The city had the highest unemployment rate of any in the United States (about 20 percent). Obama told the people of Elkhart that this was unacceptable and he had the solution for Elkhart and the rest of the United States.

Every state had "shovel ready" projects and Obama was ready to fund them with a stimulus package of gargantuan proportions. While in Elkhart he visited one of the plants that would surely lead the charge in putting people back to work; it was a new electric vehicle plant, one of three in the area to receive \$50 million in government funding. Obama also promised to grant special status to electric vehicles for tax credits (i.e., abatements) so that these Elkhart plants could flourish and provide jobs long into the future.

In 2012, CBS News visited the electric car manufacturing site. Its report: "We recently visited Think City's Indiana plant, and here's what we found: a largely empty warehouse."

The company that had received the government benefits had gone bankrupt. The Elkhart location represented its fourth bankruptcy. Once again, the government made bad choices; it rarely picks winners.

Now it's 2018 and Elkhart has indeed changed. The unemployment rate is just 2.9 percent. But "according to a December 2017 report by WorkOne, there are approximately 9,500 unfilled jobs available in Elkhart County." In other words, the true unemployment rate is zero percent.

If the three electric vehicle manufacturers (now long gone) didn't hire people, who did? Did the stimulus package have the astounding effect of dropping the unemployment from 20 percent to zero percent? No, the answer is simple.

The market, in spite of the drag of a bloated stimulus package, took hold in late 2016 and unemployment dropped while the workforce increased in size. But that was not due to any redevelopment commission doling out tax abatements and creating TIF (Tax Increment Finance) districts.

Tullock's \$50 Bill

Gordon Tullock, an economist in Virginia, would auction off a \$50 bill his class early each semester. He was making a point. These auctions started with him handing out plain white envelopes to everyone in the class. The students were told that the highest bidder would win the \$50 bill. The rules were that each student would place a bid in cash in the envelope with their name on the outside. The envelopes would be collected and the winner would be chosen.

There was a catch: Tullock informed the students that he was allowed to keep all the bids that were placed in the envelopes.

So the winner would get \$50 less what he or she placed in the envelope, losers would lose the amount of their bid.

Tullock ran the auctions to see if the results would match what economists thought would happen. However, when the auction was explained to economists, they disagreed about the likely outcome. Some believed that Tullock would lose money every time the auction was held. Others were not quite so sure.

The \$50 bill, Tullock would explain, was an economic "rent" that developers receive if awarded tax abatement or TIF status, or another government subsidy. Rent here is not meant in the usual sense. Economic rent is any payment to an owner or factor of production more than the costs needed to bring that factor into production.

In one sense, it is an unnecessary payment or prize.

Tullock rarely lost money. Once an economic rent is created, individuals will bid on the chance of receiving the benefit. Resources that would have been otherwise allocated by Tullock's students or by the firms who openly seek abatements are essentially wasted. Furthermore, in the case of government, taxpayers, misled by the promise of increased tax revenue in the long run, are expected to assume the risks and fund the prizes.

I do not believe the government always makes poor choices in all things, but there is a better way of making economic choices. We have markets, and markets give individuals exactly what they are willing to pay without the need for any government official to offer prizes. If South Bend residents had truly demanded a College Football Hall of Fame, some entrepreneur would have provided it. If Elkhart was truly the best location for a needed electric auto plant, the market would have placed one there.

Market versus Government Failure

Economists argue that "market failure" is the main reason for the government; they argue that private markets do not build roads, provide clean water, eliminate sewage and enforce the law. We need government to do these things. These economists are correct. Each of these appropriate roles for the government was detailed long ago at Wabash College in Crawfordsville by Dr. Milton Friedman when he presented a set of talks later published as "Capitalism & Freedom." Friedman listed just three areas of appropriate government action:

1. The government needs to act as a rule-maker and enforcer;

"Government redevelopment commissions rarely make good choices. They rarely identify winners. And like California, Indiana's redevelopment commissions deserve to be eliminated."

2. The government should provide public goods (e.g., roads, bridges);
3. Finally, the government should sometimes operate paternally (e.g., for children who cannot fare for themselves).

These three areas Friedman detailed

were appropriate for government action because markets had no incentive to provide these goods and services. It was the government's duty to step in and see to their provision. But the government, according to this argument, should not provide goods and services whenever there is an incentive for the market to act.

Public Choice economics is one alternative way of looking at abatements and TIF districts when compared to how they are presented to the general public. Public Choice is sometimes defined as the application of economics to politics. It uses the self-interest postulate of microeconomics and extends it to politicians and their commissions; it suggests that the outcome of government commissions is the result of the interaction of self-interested voters, politicians and bureaucrats.

Public Choice emphasizes "government failure." Government failure happens when the government steps in to provide goods and services that would be provided if the market determined there was a reasonable chance of covering costs and earning a profit.

The College Football Hall of Fame represents government failure. If there had been a reasonable chance to make money by providing people the opportunity to visit a College Football Hall of Fame, the market would have built it. Walt Disney, on the other hand, believed people would pay to visit the Magic Kingdom; he was correct, and he reaped the rewards. No government action was necessary.

But if Disney had reckoned incorrectly, who would have borne the costs of the mistake? Disney and his investors would have lost a great deal of money. The market rewards winners and penalizes losers. But who lost when the College Football Hall of Fame turned out to be a massive mistake? The developers didn't lose; they were paid and went on their way to the next project. The politicians didn't lose; the same party has been re-elected ever since in South Bend. The National Football Foundation didn't lose; it moved to Atlanta; the academic economists who authored the "impact studies" didn't lose.

The taxpayers of South Bend, however, did lose; they continue to pay for "government failure."

In summary, the more discretion government officials are given to create TIF districts or grant abatements, the larger the incentive for individuals and firms to lobby them to gain influence, and the larger the opportunity for wasteful spending. It's just like the \$50-billion experiment. The waste exceeds benefits. There is no reason to expect that a rent-seeking environment will lead either to an efficient set of decision rules or the awarding of abatements to those projects that have the largest social payoff.

Redevelopment commissions that step outside the bounds of Friedman's three roles for government set up an environment conducive to those pursuing rent-seeking monopoly power; the taxpayer is sure to lose. Governor Brown came to realize this truth.

When rents are available, we should expect to see the following from government officials and redevelopment commissions:

- Rules set to favor certain groups and individuals;
- Changes in zoning rules;
- Indefensible weights assigned to favored industries;
- Illogical procedures for measuring impact;
- Distortions in estimating capital and labor costs;

- Arbitrary rules in allocating contracts.

Once politicians assume responsibility for the outcome of a particular situation, they find that they have made an almost irreversible decision and one which, over time, will open taxpayers to unlimited liabilities. Whatever the economic situation, it will be politically impossible to stop increasing the number of firms eligible for tax exemption because doing so will lead to the appearance of abandoning the town's economic well-being.

But surely TIF districts and tax abatements will increase the aggregate amount of investment? No, investment is limited by the pool of savings; TIF districts and tax abatements do not increase the pool of savings and therefore cannot increase investment.

An Alternative Solution for Market Failure

Entrepreneurs compete as vigorously for government-created rents as for market-generated profits. That is the reason programs that are meant to increase wealth may result in staggering amounts of waste as firms compete for subsidies (just as we saw in the \$50 billion experiment). But rent-seeking inefficiencies can be avoided if a resource that has some use value is auctioned off by the government or allocated by some quasi-market process. The telecommunications industry that may serve as an example.

After Marconi demonstrated the possibilities of carrying intelligent communication over radio waves, a new industry emerged and there was money to be made. For most of the past century, wireless access and radio became ever more important. In the early 1920s, commercial radio broadcast stations in Chicago (WGN and WLS) began to interfere with each other's broadcast; the interference was probably not intentional, but it was real due to the closeness of broadcast frequencies.

The government solution was to declare that the airwaves were a public resource and government should allocate use to responsible

parties. In other words, the government recognized a natural monopoly and decided to grant rights to its use. The Federal Communications Commission (FCC) would grant licenses (a limited number of licenses to preclude the interference problem).

There was only so much airspace, and the FCC would decide its best use. It would grant limited monopolies. For most of the 20th century the FCC acted as the omnipotent arbiter of who could and who couldn't use the airwaves. Its decisions were arbitrary. The FCC was lobbied heavily, and economic rents were large. But then something changed. Technology had left the FCC's archaic decisions in the dust.

The FCC had decided that some portions of the spectrum were so useless that it would let anyone use them. The FCC surmised that no firm or individual would purchase the "worthless" frequencies.

What happened was exactly what Public Choice economists expected. First, the "useless" frequencies became interesting because they were free. Of course, the FCC said you couldn't interfere with anyone else when using them, but they were still interesting because "free" is good.

What became of some of those frequencies? They became what we now know as Wi-Fi. The FCC thought this was useless radio real estate but Wi-Fi frequencies have turned out to be among the most valuable frequencies on the planet.

The United States decided to follow the advice of Public Choice economists and auction off some

"The more discretion government officials are given to create TIF districts or grant abatements, the larger the incentive for individuals and firms to lobby them to gain influence, and the larger the opportunity for wasteful spending."

of the airwaves. The frequencies that were auctioned to private companies (Sprint, T-Mobile, etc.) brought large amounts of money into the government's coffers. But, much more importantly, it placed radio spectrum in the hands of private companies. Those companies have a

vested interest in using the spectrum economically. The companies have invested large sums of money in research to make the spectrum they own more valuable. We, the consumers, have benefitted by receiving cheaper service, better service and more service.

Would all this have happened if the FCC had continued to allocate frequencies as economic rents?

I suggest that urban real estate, like radio frequencies, has some non-zero value that certain individuals or firms would be willing to purchase — without abatements or government subsidy. This assumes, of course, that local government functions, as previously stated, by confining itself to enforcing the rule of law and providing public goods in the form of roads, bridges, etc.

Where we go from here should be clear. Do we want the government to make the choices and allocate the economic rents as the FCC did for most of the 20th century? Or, do we want to unleash the forces of the market by doing away with abatements and TIF districts? ♦

Leo Morris

The author, columnist for *The Indiana Policy Review*, is a veteran of 40 years in Indiana journalism. As opinion editor of the *Fort Wayne News-Sentinel*, Morris was named a finalist in editorial writing by the Pulitzer Prize committee and was named this year's best editorial writer by the Hoosier Press Association.



Todd Young Fails the 'Penny Test'

(May 28) — You've likely run into this little riddle before: Would you rather have \$1 million or an amount that results from starting with a penny and doubling it every day for 30 days?

Even if you don't know the quiz or bother to do the elementary math, you can tell it's a trick question that almost demands the selection of the least-obvious answer.

And the least-obvious answer turns out to be the right one. By Day 20, two-thirds of the way through, it looks like you might have been a bad choice — you're up to only \$10,485.76. But by the magic of compounding, on Day 30, you have doubled your way to \$10,737,418,24.

It's a simple lesson about how very small amounts become very big amounts in a very short time, a lesson that seems beyond the U.S. Senate's comprehension.

Sen. Rand Paul, R-Ky., recently put forward his "penny proposal" in what he called "a litmus test for conservatives," who failed the test spectacularly. His plan, which he said would balance the federal budget in five years by cutting just 1 percent of spending annually, failed 76-21, with all Senate Democrats being joined in defeating it by 29 Republicans.

That means only 20 members of the GOP, which likes to call itself the party of fiscal responsibility, voted to join Senator Paul in the proposal. Sen. Todd Young, R-Ind, was not one of them.

That's something to think about the next time you hear him call himself a conservative.

Of course, Paul's plan isn't quite as kind and inoffensive as he makes it sound. You can't make easy, painless cuts and get a real start on a national debt that's \$20 trillion and climbing rapidly.

But it's not as draconian a plan as the critics would have it, either.

As the Washington Post's "fact checker" Swamp 'Splains it, Senator Paul's approach would actually result in much larger cuts that would "threaten entitlements like Medicare and tear into agencies from the Pentagon and CIA to the National Institutes of Health."

Good grief. He wants to throw Grandma off the cliff and gut the military, too. That's quite the one-two punch.

Senator Paul's sins, according to the Post, include wanting to start the process by repealing the recent spending deal enacted by Congress (which also enjoyed generous Republican support and will add about \$1.8 trillion to the deficit over the next decade) and ignoring "baseline budgeting."

You remember baseline budgeting.

Instead of starting at nothing and having to justify every dollar they seek (zero-based budgeting), lawmakers budgeting for next year using baseline budgeting get to use this year's spending as their starting point. That means they can start out proposing, say, a 10 percent increase over this year's spending, then reduce the proposal to 5 percent and then brag about making a "cut" that is dutifully reported by the math wizards in the government watchdogs of the Fourth Estate.

That means, heaven help us all, that Rand Paul wants to make real cuts in government spending, not just pretend cuts.

What a monster.

He is obviously a Bad Republican, not like George W. Bush, who, Reason magazine reminds us, spent more than any of the six presidents

before him and nearly doubled the spending of predecessor Bill Clinton. GW's profligacy paved the way for Barack Obama's depraved recklessness.

Back to our little penny quiz.

If you carry out the doubling exercise for another 30-day period, or roughly two months total, you would zoom right by billions, trillions and quadrillions, amassing a respectable \$23 quintillion. That's a 23 followed by 15 zeros.

To paraphrase the late Illinois Republican Sen. Everett Dirksen, a penny here and a penny there, and pretty soon you're talking about real money.

Do the math, Senator Young.

A Property Rights Saga

(May 21) — Both ends of the alley behind my house were blocked one day last week. It annoyed me no end. But it also set me to thinking about the need to vigorously defend our private property rights even as we acknowledge the proper place of public property in the grand scheme of things.

I dare not park in front of my house. My street is one-way east from a popular drinking spot. My house, in about the middle of the block, is where drivers with a snootful typically lose control, and I used to lose my driver's-side mirror about twice a year. The city could quickly remedy the situation by making my street one-way west and reversing the direction of the next street over, which is now the one-way west one. But that would be too easy.

So I started parking in back, in a little corner of my yard. And the city threatened me with penury-inducing fines, to be accumulated one day at a time, for creating furrows that could hold water that would breed mosquitoes that could carry diseases sufficient to end civilizations as we know it.

I was required therefore to lay down a small driveway of crushed limestone in my yard, which I did. Now I can happily park behind my house.

Except for that one day last week. To the east of my house, a truck was parked for the benefit of people spring-cleaning their house. To the west

was another truck that was being filled with dead tree limbs, brush and other yard detritus. My little parking spot was unreachable.

I could have called the city, but the trucks would probably have been gone by the time someone answered the complaint, and anyway it would have created hard feelings among my neighbors. Besides, the alley is public property, just like the demolition-derby course in front of my house, which means the city controls its use.

And it actually encourages the nonsense I had to endure. According to the city code, it is unlawful to deliver goods to the front door if there is adequate alley access in the back. The code does not say, "... except that two trucks may not be deployed at the same time, depriving Leo Morris of his parking spot."

The city also controls the sidewalk in front of my house and the tree lawn between the sidewalk and the street, which means they are "public property," i.e., controlled by the government for the benefit of all the people. I don't know what benefit "all the people" get out of my tree lawn, unless they're having picnics there at 2 o'clock in the morning so they can watch the drunks weave their way home, but that's my problem.

City ownership does not mean I can wash my hands of those assets. Under the law, I am required to keep the sidewalk clear of snow and other impediments to pedestrian traffic, and if someone trips over a root on the tree lawn, I can get sued. And there is such a thing, I discovered shortly after buying the house, as Barrett Law, which means the city can decide to install or repair something near but not on my property and bill me for a good chunk of the work.

It can be tricky, separating what is public from what is private, and you can find examples of it being handled both well and poorly in Indiana.

The best example of a sensible demarcation came from the Indiana Supreme Court, which recently ruled that the "ordinary high-water mark," the point at which "the presence and action of water are so common and usual" as to mark a clear distinction between beach and banks,

is the boundary between publicly owned Lake Michigan and the private property abutting it. Some homeowners had wanted the boundary to be the “water’s edge,” wherever that happened to be at any given time.

Basically, the homeowners wanted the right to yell, “Get off my beach!” to any wandering lake-lover strolling by, and the court said, no, the beach belongs to all of us. The best thing about the decision (see *Gunderson et al. vs. State of Indiana et al.*) is the court’s meticulous research, which went all the way back to English common law with stops at the Northwest Ordinance and the granting of statehood along the way.

The least mount of respect for private property can be found in the small town of Charlestown in southern Indiana, where the mayor, in partnership with a private developer, wants to bulldoze a low-income neighborhood and replace it with a new upscale subdivision.

In its despicable *Kelo* decision in 2005, the U.S. Supreme Court encouraged such blatant theft of private property by ruling that a government could take it for “economic development,” somehow interpreting the Constitution’s requirement for a public “use” (roads, bridges, schools, etc.) to mean public “benefit,” such as giving it to another private party who can generate more tax dollars with it.

Indiana reacted to the public’s *Kelo* outrage (80 percent disapproval in some polls) by making it hard to grab property for economic development here, without at least trying to make a case that the property is somehow “blighted” (which deserves a whole other column). But Charlestown’s mayor gets around that pesky law by trying to force the homeowners into bankruptcy with heavy daily fines for such minor

Leo’s ‘Real Men Don’t Count Calories’ Quiche

3 lbs. pre-cooked bacon, crumbled
1 pkg. shredded hash browns, thawed
1 14-oz. pkg. shredded Swiss cheese
1 16-oz. pkg. shredded extra-sharp cheddar cheese
4 large eggs
¾ cup half-and-half
1 stick butter, melted
1½ tsp. Old Bay seasoning
Salt & pepper to taste

Grease or cooking-spray a 9×13 pan. Press hash browns into bottom and up sides to form crust. Salt and pepper to taste and drizzle with melted butter. Bake in 425-degree oven for up to half an hour, until the potatoes start to brown at the edges. Let cool. Fill with alternating layers of cheeses and bacon until there is none left. (You can do all this the day of or do the night before and cover with foil in the refrigerator.) Mix together eggs, half-and-half and Old Bay and pour mixture into the pan. Bake at 400 for 20 minutes to half an hour until set. (You can get away with 2 lbs. of bacon if you must. Crisp it up for a few seconds in the microwave for a better taste and texture.)

infractions as a torn screen or a bit of flaking paint. He is trying to inspect the neighborhood out of existence, a tactic employed in no other part of town.

The line between public and private can get blurred, and we can all argue over where it should be. (I know many of my fellow libertarians disagree with me on the Lake Michigan decision). But there is a line, and we need to keep fighting for it.

Property rights are not less important than civil or other human rights, as some liberals believe. If we own ourselves, which is the essence of citizenship in a constitutional republic, we also have the right to transform resources and enjoy their benefits. Property and all other rights are inextricably linked. As they rise or fall, so does our freedom or subjugation.

What’s mine is mine, what’s yours is yours, and what is ours is up for grabs. The only question to be answered when it is claimed something should

be public is whether that would enhance or diminish what is private.

And all I want out of it is my little corner of the universe, where I can do whatever I please.

Except when I can't.

And when I can get to it.

Happiness Defined Grammatically

(*May 14*) — I was spending a quiet day amusing myself with harmless diversions. I played a little guitar. I read a few chapters in a mystery novel. I watched part of an old movie on cable. I gave a Sunday newspaper the once-over. I studied my recipe for breakfast quiche to see if I still wanted to use Old Bay as the main seasoning (I did).

I thought I was having fun.

Silly me.

That's when I stumbled across an article it would have been better to skip. Indiana, according to a breakdown by WalletHub, ranks only 37th out of 50 for "Most Fun States in America." We apparently score low on the all-important "Entertainment & Recreation" and "Nightlife" scales.

We have a pathetic number of restaurants per capita and practically no access to marinas or national parks. We don't have major attractions, ideal weather, adequate fitness centers or skiing facilities. We don't even have enough bars and our "last call" times are ridiculously early.

No things to do in the daytime, no places to go in the nighttime. How very sad. Talk about a splash of cold water on my childlike illusion of happiness.

But, not to fear. The Indianapolis Star was there to rescue me from the depths of depression.

WalletHub had it all wrong, the Star advised. For one thing, it ignored special or annual events such as the Indianapolis 500 and our pro football and basketball teams and that special frenzy known as Hoosier Hysteria. For another, it measured only the quantity of restaurants, ignoring the superior quality of our eateries.

Take that, California (No. 1)! Eat our dust, New York (No. 2)!

The Star, unfortunately, got it no more right than did WalletHub. By arguing that WalletHub overlooked Indiana's fun things to do and places to go, it accepted WalletHub's basic proposition that fun does indeed consist of Things to Do and Places to Go. That is called a faulty premise, from which, we were taught in Logic 101, no valid conclusions can be drawn.

Somewhere between the Buddhism of Charles Schultz (happiness is a warm puppy or sleeping in your own bed or walking in the rain or whatever else fulfills you) and the cynicism of Mac Sledge in "Tender Mercies" ("I don't trust happiness. Never did, never will") is the simple truth that happiness is more the journey than the destination and that all our journeys are personal ones.

Once in high school, a teacher asked us what our goals in life were. Put in a contrarian mood by all my classmates who offered various versions of saving or conquering the world, I answered something like, "I shall live in a cabin on a lake and pursue small enthusiasms."

That was back when we only had to defend our tastes to one dissenter at a time. My choices for diversions were soul-recharging necessities, yours were a mindless waste of time, and we could argue about them for hours at a time.

Today, cable networks, the Internet and social media have us living in each other's back pockets, and I can't noodle on the guitar or fiddle with a recipe without feeling that I'm either cheating myself or defying the haughty arbiters of universal fun.

I'm sure you noticed, by the way, that I wrote I "shall" live in a cabin on a lake. It is sadly true that the difference between "will" and "shall" has all but disappeared in modern usage. But there is still a grammatically justifiable reason to observe the distinction, and occasionally I like to sneak in one of those finer points just to annoy people.

It amuses me.

And if you think that makes me a pedantic, anal-retentive snob, I hope you scream and pull

your hair and call me a sneering, condescending jerk.

If it amuses you.

Are we having fun yet?

Bill Cosby

(May 7) — You’ve already heard from Don McLean about “the day the music died.” Call this the day the laughter died.

It wasn’t until I glimpsed the monster inside him that I realized how much Bill Cosby had meant to me growing up. Back then, he was the funny man who helped me get through high school with my sanity intact. The monster was well hidden beneath wry observations about family life and urban hassles.

Most of my classmates argued a lot about music. There was the great debate about whether John or Paul was the coolest Beatle, and the life-and-death struggle over whether the Beatles or the Rolling Stones were the best band. A few oddballs on the fringe called them all crazy and said Bob Dylan was the only artist who really mattered.

But there was a very small group of us who ignored the whole thing because we spent our time listening to comedy albums. There was Bob Newhart’s “Button- Down Mind,” the first No. 1 comedy album in history. Vaughn Meader’s multi-million-selling parodies of JFK. Bill Dana’s incredibly politically incorrect depictions of Jose Jimenez. Redd Foxx’s hilariously filthy “party” records.

And Bill Cosby, who was the king of the superstars of comedy albums. People who marvel at how big he was in the 1980s forget (or never knew) how big he was in the 1960s. My brother and I wore out three of his albums. I think we went around the house for an entire week yelling this each other “Who died and made you Jell-O sheriff?” from one of his routines.

Now he’s been unmasked as the worst sort of user, a predator who drugged women into incapacity and then abused them. Since he’s been found guilty on three counts, I guess we can stop

putting “alleged” in front of his crimes, although it felt pretty silly doing it after the number of accusers topped 50.

And you have to wonder why in the world he did it. He was rich, famous, good- looking and beyond well-liked by millions. I don’t think “beloved” is too strong a word. Forgive me if it sounds crude, but he could have had all the sex he wanted, voluntarily.

So whatever possessed him? Pure evil, I suspect, a twisting of the soul that deflected the simple decency that forms the basis of moral behavior.

I know it sounds naïve and shallow to say I feel betrayed. He never signed a contract promising to be a paragon of virtue. He just offered to make us laugh and, more often than not, he succeeded.

But that is a part of what I feel. Life is full of dark corners we’re afraid to look around, and people who find some humor in the absurdity of it all are special. We forgive them for occasionally succumbing to human weakness — their understanding of that weakness is the source of much of their sense of humor. But they abuse the privilege when they encounter human depravity and decide to stop awhile and enjoy it.

I don’t have any profound insights to offer here, just a small warning about whom we admire and why we admire them.

We tend, I think, to judge people we don’t know well by what they do. We can’t fathom their innate qualities, so their behavior is what matters to us. How they handle setbacks. How they treat other people. How they act when they think no one is watching.

But the people we are close to — our family, friends and loved ones — we admire for who they are. We know their strengths and weaknesses, their loveliness and wretchedness, their highs and lows. We put it all on the scale and balance it with our own human contradictions, and we forgive each other’s sins so we can cheer on each other’s efforts to be better.

Famous people are in a special category. We start out admiring them for what they do — the

way they can sing or act or build a bridge or make us laugh. But somewhere along the way we start thinking we know who they are, and we admire them for that.

And when they turn out not to be who we think they are, we are bitterly disappointed, though we really have no right to be.

As I said, not that profound. And not the least bit funny.

Voter Apathy Is only the Symptom

(April 30) — When I was a kid like you, I used to tell high school classes, people kept warning me to quit shooting my mouth off before I got into trouble. Now, I said, I've found the perfect job as an editorial writer. I get to shoot my mouth off every day, and they pay me for it. And the best part is, I don't even have to be right.

But it's better to be right than wrong, so it pains me to think I might have been wrong about something, especially if I have been repeatedly wrong.

Such may be the case on the issue of voting. I expect I've written at least two dozen editorials over the years bemoaning the apathy of American citizens and urging the powers that be to make voting easier. Early voting! Extended voting! Same-day registration! A polling booth on every corner!

Alas, voting has become easier and easier, but potential voters have not responded with a burst of civic virtue.

Since a landmark 1980 study by political scientists Steven Rosenstone and Raymond Wolfinger, arguing that many people didn't vote because it was too difficult, states have made registration easier, and the federal government even jumped in with the so-called Motor Voter Act of 1993. Voting itself is easier, too, with more places and more methods and longer times to vote.

Let's admit it. Voting is not a great burden, it really isn't. What else should we do – put voting machines in McDonald's and refuse to let people

have their fries unless they pull a lever? Yet most people still don't bother.

In 2016, the Pew Research Center ranked the U.S. 31st out of 35 countries for voter turnout among the mostly democratic nations of the Organization for Economic Cooperation and Development. And in 2014, Indiana had the lowest turnout in the nation.

And just who are these recalcitrant voters we are trying so hard to entice to the polls?

A University of Pennsylvania survey in 2016 found only about 25 percent of Americans could name all three branches of government, and nearly a third could not name a single one. More than one in three could not name a single right guaranteed by the First Amendment. According to a 2014 Pew survey, only 38 percent of Americans could identify which party controls the House or the Senate.

Would the electoral process really be improved and the republic better off by cajoling even more ignorant citizens into making choices for a government they don't understand? People don't stay home because voting is too difficult. They don't vote because they are not engaged in civic life and, furthermore, have no interest in it.

David Harsanyi, a senior editor of *The Federalist*, has a radical solution – let's make voting more difficult. "We should demand some effort" so people can "ponder long and hard the gravity of the mistake they're about to make." And to make sure we're scrupulously fair about it, "we must do our best to make voting equally onerous for all races and creeds."

I can understand the sentiment. People have a greater appreciation for the things they have to work for, when they can see a connection between effort and reward.

I would not go that far. Voting is a right, not a privilege, and if we accept roadblocks for one right then we are giving permission for all our rights to be treated cavalierly. But once we have achieved a certain level ease and order – surely we're there – it's time to back off and let the people who are

interested participate and stop pestering those who aren't.

Voter apathy is a symptom, not the problem, which is the utter failure of our education system to nurture the virtues of good citizenship and stress the dangers of its lack.

Civics was once the primary purpose of a public education in this country. It is needed, Thomas Jefferson argued, "to give every citizen the information he needs . . . to enable him to calculate for himself . . . to understand his duties to his neighbors and country . . . and, in general, to observe with intelligence and faithfulness all the social relations under which he shall be placed."

Somewhere along the way, civics classes fell off the curricula. Today, faced with the real possibility that the republic might slip away, educators are trying to reintroduce the idea that students must learn how to be active participants in their own government. But the efforts so far have been woefully inadequate.

So here's my radical idea (introduced in the Indiana Legislature but gaining no traction): Make students pass a social studies test to get a high school diploma.

And if we want to be really serious about teaching responsible citizenship, perhaps we should even require them to take the same test immigrants must pass to become citizens.

That might make a few more people vote, and maybe they'd even know what they're voting on.

"Civilization," H.G. Wells said, "is a race between education and catastrophe."

Right now, education is not winning the race.

At least that's what I'd tell high school classes today, and hope I would be right, and that students would listen.

The Agony of a Trump Voter

(April 16) — Donald J. Trump is a jerk. I feel as if I have a right to say that. I voted for him. He may be a jerk, but he's my jerk.

It was a difficult decision, probably the toughest call of my voting life. As a fiscal conservative, I was an early supporter of Ted Cruz, and I favored many other candidates in the crowded GOP primary over Trump — most of them, in fact. As the field narrowed, I kept thinking, "Oh, please, not him." I wasn't exactly a #NeverTrumper, but I was certainly in the #AnybodyBeforeTrump camp, although that is perhaps splitting hairs.

Then Trump won the primary, and I had to climb out of the depths of despair over the fact that my choice for president was Trump or Hillary Clinton. With thousands of available candidates who could be good presidents, the best our political system could come up with was this pair?

Don't get me wrong. I was never, ever going to vote for Clinton. After eight years of President Obama's statist stranglehold on this country, I'm not sure we could have survived another four or eight years of the same thing.

No, my choice was whether to vote for Trump, cast a protest ballot for a third-party candidate or simply sit out the presidential race.

I finally decided after months of agonized deliberation that anything but a vote for Trump would be the coward's way out. One of those two people was going to be president, and if I chose not to vote for one, it would be the same as a vote for the other. I could either have Clinton as president, and get absolutely nothing on my agenda addressed, or Trump as a chief executive who might at least give me some of what I wanted.

So now we have President Carnival Barker Clown, and I get some credit or some blame. You're welcome or I'm sorry, take your pick.

And I must say that . . . I have been . . . pleasantly surprised.

With The Donald as president, I have gotten more than some of my agenda. Trump chose a Supreme Court justice who doesn't think the Constitution is his personal plaything. He has rolled back Obama's devastating regulatory state. He has brought a sanity back to foreign policy.

He has tackled, however gingerly, our byzantine tax system. Even some of the things I don't like – such as his protectionist approach to trade – are things I shouldn't be shocked over, since he is merely doing what he promised to do as a candidate.

He is still a jerk, of course. As one of his Indiana newspaper columnist critics has said, he is “a loose cannon with a total disregard for Washington, D.C., protocol,” lacking “even the appearance of presidential behavior.”

That's Trump's problem, the whole “presidential appearance” thing. All our presidents have been jerks if you stop and think about it. You cannot even consider leading the free world unless you are a monumental narcissist with an ego that crowds every other normal human attribute out of your brain. But they have been jerks completely within the political process, which we are conditioned to not even notice as we play our own parts in that process.

Donald Trump is a jerk in ways we are not used to, so we notice.

And I can live with that, nervously. I feel a little like I did when I was a fan of Indiana University basketball coach Bobby Knight, cheering him on because of his flamboyance and winning ways, but always worried about the next stupid thing he would say or do. Donald Trump is my Bobby Knight of politics.

But now I have another really tough political vote to cast – whether to choose Luke Messer, Todd Rokita or Mike Braun as the GOP candidate to take on incumbent U.S. Sen. Joe Donnelly. The main thing each of them desperately wants me to know is that he is really 1 million percent for our wonderful Make America Great Again president, and the other two are slimy, swamp-loving rats not worthy to touch the hem of Trump's royal robes.

To which I respond:

I don't believe them, I really don't, even though they're trying to sound just like me, at first against Trump and now willing to give him a chance. Right up until the end of the primary, Marco

Rubio-supporting Rokita was calling Trump “vulgar, if not profane” and saying “at some point you have to be presidential.” Even after the primary, Messer was accusing Trump of race-baiting and saying he was a “hard candidate for Republicans to swallow.”

What else do they have? Certainly, it is generally a good idea for a Republican Senate candidate to support his president, but we can't forget that the man is mostly a populist. What conservative lines would they draw that they don't think he should cross?

For what it's worth, I'm leaning against Messer. He and Rokita are both members in good standing of the swamp they promise to drain, and each basically wants a more elevated position in the swamp, but Messer seems much more at home there. That gives me a choice between Rokita, a prickly personality who promises to out Bobby Knight Donald Trump, and Braun, who voted in a lot of Democratic primaries before seeking his Indiana House seat as a Republican.

Right now, I slightly favor Braun simply because he's the outsider who (so far) hasn't been tainted by Washington. But that could change. I'm a voter, so I'm allowed to be fickle.

And just in case you think I am making too much of this whole Trump business, answer this question: Who proudly told Fox News that he had voted with the president “62 percent of the time”?

Joe Donnelly.

Thank You Tim from INDOT

(April 9) — There might be something more terrifying for a wheezy old man than sitting in a compact with a flat tire on the shoulder of I-465 in Indianapolis, watching nervously in the driver's side mirror at three lanes of cars and trucks whizzing by at 70 miles an hour, but offhand I can't imagine what.

Staring into the muzzle of a .45 perhaps, being held by a crack addict three days from a fix. I'll have to think about it. I had something clever and timely in mind for this week's column, maybe a take on the state's tightening of the therapy-

animal rules, or Republicans' failure to expand absentee-voting opportunities. My usual practice, on the weekends when I visit my sister in Indianapolis, is to let the topics marinate on the drive home to Fort Wayne on Sunday. By the time I arrive, I have settled on a subject and know pretty much what I want to say, so I can sit at the kitchen table with my laptop, a bluegrass station playing on my Amazon Echo, and start typing.

But this time, Real Life intervened in the form of a bone-rattling pothole that dropped out of the sky right in front of my speeding car. So, thank you very much to the governments of the city of Indianapolis and the state of Indiana, which are able to find millions of dollars for every frivolous whim in every lobbyist's empty head but can't handle something as basic as keeping the roads in good repair.

On the other hand, a big thank you—sincerely, not facetiously—to Tim of the Indiana Department of Transportation, who rescued me from a long afternoon of misery and, considering the way people drive these days, may even have saved my life.

He's the one who showed up in his big truck after I told the lady at the Mazda Roadside Assistance desk that, yes, indeed, I would like some emergency assistance before the tow truck arrived. With a police car sitting behind me, I reasoned, the odds would be reduced that my car would be the one clipped by a Sunday afternoon drunk.

But Tim is who showed up. And since his truck would serve even better than a police car for running interference, I would have been quite happy with him sitting behind me in his big INDOT truck. But when I told him it would be 45 minutes before the tow truck arrived, he said he could replace the tire with the temporary spare and have me on my way in 15 minutes.

It was the best deal I'd heard in quite some time, so I took him up on it, and thanked the universe for a timely reminder.

Those of us who try to wrestle profound truths out of life's complicated issues need to remember

that there are real people in there trying to make their way the best they can, just like we are.

We might have an issue with the bureaucracies that fail our infrastructure needs, but we can't forget to thank the Tims of the world who have to work within the bureaucracy and are still able to get us back on the road.

We might have legitimate points to make about the effects of fatherless homes on all our social ills, but that doesn't give us license to slight the heroic single mothers doing the best they can.

We might be justified in bitter complaints about the incompetent way the latest war is being waged, or even the very need for the war, but not in taking it out on the soldiers who must fight it.

We might feel profound anger that half the country just doesn't understand what a jerk Donald Trump is or how evil Hillary Clinton was, but for heaven's sake let's not change the locks on the door because our relatives voted for the wrong person.

There's a song called "Nothing More" I heard recently that was written by Eric Donnelly and Tim Warren and performed by Lily Costner and the Alternate Routes.

It's admittedly a little naïve the way songs often are, even sappy, the cynic in me might say, but some of its words are worth contemplating the next time you're stuck on the side of the road:

*And heroes don't look like they used to
They look like you do
We are love, we are one,
We are how we treat each other when the day is done
We are peace, we are war,
We are how we treat each other and nothing more.*

'Dreamers' Free to Be Regulated

(April 2) — I enjoy my regular coiffure-adjustment sessions because they give me a glimpse of something I seldom get to see — the back of my head, when the barber sticks the small

mirror in front of my face so I can see into the giant mirror behind me.

He always asks a variation of the same question, which tickles me no end: “So, what do you think?” What am I supposed to say to that? “It looks awful, too short, put some of it back”?

The secret of men’s haircuts is that no matter how awful they are, in a couple of months the hair will grow back, and all the evidence of a crime will be gone.

Of course, the delicate souls among us can feel tormented and crushed as their cruel and insensitive co-workers heap bad-haircut scorn on them day after day. Oh, the heartache.

Thank goodness the state is there to protect them.

Not just any clown can come in off the street and start snipping hair in Indiana. To become “professional” — i.e., legal — barbers in this state, applicants must complete 1,500 hours of instruction, get at least 75 percent on the final exam (but they get three chances) and pay a \$40 license application fee.

Your mother who put the bowl on your head just to give you a quick trim? A desperado. A renegade.

And even if you are a certified barber in another state, you can’t just start up here without getting a “license by reciprocity” permit. Even out-of-state gun permit holders have an easier time being legal in Indiana. (Unless you’re from Vermont, which is probably a lousy place to get a haircut, too).

Hoosiers should be heartened to know they are protected by the state not just when they enter the barbershop. It’s no surprise that Indiana keeps a tight rein on the professionals whose incompetence could wreak true havoc in our lives — the doctors, lawyers, teachers and so on. But that’s just the beginning.

Indiana also requires professional licenses for 70 different occupations, covering one in seven Hoosier workers, including the manicurist who buffs your nails, the real-estate agent who sells

you a house, the bartender who draws your beer, the athletic trainer who demands “just two more” of you, the auctioneer who tricks you into paying more than you should, the plumber who tries to confiscate your Drano and the interior designer who scoffs at your feng shui ignorance.

We know this because the General Assembly has just passed and the governor has just signed legislation permitting Dreamers to again qualify for the state permits despite the actions of heartless bureaucrats in the Indiana Professional Licensing Agency, who were stupidly trying to comply with the dictates of a 2011 state immigration law. “Dreamers” is the obligatory term for those illegal immigrants covered by President Obama’s executively ordered Deferred Action for Childhood Arrivals program. And “deferred,” you should know, means “temporary until we’re all browbeaten into accepting it as legal.”

Is this a great state or what? People who are here illegally have the same rights as native-born Hoosiers to unreasonable state-mandated barriers to gainful employment and to foist upon beleaguered customers the higher costs resulting from overregulation. Talk about equal opportunity.

And make no mistake, that is exactly what an overzealous approach to regulation represents. According to a recently updated 2012 report by the Institute for Justice, licensing laws may cost the American economy as many as 2.85 million jobs, and consumers may pay an additional \$203 billion nationwide each year. Furthermore, the costs of licensing come with little “to improve quality or protect consumers.”

Indiana has made a few feeble attempts over the years to cut back on the regulatory burden. But the efforts have fallen apart, largely due to strong opposition from those already in the regulated professions.

And why not? Thanks to the state’s protection, they can tightly control their membership and charge higher prices without fear of competition.

Imagine that. Protecting the favored employees by keeping the riffraff out. Think the Dreamers appreciate the irony?

Grappling With Sex Education

(*March 26*) — Let's hear a faint word of encouragement for "family values," that concept heaped with so much derisive scorn by too many liberals and showered with so much empty praise by too many conservatives. These values are weaker than ever at a time when we need them to be stronger than ever.

I remember my youth in the 1960s, when parents worked hard to prevent the introduction of sex education in schools so they could keep handling the subject the way their parents had, which was to ignore it completely so their children could pick it up from their peers and popular culture.

How things have changed. Now, parents want the removal of sex-education classes so they can keep ignoring the subject completely the way their grandparents did.

At least that was my thought when I saw that during the "chaotic" end to the current General Assembly session lawmakers managed to approve a piece of sex- education legislation.

Its sponsors had wanted to replace the "opt out" feature for parents with an "opt in" feature that would have made providing sex education somewhat more difficult for schools. In the end, they decided to keep "opt out," but strengthened the parental notification requirements.

Big whoop, thinks a retired neurosurgeon and teacher, Dr. Gregory J. Lewis, who says the details hardly matter since Indiana's handling of the subject is all wrong in the first place.

Abstinence-based sex education (Indiana's required approach) doesn't work, he told the Evansville Courier & Press, "that's all there is to it," and if that's all schools do, without, for example, explaining the benefits "if a condom is used correctly," then they're simply ignoring the fact that 65 percent of teenagers "are in some way

sexually active and the other 35 percent want to be."

When you come into a group of kids, he said, "and you teach with an ideology and you're teaching them with ulterior motives, you're doing a disservice."

But wait a minute. Blithely accepting young people's sexuality and merely teaching them the mechanics and how to do the deed with the fewest complications — isn't that also an ideology? Is that not also accompanied by ulterior motives?

Sex is one of the most powerful motivators of the human experience, the source of some of our greatest joy and deepest despair. It can be beautiful, even transcendent, or shallow, even ugly. It affects everything we do and touches everything we are. It simply cannot be taught without a value system of some kind attached.

The questions are: What values and whose values? And the efforts to teach sex without values is itself an ideology with ulterior motives, an ideology, incidentally, that has become the scourge of the age.

While we're at it, let's be honest here. This isn't still the 1960s, when parents who ignored their responsibility were just throwing their children unprepared into the "sex now or wait till marriage" dilemma. (And, yes, yes, I understand — I'm setting up an arbitrary either-or choice; sex education can include both approaches. But if young people are told, "you should not do this" but "here is how to do it," they are at best being given a mixed message.)

Youth today are confronted with issues like same-sex marriage, transgenderism, the hookup culture, trigger warnings, the #MeToo movement and myriad other "new normal" imperatives hurled at them ceaselessly by movies and TV, music, the Internet, social media and all the other instruments of popular culture.

What they might or might not learn in school sex-education classes is just the tiniest part of what they are bombarded with all day, every day. Parents who think if they "opt out" their job is done might want to consider locking their

children in their rooms with no electronic media. That might work for a day or two. (And here's a little secret. Indiana legislators removed sexual orientation and gender identify as topics parents must be notified of so they can opt out. Let's have this conversation again when everyone figures out the implications of that.)

There should be no mystery about what "family values" are. The values are those we need to guide us through the moral pitfalls and self-defeating temptations of this world, to lead fulfilling and meaningful lives. And the family is the first, best place to learn them.

Children need context for everything they learn. If they are armed with the knowledge that they are part of a loving family's value system, that will guide them through anything, including whatever a sex-education class throws at them. If not, others outside the family will provide the context for them.

And there is no opting out of that reality.

School Shootings and Climate Change

(March 19) —I am a heartless monster who doesn't care that our children are being slaughtered in their schools. I am an inhuman fiend indifferent to the plight of future generations who will inherit the ravaged planet we will leave them.

I will be saddened but not terribly surprised if that is a common reaction to this column. I write in defense of freedom and so must be prepared for the predictable pushback from those who say the abuse of freedom by a few is justification for a reduction of freedom for all. To disagree is to selfishly put individual liberty ahead of the common good.

For the common good narrative to work, we must not just be afraid. We must believe the threat to our safety or security is so grave and so imminent that any infringement of our rights is merely a trifling inconvenience.

Therefore, the news that Indiana's "red flag law" is garnering almost universal praise is delivered in the context of school shooting

rampages reaching crisis proportions. If all of our children are at risk, how can we object to the confiscation of guns from a few people perceived as dangerous, especially when they will get a hearing in a few days or weeks to ensure their precious civil liberties aren't being hurt?

Never mind that the "crisis" has been greatly exaggerated. School shootings are actually down over the last 20 years, according to an analysis of the data by Northeastern University Professor James Alan Fox. Mass school shootings "are extremely rare," and there "is no epidemic." And never mind that there are ways to make schools even safer. Indiana's is one of the state legislatures to allow schools to train and arm staff members — why isn't there almost universal praise for that? Indeed, why isn't there a nationwide demand to end the insane "gun free zones" that deranged shooters seek out?

The global warmists haven't been able to sufficiently scare us with dire warnings about the consequences of a few degrees of temperature change in 100 years, so now they want us to tremble at the evidence they say is already here. Indiana's climate is already hotter and wetter, says a gloomy new report from Purdue University, and farmers are facing increasing stress from too-hot days and too much flooding.

Never mind that Purdue is basing its warming predictions on the average of 10 "climate models," which don't exactly have the greatest record for accuracy. And that "climate deniers" are chided about the difference between weather and climate whenever they cite cold and snowy winters as their evidence. And that there will be positive as well as negative effects from the climate's evolution.

No, just be prepared to shell out more and more money to government for the privilege of having it severely limit your ability to live your life as you see fit. And shut up, it's for the good of the planet.

Certainly, we all want children to be safe in their schools. But we should be willing to discuss the civil-rights tradeoffs we might be asked to

make. Yes, guns should be kept away from those who shouldn't have them, but it matters how we define such people and what we do after that. Go get some perspective from someone who suffers from severe mental illness. who is no more likely to go on a shooting rampage than anybody else but whose reputation is taking quite a beating in discussion of red-flag laws.

We all want to leave the planet better off than we found it. But we can't ignore a cost-benefit analysis of how to do that. Not to seem heartlessly indifferent about it, but how do we balance the lives we want to lead with the lives our grandchildren should have? Do we have to turn off the lights and live in caves so they won't have to move a half-mile further inland?

Give me facts, and give me logic. Don't play on my emotions. Don't try to put the fear of God in me and pretend we're having a rational discussion.

Of all the values we revere in a constitutional republic, freedom is the most important. With it, all things are possible. Without it, none are. The burden of proof should always be on those who would diminish it, never on those who defend it.

Managing the New State Insect

(March 12) — Those who worry about Indiana's image in more enlightened sections of the country can relax a little now that one black mark on the state's reputation has been erased: It is no longer one of only four states that do not have an official insect.

Hoosier entomologists will no longer have to hang their heads in shame when they go to national conferences. And the even better news is that new state laws don't take effect until July, so we have several months to get used to the new rules and regulations that will attend designation of Say's Firefly – sometimes disrespectfully called a "lightning bug" – as the official state insect.

The guidelines from the Indiana Department of Natural Resources' new Insect Control and Enforcement Division (ICE) run 170 pages. That's quite short as state dictates go, but it can be a lot

to absorb. Informed Hoosiers should learn the highlights, especially if they want to be in a position to explain the situation to their children, who, after all, will be the most affected.

They will still be able to watch and catch fireflies as always but there will be a few important limitations:

Only official firefly receptacles, made of glass and no larger than quart size, may be used. These jars can be purchased at any supermarket or convenience store, except on Sundays.

Fireflies may be kept in the jars for only three days. Since the adult insects live for only about two months, anything longer would be considered cruelty to a lower life form.

No more than five fireflies may be kept in one jar by anyone who does not have a breeder's license, which may be obtained from the state for a \$1,000 fee after the required 12-week course is completed.

To cut down on complaints from neighbors who require low light levels to sleep, fireflies may be displayed in jars only from 8 to 11 p.m., except for the five-day periods before and after the Fourth of July, when local jurisdictions may relax the rules if they choose.

If more than 30 fireflies are confined at one time (e.g. five fireflies in six jars or three fireflies in 10 jars), it will be considered an organized event and a permit must be obtained.

State officials stress that these rules are not meant to be punitive. Rather they are instructive, aimed at teaching our young people that fireflies are creatures of the wild, not suitable as pets. Fines will be minimal, and violations will be considered as infractions rather than misdemeanors that would go on a child's permanent record.

One possible snag that officials are reluctant to talk about is the fact that only the Say's Firefly is the official state insect, so none of the other 2,000 or so varieties will be appropriate for our children's catch-and-release outings. This could be problematic in northern counties, since the Say's Firefly is thought to be common only in

southern and central counties. ICE officials are apparently working on an exchange program in which Say's Fireflies and non-Say's fireflies will be trapped in various counties and transported to the appropriate venues. Details are still being hammered out, including what to do about smugglers who will surely try to create a black market in undocumented fireflies.

Which of course brings up the problem of fireflies indigenous to other parts of the country and, indeed, the rest of the world. Obviously, no wall would be high enough to keep them out, and officials won't comment on speculation that they are consulting with the experts now trying to figure out how to keep Asian carp out of Lake Michigan.

Some of us worry about the massive new bureaucracy that could be needed to operate the new firefly program. But the state insists that it can handle things with no more than 75 ICE agents, some of them doubling up on small counties. They won't harass our citizens with random raids, but will act only on citizen complaints.

Furthermore, at least 30 percent of their salaries will be paid through fines and fees, and there is no need for them to be armed "at this time."

Speaking of carp, the state doesn't have an official fish, not to mention a state mammal or dog breed. Now that we know it can be done, let's get to work on that.

Capital Punishment

(March 5) — When the Indiana Supreme Court put the state's capital punishment pursuits back on track last month, ruling in effect that it could choose whichever drug cocktail it wished for executions, it prompted my sister and me to have a discussion about the death penalty. We discovered that we had arrived at different but similar positions.

She acknowledges that there are some crimes so heinous that nothing less than the death penalty seems appropriate, but she is so bothered

by many aspects of capital punishment that she can't quite bring herself to endorse it. I have been increasingly disturbed by capital punishment over the years, but the fact that there are monstrous people capable of truly evil acts keeps me from completely abandoning it.

We are both on the razor's edge of the same moral dilemma, one leaning one way, one the other, neither completely comfortable with where we seem to have landed. And that seems appropriate when considering the most profound action a state can take against its citizens.

There are currently only 11 men on Indiana's death row. And only 94 people have been sentenced to death in the state since 1897. Those low numbers are both a good thing and part of the problem. They help reinforce my sister's position and mine as well.

On the one hand, they show that Indiana is not a bloodthirsty state, executing its miscreants with reckless abandon. You can't get the death penalty in this state for mere murder. You have to really work at it by killing with an "aggravating circumstance" such as murder for hire, serial murder or killing a child or a police officer. Capital punishment in this state is truly for the worst of the worst.

On the other hand, when so few killers face the death penalty — the tiniest fraction of 1 percent of the tens of thousands of them — what exactly is the point?

The death penalty is the most severe punishment of all, but it has to undergo the same scrutiny of the three justifications we use for all punishments — retribution, deterrence and reform.

The point of rehabilitation is that a prisoner might return to decent society or, failing that, at least finish out his days a more decent person. It seems absurd to claim we are reforming people by killing them. And the rarity of capital punishment makes it an unlikely inducement for other would-be killers to reconsider their evil ways.

That rarity also makes the deterrence argument problematic. If we went back to hanging

– Indiana’s first method of execution – and dispatched 10 or 20 people a month in the public square, there would quite likely be a noticeable reduction in capital crimes. But putting on average fewer than one person a year on death row to face execution after 10 to 20 years of appeals does not give a single potential murderer the slightest pause.

That leaves us with retribution, and that’s the hardest moral case to make. There can be a fine line between retribution and revenge, and if that line is crossed, society is not replacing the hot blood of passion with the cold logic of reason, as it should, but adding to the nihilism it ought to be trying to erase.

Certainly, the case can be made for retribution. We have not just the right but the duty to protect ourselves and each other by clearly defining the crimes we will not tolerate and setting punishments that are appropriate to the crimes. If we say we will not resort to the ultimate punishment, that gets close to saying there is no ultimate crime, and I’m not sure society can afford to do that. Immanuel Kant argued that for the most heinous crimes, the death penalty is even a moral obligation.

I don’t know that I’d go that far, but I’d say it’s certainly permissible. We are all moral agents, responsible for our actions and their consequences, the wicked few no less than the righteous many.

My biggest problem, as a conservative with strong libertarian tendencies, is allowing public officials to handle that moral duty. At times, I can barely trust the government to fill potholes or haul away the trash with any degree of competence. So how much can I trust it with the power of life and death?

But as long as there are monsters so depraved that nothing less than removing them from the planet seems appropriate, I don’t think there is any choice but to offer that trust, if reluctantly and cautiously.

That might sound like a bad bargain but I think it’s the best one possible in the uncertainty of an imperfect world.

“Communities would plunge into anarchy,” said constitutional lawyer Bruce Fein, “if they could not act on moral assumptions less certain than that the sun will rise in the east and set in the west.” ♦

Excerpt: ‘Why I’m not Bidding for Amazon HQ’

“My city won’t be offering incentives to Amazon. Why? Because they are a bad deal for taxpayers. With many subsidies, the jobs a company brings to an area don’t generate revenues commensurate with public expenditures. The GE deal will cost taxpayers more than \$181,000 for every job created in Boston. Most experts insist that other factors — particularly the presence of a skilled workforce — play a far larger role in determining boardrooms’ corporate location decisions. Moreover, some 95 percent of Silicon Valley’s job growth comes from new small-business formation and when those homegrown companies develop into larger firms. If anything, the financial ‘cherry on top’ merely reinforces decisions already made — at taxpayer expense. While those incentives might matter to corporate real-estate departments tasked with watching every penny, they amount to a rounding error to the bottom line of a company like Amazon, whose revenues last year were nearly \$136 billion. So why do public officials throw away taxpayer dollars in subsidies while trying to promote economic development? Perhaps because they can. The subsidy represents something tangible that officials can point to as the factor that ‘sealed the deal’ to create more jobs.”

— Sam Liccardo, Democrat mayor of San Jose, in the Oct. 4 *Wall Street Journal*

Backgrounders

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Rent-Seeking or Just Honest Graft?

(May 30) — The discipline of economics is at once both brilliantly simple and obtusely complex. Ask a class of undergraduates taking Econ 101 for a general education elective, and I dare say you will find no takers on the former proposition of simplicity. One does hope, however, that economics majors will place themselves mostly in the simplicity column.

One problem is the terminology economists use to describe theories and concepts. Take rent-seeking. The layman would naturally assume, though incorrectly, this has something to do with landlord-tenant interaction. The term “rent” was coined during the era of classical economics to mean obtaining a payment in excess of what is actually required for that purpose. In layman’s language, getting more for something than what it is worth.

Another definition of rent-seeking can be found on the website of the Library of Economics and Liberty. Baldly stated, it is the use of the political arena to obtain benefits for oneself to the detriment of others.

In a word, connections.

How does this eighteenth century concept affect us today? One obvious example is the use of state licensure requirements to enable one to engage in a specified trade or profession. While some licensing can be seen to legitimately protect the public, such as medical doctors, how much protection does one need when going to a barbershop?

So what, you ask? Think of the time and money spent by the prospective licensee to get the requisite training, complete the seemingly self-procreating government forms, and pay the state

fees. These costs can only be recovered through raising prices to customers.

The clear purpose of licensing is to restrict entry into the market, enabling those already on the inside to charge more without too much worry about competition.

Now take this to a larger stage. Tax incremental financing and property tax abatement certainly fall under the definition of rent-seeking. One business gets special tax breaks under the promise of bringing increased economic activity to a limited geographic area. Meanwhile, everyone else including that business’s competitors pick up the tab. The bird in the bush is much more attractive to government officials than all the ones already in hand.

Sometimes the reach of these schemes boggles the mind. Fort Wayne is currently considering a \$221 million renewal project to “repurpose” the vacant General Electric industrial campus near downtown. One city councilman calculated the net final completed project value to be only \$80 million based on cash flow analysis, and the project underwriter confirmed this. Why would any developer in a truly free market invest his own money on a scheme like this? Obviously no one would, since it appears a huge portion of the funds in this project are coming from the government (read: taxpayers).

This isn’t a one-off case for Fort Wayne. A recent riverfront project cost the city (again, taxpayers) \$35 million while a real estate appraiser valued the finished property at only \$11 million. One can’t help but wonder if the going rate charged by the rent-seekers is firmly established at three times true value.

Tammany Hall boss George Washington Plunkitt described this kind of activity as “honest graft.” After all, one is only pursuing one’s personal interests in alignment with the public interest. If the skids have been greased in advance, so much the better.

As Boss Plunkitt shrewdly recognized, there is nothing illegal in all this. Unethical, yes to my code of right and wrong. Inefficient allocation of

resources, certainly by any application of economic principles. Unfair to those on the outside looking in, you betcha.

This has received almost no investigative reporting by the Fort Wayne newspapers. With traditional journalists either unable or unwilling to fully report on these deals, it is incumbent on Mr. and Mrs. Joe Citizen to hold politicians accountable at the ballot box. It should come as no surprise when “drain the swamp” populist rhetoric resonates with voters.

It sure is hard to avoid becoming cynical these days.

‘McKinley Must Go’

(April 10) — Just when it appears that the political correctness brigade has exhausted itself tilting at ideological windmills, another incredulous story hits the internet news feeds. The city of Arcata, California, has determined that a statue of President William McKinley is an affront to our society’s moral purity and must be pulled down.

William McKinley?

What political sin did McKinley commit that warrants his banishment from our visual historical record? It apparently has to do with “settler colonialism,” whatever that means.

McKinley has a well-deserved reputation among historians for being the first president of what is called the American Century. The historian Robert W. Merry’s recent biography (President McKinley: Architect of the American Century, Simon & Schuster, 2017) credits McKinley for his leadership in pivoting the United States from an inward looking to an outward looking nation.

The ascendancy of the United States in the hundred or so years after McKinley’s first election in 1897 can be attributed to several actions by his administration to assert American influence on world affairs.

A peace-lover by nature, McKinley reluctantly but then wholeheartedly took the United States

into the Spanish-American War when Spain refused to ameliorate the conditions of its subjects in Puerto Rico, Cuba and the Philippines. Cuba achieved independence due to the help of American arms fighting on its behalf.

Hawaii became a U.S. territory by peaceful treaty during his administration and now is a full-fledged state in the union.

The economy was strengthened by his resolution of the gold versus free silver controversy, bringing the nation safely out of the Panic of 1893 without resorting to the evils of high monetary inflation. While he ran on a strong platform of protective tariffs, he mitigated his stridency over time so as to avoid destroying America’s many comparative advantages in trade.

According to Merry, McKinley was known as a kind man who somehow always got his way through negotiation and soft speaking. It is telling that even his political opponents praised his character and intelligence, all the while wondering how he got them to agree to his side of an issue.

So I repeat. William McKinley?

Why was there a statue of President McKinley in Arcata in the first place, you may ask? The monument was originally located in San Francisco but was moved to Arcata after the 1906 earthquake and the nearby town of McKinleyville was named in his honor. We shudder at these profound errors of judgment during that unenlightened time.

And the cost of this essential action to make Arcata safe for its sensitive progressives? \$60,000, just chump change to the Arcata City Council. The lone dissenting vote on the council wanted to put the issue in front of the tax payers before spending their money. Ideological purification certainly can’t be left to the hoi polloi, who probably would be crass and vote their pocketbooks.

The irony of all this is that McKinley is credited with ushering in the so-called Progressive Era while it is our modern-day progressives who demand his memory be erased from the public consciousness.

Just another day in the land of the formerly free and no longer brave.

What's Religion?

(*March 31*) — What is the definition of a religion? By that I mean to ask: What is that which is protected under the First Amendment in its right to be freely exercised apart from governmental obstruction?

Most would likely think in concrete, structural terms such as a church, synagogue or mosque building as the focal point of the religion being practiced. Symbols are important too, as more than a billion Christians this week commemorate the Crucifixion visually represented by crosses of all shapes.

Others might think more abstractly and define religion as a set of beliefs manifested in a ritualized gathering of believers and an outward expression of personal piety and good works.

But is it a necessary and sufficient condition, as the logicians like to ask, for a religion to be anchored in the belief in a Divine Being?

Most would say yes, as did the U. S. Navy which recently denied a request from a secular humanist to serve as chaplain. Not wishing to go into all the factors involved in the denial, it was important to the Navy's decision that the Chaplain Corps requires an individual to hold a degree in theological studies and have served at least two years in a position of religious leadership. Since the root of the word theology is the Greek word for God, the answer appears obvious.

But is it?

Secular humanists and atheists, who are difficult to tell apart at times, have multiple web sites that explain their philosophy or belief system. But isn't a belief system just another name for a set of dogmas or teachings? Just look at the number of books promoting atheism and secular humanism, let alone those attacking theistic religion. They certainly act like they are an organized religion, in spite of their pronounced

antipathy against the public display of any religious activity or symbols,

So our question boils down to this: Can you be a religion under U. S. law if you believe God does not exist? If instead you believe that Man is the center of the universe, which, by the way, came about without any divine intervention? Something must be sovereign in this world of ours, so why not human reason and experience?

I realize my devout friends will not agree with me on this, but I contend that it is time that we give the secular humanists what they want. If you say you are a religion within our civil society, then you are. That means that your beliefs should receive the same protection as mine.

But here's the kicker. It also means that yours can't supersede mine and drive mine out of the public space. Nor can yours attempt to force me to violate my conscience, that part of my moral being informed by my religious faith, to act in compliance with your dogma.

When the secular humanists demand the prohibition of any mention of God in the public square as a violation of the establishment clause, my response will be that is their religious belief, one among many, and not an automatic trump card. They are free to claim God doesn't exist anywhere they want provided I can counter that He does.

So let's give them what they ask for. It's past time to relevel the civic playing field so that all beliefs are free to be exhibited without prescription or proscription. Respect for belief and conscience is essential to our democracy...and it is a two-way street.

Fortunately, our Founding Fathers understood this.

Daylight Saving Time

(*March 13*) — Every English school child knows the story about King Canute sitting on the seashore and commanding the tide to stop before wetting his feet. Needless to say, it didn't, which was the point old Canute wanted to make. He may have been king, but the laws of nature answer only

to God. Apocryphal or not, there is something to be learned from this.

But not by the political and business leaders who have imposed Daylight Saving Time (DST) on us long-suffering Hoosiers. Forget the movement of the sun; we'll make time jump to and fro however we want it to.

Keep this mind: The rotation of the Earth and progress of the sun places Indiana squarely in the Central Time Zone. That's where we were assigned in the nineteenth century when the railroads and interstate commerce forced standardization of local time and again in 1918 when Congress stepped in to regulate time across the continent. That means we are already one hour off nature's clock. With Daylight Saving Time, it is now two hours.

Oh, there is a bounty of reasons why this is a Good Thing. Unfortunately for the Indiana State Chamber of Commerce and its allies in the Statehouse, all these reasons have been more or less debunked.

John Gaski, a professor in the Mendoza College of Business at Notre Dame, analyzed the claims made by proponents back in 2011 when the Indiana General Assembly condemned us to daylight savings hell. Improve school safety and test scores? Nope. Other DST states experienced SAT scores continuing to fall, more school day cancellations and delays, and no noticeable improvement in student safety.

How about the great benefit to accrue to Indiana businesses? The state chamber's own data showed that central time was slightly better for our local employers. And don't forget the global economy, the Internet and the 24-7 business day which wait for no artificial clock scheme.

So think for a moment about the mundane effects of this on the average citizen. Who didn't wake up grumpy last Sunday due to a missing hour of sleep? Did you feel any better going to work Monday morning?

The human body has an internal clock, called the circadian rhythm, that processes the body through a 24 hour cycle with or without light.

That just doesn't conveniently reset itself in March and November in spite of the dictate of the Indiana General Assembly. It's difficult for senior citizens like me, and even worse for school-age children who don't start functioning well until their bodies say it is 9:00. My wife, a retired elementary school teacher and principal, can attest to that. This week they effectively start school with an internal clock that screams, "It's only 7:00!"

There must be a conspiracy in this somewhere, and I think I have rooted it out. A group of environmental do-gooders have convinced our legislators to take this action in order to protect the lightning bug. (Yes, lightning bug. No self-respecting Hoosier would ever call it a firefly in spite of another law recently passed by the Indiana General Assembly demanding just that.)

Now when it finally gets dark about 10:00 p.m. in that first week after schools let out, the lightning bugs are safe from capture and imprisonment because all our young children have long since fallen asleep. That is, if we can fight them into bed while the sun is still shining through their bedroom windows.

But there is a blessing in this human nonsense. We Hoosier Christians can hold our Easter sunrise service at 7:00 a.m. rather than at 6:00. God, and the faithful, get the last laugh.

Donald Trump versus Adam Smith

(March 9) — When I was a college freshman taking my first political theory class, my professor explained why some government policies are good (meaning popular) and others are scorned. The answer is simple: It depends on whose ox is being gored.

Tariffs are exactly that kind of policy. In a free-trade environment struggling domestic industries being undercut in price or otherwise losing market share to foreign imports see their oxen getting readied for the barbecue.

With import tariffs it's the intermediate and end consumers who get roasted with higher prices and restricted choices in the market place.

President Donald Trump, who has an uncanny ability to jump out of whatever ideological bucket his opponents try to stuff him into, did it again by confounding conservative supporters with imposition of a 25 percent tariff on steel and aluminum. Aren't conservatives for free trade (aside from Patrick Buchanan and the America First movement)? Free trade is a doctrinal bedrock in Adam Smith's theory of economics, isn't it?

Trump understands economics at the micro level, the level it applies to business firms. Nor is he totally ignorant of macroeconomics, the level of the overall economy. Witness his willingness to push for reduced tax rates to stimulate investment and job creation. But push come to shove, his sympathies will lie with the business owner.

So whose ox is being gored here? Ask the President and he will tell you the domestic mills suffering from predatory Chinese pricing. Ask Adam Smith, metaphorically, and you will get a different answer entirely. (Hint: It's everyone else.)

Tariffs are generally used for one or more of three purposes: to raise revenue, to protect domestic industries for economic or strategic reasons or as a negotiating tactic in a trade war. Our nation has seen all three uses for tariffs.

A brief layman's history lesson about tariffs in U.S. history might help to understand how these reasons have been used to meet a national goal.

In early American history it was the revenue argument that was most important until the passage of the XVI Amendment to the Constitution legalizing direct income taxes on citizens. Alexander Hamilton's brilliant plan to establish a firm financial basis for the new government was based on tariff revenue to pay off the states' war debts. It worked, until Thomas Jefferson and James Madison cut off all imports in a terribly misguided attempt to pressure Britain. The public treasury went bankrupt and the young economy was put into a tailspin.

Increasing pressure for protection by manufacturers resulted in bizarre political

maneuvering that produced the "Tariff of Abominations" during John Quincy Adams' last year in the White House. This provoked the nullification movement in South Carolina and across the agricultural south. The Civil War could have happened several decades earlier when Adams' successor Andrew Jackson mobilized troops to enforce the law.

The Civil War was financed in large part by borrowing and issuing greenbacks. An attempt to reign in the inflated money supply by redeeming paper money pushed the economy into deflation and recession. The Free Silver movement and William Jennings Bryan's notorious "Don't crucify me on a cross of gold" speech at the 1896 Democratic convention was the result.

William McKinley, who defeated Bryan, ran his brilliant campaign by downplaying the gold versus silver issue and focusing on . . . you guessed it, protectionism. He proposed and passed large tariff rates to protect and stimulate domestic manufacturers, many from the states in the upper Midwest that elected him. Even he, though, acknowledged a need to moderate tariff rates later during his administration.

One last anecdote in the tariff story is the ill-advised Smoot-Hawley Tariff of 1930, designed to help both manufacturers and farmers but which did more to shove America into the Great Depression than the 1929 crash of the stock market.

Since then our nation has mostly gone the tariff route when trying to establish a negotiating position in international affairs or to retaliate against what is seen as unfair practices by a foreign nation, usually a controlled economy that subsidizes exporters with government funds. This is when tariff implementation passes from the economic sphere to the political. Our nation tends to use tariffs in this situation as a retaliatory measure. To paraphrase Clausewitz, trade war is simply politics by another means.

What is Donald Trump's motivation in this case? He makes the national defense argument that we are importing too much of these strategic

metals used in making our weapon systems. And he pointed to the closed factories in the Rust Belt as further rationale for taking this action.

What does that mean for Indiana? Even though the era of Gary being a U.S. Steel town is long gone, steel is still an important industry there. Northwest Indiana's politicians and newspapers have praised the tariff.

But let's look closer to my home in Fort Wayne. We have several steel mills in northeast Indiana, mostly in the business of reprocessing scrap steel for new uses. These are mid-size employers with high wage rates, so they deserve and receive consideration from local politicians. But are they the backbone of our economy as President Trump claims?

Indiana's manufacturing sector employs just over 500,000 workers. And according to MarketWatch, approximately 22,000 of these work in the steel-producing industry. More important, over 300,000 workers are employed in industries that consume steel.

Seem high to you? Just try to image a factory with no steel or aluminum-based machinery or equipment.

Now look around your house and garage for things made with steel. Start with your automobiles. Think how much more you will pay if the Trump tariffs remain in place. Then look for aluminum. You will find products made with these metals in every room.

Expect to pay more for these items on your next shopping trip. After all, somebody has to pay that 25 percent surcharge and it usually is the end consumer. It comes down to the immutable law of supply and demand. Artificially force a price up and expect less of it to be demanded, hurting the very group you ostensibly wanted to help. If the product is important enough for the buyer to pay the higher price, then expect that to affect final pricing.

So my professor knew his stuff. While I have no bone to pick with any of the steel mills in my region, I also have to remain true to my principles. The scrap-steel mills have been successful due to

their owners' innovative approach to a market in which America could not otherwise compete. We don't need to repress this entrepreneurial spirit by hobbling their competitors. These business leaders have a genius for entrepreneurial success. We need to encourage this spirit, not apply artificial supports that discourage it.

As for me, I buy steel and aluminum products; I don't produce them. In other words, it is my ox that is being gored.

The Death of 'Real' Barbershops

(March 6) — It's great to be a retired senior citizen. I have plenty of time to spend on my favorite hobby — grouching. Of course the world has descended to perdition during my lifetime. I've got a list of things that have been ruined, eliminated or forgotten by the succeeding generations, all in spite of my efforts to counsel against these appalling developments.

Take the barbershop.

Who doesn't fondly recall those trips to the neighborhood barbershop. As a youngster it was a true father-son bonding experience as you got to sit in a non-air conditioned shopfront listening to grownups solving all the world's problems.

I fondly remember walking up the hill (at least as much as a hill as could be found in northeastern Indiana) to the barbershop on the next corner. Shorty was his name; I never addressed him as Mr., just Shorty.

Imagine the thrill of being allowed to go there on my own, without my father. But then I discovered that Dad had left specific instructions on what kind of haircut I was to have. I may never forgive him for not letting me get a flat top like the high school boys all had.

After we moved away from my small hometown into the country, Dad would load us boys into the car at 6:30 a.m. on Saturday mornings for our monthly trip into the nearest town. It was first come, first served in those days, so you had to get there early. But I didn't mind sitting there half the morning, especially because

we were allowed to go down the street to the bakery to get donuts while we waited.

So what happened to this essential ingredient of Americana? Two things, as best I can determine.

First is the current fad, at least I hope it is a fad, of closely cropping your hair or even shaving your head. This pernicious habit has become especially popular with Generation X or Y or Z or whatever our time-wasting sociologists have named them. So it is cheap and you can do it yourself at home. (Is saving a few bucks every few weeks all that important?)

The other cause is even worse: the combination barber-stylist hair factories in retail malls. In and out in 15 minutes without the opportunity to argue about anything. No wonder our nation is in such terrible straights. I have stubbornly refused to give in to this horrendous assault on our democracy.

No, give me the small-town barbershop where you know most everyone and you can discuss whatever topic anyone thinks is important. No name-calling, no temper tantrums, just pure philosophy from men who have been around long enough to have all the answers. Just ask us.

But this idyllic scene has all but vanished. When was the last time you saw the traditional barber pole rotating in all its candy-cane splendor?

My barber of 45 years retired this winter. He didn't sell his business to a young man eager to enter that noble profession. He just kept reducing his hours until he decided to quit altogether. The town where I get my hair cut used to have four barbershops on its main street with six full time barbers. It now has only two shops, and mine is down to two part-time barbers.

My young grandsons will never have this formative experience. Poorer, they. Me, I'll eventually get over it but only after being distracted by the next cultural travesty. Grousing is so much fun.

Paying People to Live Here

David Penticuff, an adjunct scholar of the foundation, is editor of the *Marion Chronicle-Tribune*, in which a version of this essay was published April 18.



(May 25) — It is promising for my community that the spending of its county economic growth council is coming under official scrutiny this summer.

Historically, the council has gotten most of its yearly funding from the Economic Development Income Tax (EDIT), a local income tax for county residents. While the so-called growth council started as a private not-for-profit, it has been taking tax dollars to supplement its own growth rather than the prosperity of our community.

Back in 2011, our county council approved dedicating 12 percent of EDIT revenues for the growth council. They did not dedicate themselves, however, to overseeing the spending of those tax dollars.

Now, as tax revenue fails to meet the county's growing needs, a county councilman is taking another look at the growth council and what it is doing with public money automatically handed to the organization each year.

According to IRS form 990 from 2016, the last publicly available, the growth council had \$1.13 million in total revenue that year, with more than \$639,000 arising from its own investment income.

"The Growth Council budget looks very different from the county's budget right now, because we've given them that kind of money," the county councilman said. "The question is whether tax dollars should be going to the Growth Council . . . Although they are private, I regard them as a county department, and all department budgets are on the table (for cuts) this summer."

We hope one of the areas for cuts will be the "Grants for Grads" program in which the growth council provides a handout to anybody who stay

in or come to our county during their years after graduation.

For new college educated renters, the program offers a grant for \$2,500 that can be used for up to a year for rental assistance. The money is given to the apartment complex office and used as a credit on behalf of the approved renter until the balance is used. For homeowners, a gift up to \$5,000 can be used as down payment assistance on a home purchase.

As with any giveaway, the program has a waiting list. It is sort of the ultimate in the growth council philosophy of paying businesses through incentives to settle in our county. Now, rather than develop the county into a place more people want to live here, we simply help the college educated pay for housing here.

Never mind that college educated people probably already have an incentive to be here — it's called a job. If they don't have one of these in the vicinity, they are not coming here.

The college-educated tend to have a measure of affluence because of their employment.

Nothing against the folks who take advantage of the program. You don't need to be poor to want more money. And if someone is going to hand it to you, well, why not?

It sort of reminds us of that hit the group Badfinger made of the Beatles' song "Come and Get It":

*Did I hear you say that there must be a catch?
Will you walk away from a fool and his money?*

Except that a good deal of it is our money.

Repealing the Business Tax

Jason Arp, for nine years a trader in mortgaged-backed securities for Bank of America, represents the 4th District on the Fort Wayne City Council.



(April 26) — Earlier this month, a group of Indiana businessmen, government officials and think-tank members were fortunate enough to host perhaps the state's most

preeminent economist. Dr. Barry Keating is a professor of economics and business analytics at the University of Notre Dame where he is the past chair of the Department of Finance. Dr. Keating was a protégé at Virginia Tech of Nobel Laureate James Buchanan and Gordon Tullock, founders of the school of Public Choice economics.

Dr. Keating's presentation on tax abatements (*see his special report in this issue*) revealed what students of Public Choice economics already knew: targeted economic-development projects only benefit the select few that are directly involved in the construction, financing or lobbying of the venture, while the taxpayer ends up holding the bag. And many times this is a deflated, tattered, foreclosed-upon bag.

In coming weeks, my city council will have an opportunity to apply the knowledge of Keating and the Public Choice economists at least in a general way. A resolution will be introduced to exempt all new business equipment from property taxes, thus eliminating the need for abatements in most cases, leveling the playing field and eradicating most of the opportunity for "rent-seeking" activities that economists tell us can cost a mid-sized city tens of millions of dollars a year.

Keating cited three specific instances that I believe support such an exemption:

1. The first is how Jerry Brown, of all people, saved California from insolvency in 2011 by jettisoning Tax Increment Financing and the concomitant Redevelopment Authorities. California public schools, police and fire departments were struggling because so much of the growing economic areas that would have provided the tax base had been captured in TIF districts. These redevelopment commissions continually attracted projects that required public financing to get off the ground. Using TIF to pay for bonds for these politically chosen projects not only choked public services but warded off private investors that could have created new ventures that could have become self-sustaining and contributed to the general tax base.

2. The next is the College Football Hall of Fame. Constructed in 1996, estimates were for it to draw 150,000 visitors a year to a “renovated” downtown South Bend. When only half of those visitors materialized, it’s continued operation became untenable and it closed its doors in 2012, moving to Atlanta where it had private sponsorship. This white elephant left the city of South Bend in the lurch, bond payments persisting as it sits vacant six years later.

3. The final example is Elkhart, where in 2009 with 20 percent local unemployment, Barack Obama announced a new industry of manufacturing electric cars. \$50 million dollars of government money was poured into the project, resulting in the formation of three companies, all of which later folded. Today, according to Dr. Keating, unemployment in Elkhart is nearly 0 percent, but not because of the government program. No, only two electric cars were ever produced.

This returns us to Keating’s roots: Public Choice economics is applied to governments and nonprofits where investment decisions are not made by straightforward profit motives but by political calculation. Here we venture into the question of what it is that governments should do.

Keating listed three categories, originally formulated by Milton Friedman:

- Rule Maker and Umpire (laws and police)
- The Things Markets Can’t/Won’t Do (roads, national defense)
- Paternalistic Efforts (welfare)

When governments grant monopolies, they step outside of these bounds. Tax abatement, TIF and other forms of individualized incentives or subsidies qualify as monopolizing particular resources (land, tax dollars, financing or just opportunity) in a given economic-development area.

This granting of monopoly always is accompanied by the age-old profession of rent-seeking (using the government to distribute income in one’s own favor). This is accomplished through political means. The more discretion the

government has, the more opportunities for rent-seeking behavior.

In summary, Keating introduced a novel idea: Auction off the incentives or monopolies in the same way the Federal Communications Commission (FCC) auctions off broadband frequency. This has been a successful model for some time, but the interesting thing about it is that the most innovative and productive bandwidth of the last 20 years is the one that the government decided was so useless it should be given away — Wi-Fi.

Maybe there is a lesson to be learned in that fact alone.

Fort Wayne’s ‘Electric Works’

(March 15) — In 2003, Capitol Broadcasting in concert with the city of Durham, North Carolina, put forth an effort to reinvigorate downtown Durham by redeveloping the American Tobacco Company properties there into apartments, retail space and offices. The project, costing far more than its real market value, reportedly ended in bankruptcy. Now we learn there are troubling similarities with a project proposed for Indiana.

The \$260-million North Carolina project had roughly 1 million square feet of private office, retail and residential commercial property as well as two parking garages. The project used \$100 million in New Markets Tax Credits, \$43 million from the local governments of Durham (city and county) and a mix of state and federal historic tax credits.

Seven years after construction, however, the developers Struever Bros., Eccles & Rouse of Baltimore or (SBER), filed for bankruptcy relief according to the Commercial Property Executive, a magazine reporting on the finance, sustainability and legal issues of the commercial real estate industry

Since then, the properties that made up the bulk of the first \$170-million phase of the project have traded hands (as recently as 2014) finally being repurchased by the instigator, Capitol Broadcasting, for \$50 million, or less than one-

third of the original financed costs, according to Durham County tax records.

Today, this same developer comes to Fort Wayne reorganized as Cross Street Partners at the invitation of the city's politically powerful economic development corporation, Greater Fort Wayne, Inc.

Cross Street (formerly SBER) joined forces in Indiana with developers Green Street and Biggs Development to create a new "special-purpose" entity supplying the initial capital of about \$18 million to fund "Electric Works," a \$440-million public-private venture to redevelop an old motor factory in Fort Wayne into 1.2 million square feet of apartments, retail and office space.

The Electric Works space should lease for \$15 a square foot for Phase I, as confirmed by the developer's representative at the Feb. 27 Fort Wayne City Council meeting. This should generate about \$19 million in annual rental revenue with a net of \$9.5 million assuming a generous 50 percent operating margin.

Using an industry standard, if you discount these cash flows in perpetuity at 6 percent (simply divide) you arrive at an estimated \$157-million market value, a value similar to the developers' estimate. In other words, the developer would be arranging \$440 million of financing to build something that would be worth roughly a third of that. Once more, there is a similarity with the American Tobacco Campus.

Electric Works would require \$85 million of federal tax credits, another \$65 million of state tax credits and \$100 million of local financing for the entire two-phase project. In addition, the city council has been approached for \$65 million for Phase I and \$35 million for Phase 2. The balance would be made up of \$49 million of equity from multiple investors included at least \$18 from the developer, and \$141 million in debt financing from yet to be disclosed sources.

Because Indiana state law protects the privacy of limited liability companies it is difficult to identify the true owner in these types of investments. If it were a private transaction that

privacy would be acceptable as long as the participants agreed to the conditions. When public money is involved, however, a city council should be made aware of any conflicts of interest. In the case of the Electric Works, it is possible that hidden instigators or even government officials would be positioned to benefit directly. Here's how that could happen:

The \$440 million would go toward a variety of costs in the Electric Works project, including the developer's \$15-million development fee. This repayment of the development fee would mean that the owner of the project at the end of construction would have substantially zero equity in the investment.

The financing from the city appears to be a mix of: 1) County Economic Development Income Tax grants; 2) Tax Increment Financing bonds; and 3) a loan from the city's Legacy Fund (undetermined as of now). All of this would fall short, so a loan from the Capital Improvement Board would be needed. Moreover, the federal New Markets Tax credits take up to seven years to "season" (the credits being applied by the U.S. Treasury in nearly even increments over seven years to repay the investors. Also, changes in the structure prior to earning all the credits could cause a technical default.)

The "special purpose" entity could be split off from the in-the-know senior investors to perform its "special" purpose — to file bankruptcy on hapless others, in this case the public partners in the public-private partnership, e.g., the city of Fort Wayne. Finally, the project could be sold by the bank at its real and not inflated value, as Capital Broadcast was able to repurchase the predictably overextended American Tobacco Campus for 30 cents on the dollar.

Again, when private investors agree to such a deal, any loss is on them. But when an unknowing public is asked to pay for what amounts to a real estate scheme, fashioned in the dark, it should be a matter of serious concern and investigation.

The Amazing Free Market

T. Norman Van Cott, B.A. MA. and Ph.D. in economics, taught at Ball State University for 38 years in a wide variety of courses, publishing articles in a number of professional journals and public policy outlets. He was department chair for 15 of those years. Dr. Van Cott's undergraduate degree was earned at Long Beach State College with graduate degrees at the University of Washington in Seattle.



(May 24) — The longer I taught economics to university students, the more I came to appreciate subtleties in markets grounded in secure private property rights. Indeed, as my awareness of these subtleties developed, a sense of awe arose. The subtleties go far beyond that typically drilled into freshmen and sophomores.

Let's put everything in terms of a simple product like raspberries. Buyers and sellers have conflicting objectives. Buyers want low prices; sellers want high prices.

Market prices reconcile these competing objectives. Market prices will continually be gravitating towards prices where all willing buyers can find willing sellers and all willing sellers can find willing buyers.

Secure property rights are key in obtaining these benefits of market exchange. Secure property rights prevent forcing sellers to sell at artificially low prices. Example: government price ceilings on rental housing undermine landlords' property rights. Secure property rights also disallow forcing buyers to pay artificially high prices. Example: government-mandated minimum wages.

No coercion means buyer and seller exchange is at mutually agreeable prices. These prices are not as high as sellers prefer, nor as low as buyers prefer. Nevertheless, buyers and sellers simultaneously gain. Buyers don't gain because sellers lose, nor do sellers gain because buyers lose.

Raspberry buyers and sellers' opposing objectives have an important consequence. To wit,

they make raspberries' contribution to the community living standards as high as possible, even though it is the immediate objective of no one involved in the raspberry market. How can that be, you say?

It's because buyers wanting to pay low prices gravitate to raspberries' lower cost producers. These producers will be able to — that is, not want to — sell at lower prices. Cost is a yardstick for opportunities given up. Giving up less to produce raspberries means the community can have more of other things. In supply and demand terms, buyers search for sellers on the lower portion of the supply schedule.

Sellers, wanting high prices, instinctively search for buyers willing to (not wanting to) pay higher prices — that is, those who value raspberries more highly. In supply and demand terms, sellers search for buyers on the upper portion of the demand schedule.

Any other arrangement of production tasks or consumption benefits lowers raspberries' contribution to living standards. Again, this occurs as a consequence of market participants trying to enhance their own economic positions. How to describe this? How about: "Wow, that's amazing."

Adam Smith noticed this, and in "The Theory of Moral Sentiments" (not to be confused with "The Wealth of Nations"), he wrote:

"Every individual . . . neither intends to promote the public interest, nor knows how much he is promoting it . . . he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention."

The amazing nature of these transaction is also illustrated by the ease with which one can obtain necessary information. A seller only need know his/her costs and the price of raspberries. A seller does not need to know the identity or costs of other sellers, nor does a seller need to know the

identity of buyers. Likewise, a buyer only need know his or her maximum willingness to pay for raspberries relative to the price.

Notwithstanding these trivial information requirements for buyers and sellers, the raspberry market will be filled with information about millions of buyers' consumption values. The same holds for producer costs. That all this information is included in production/consumption decisions, despite individuals knowing virtually nothing, is surely deserving of another "Wow, that's amazing."

The notion that any group in, say, the U.S. Department of Agriculture, could achieve this result via edicts is absurd.

Some might argue that I am here only rephrasing the central insight of Leonard Read's "I, Pencil." That's not quite true, although I am making a similar point. Read's article surely stands as a profound economics essay. His argument was that the diversity of technological requirements for a product as simple as a pencil is so vast that they are beyond the comprehension of any individual. Nevertheless, all this technological expertise is brought to bear in a pencil's production.

My point is that an unencumbered marketplace assigns production tasks to lower-cost producers and consumption benefits to buyers who value the product most highly, even though the outcome is beyond the comprehension of any individual. If anything, my point augments Read's insights in a way which also fits into a supply-and-demand framework.

The above is not unique to raspberries. It applies with equal force to the millions of other goods and services we produce and consume. Those choosing to ignore the "amazing marketplace" court societal disaster. Look no further than North Korea, Cuba, Venezuela and the communist experiments of the previous century.

The Psalmist, King David, in the first four verses of Psalms 19 expresses his awe at the wonders of God when contemplating heavens.

Surely, the wonders of a magnificent order can touch human affairs. When I quoted these verses to my students in support of the order found in "the amazing marketplace" perhaps the biblically literate among them appreciated my awe of the marketplace.

What happens when markets are characterized by private property rights and the rule of law borders on beyond-the-imagination. Indeed, when understood, one develops a sense of awe for what can be accomplished with so little knowledge and effort on the part of each individual involved in a market. It's an outcome that is impossible to be duplicated by any other method for providing for economic sustenance.

Hoosier Apples and the Constitution

(May 15) — Article 1, Section 10, Clause 2 in the Constitution of the United States has been instrumental in making the U.S. economy the powerhouse that it is today. How so, you say? It did so by curbing individual states' ability to impose tariffs on goods and services coming from or going to other states. This has made the United States a free trade area from its founding in 1789.

In fact, next time you're driving on one of America's interstate highways and you notice 18-wheel semis barreling along the highway in either direction, paying no attention to state lines, say a prayer of thanksgiving for the Founding Fathers endowing us with shackled state tax authorities. Your living standards are immeasurably higher as a result.

Abstracting from the effects of international trade, the constitutional clause guarantees that goods and services are produced by their lower cost American producers and consumed by Americans who value them most highly. This is a sure prescription for higher living standards. It is also filled with lessons for U.S. trade relations with other countries.

The founders' prescience is magnified by the fact that the clause initially applied to 13 eastern states where interstate transportation was daunting. However, it soon began to apply to an

increasingly large geographic area with diverse resource endowments, and as transportation technology improved, Americans' economic interconnectedness increased dramatically. So much so, I wager that most Americans today take it as a given, not even giving it a first or second thought that the United States is a vast free trade area.

To grasp the implications of this shackling of state tax authorities, let's fast-forward to today, casting our discussion in terms of a product widely produced and consumed in the United States — apples. According to the United States Apple Association, my state, Indiana, ranks 15th in the country in terms of apple production (Washington is first, producing 50 percent of U.S. apples). Hoosiers' apple consumption is about four times its in-state production, meaning Hoosiers "import" apples from other states.

By the way, the United States is virtually self-sufficient in apples, importing only 5 percent of its consumption from Chile and New Zealand during the off season. There is no tariff on these imports.

Absent the above clause in the Constitution, it is easy to imagine Hoosier apple growers crying crocodile tears to their legislators about a playing field tilted against them, demanding "protection" from apple producers in other states. Indiana legislators would "feel their producers' pain" and enact protective tariffs against out-of-state apples.

This would raise Indiana apple prices. This cost would be widely dispersed over more than six million Hoosier consumers. Even those following the maxim "an apple a day keeps the doctor away" would probably find the tariff has a minimal effect on their overall budgets. This is why one should not be surprised to see the Indiana legislative agenda manipulated by apple growers.

So individual Hoosier apple orchardists would be better off (by a lot); individual Hoosier apple consumers would suffer (only slightly). Can we say how this balances out? Yes and the answer is not good, sorry to say. Hoosiers, along with Americans in general, should be grateful for the

Founding Fathers' prescience in shackling state tax authorities.

The tariff, by increasing the price of apples in Indiana, would turn some previously uneconomic in-state production into being economic. This means Hoosiers would be substituting higher cost in-state apples for previously lower-cost out-of-state apples. Cost is a yardstick for things we give up to obtain a product. This substitution necessarily lowers Hoosiers' living standards. Yes, they'll have these apples either way, but less of other things.

In addition, the increase in Indiana apple prices would discourage otherwise economic Hoosier apple consumption. Maybe this will take the form of "an apple six days a week is good enough to keep the doctor away." Or maybe it'll be smaller servings of apple sauce. This will be another loss.

Hoosiers import apples from the state of Washington. Recall that Washington accounts for 50 percent of U.S. production. Would any of the above conclusions change if Washington were a part of Canada instead of the United States and the U.S. government were to levy tariffs on apple imports?

No, not at all. The tariff would encourage the same uneconomic production and the same reduction in otherwise economic consumption, spread across the entire country. Why the Founding Fathers' prescience did not extend to inter-country tariffs awaits another essay.

Jimmy Carter's 'Footwear Task Force'

(April 6) — The uproar over President Donald Trump's steel and aluminum tariff pronouncements has been a déjà vu moment for me. Early on in the Jimmy Carter administration, I was an economist for the U.S. Department of Labor and a member of the administration's "Footwear Task Force" committee. The committee was implicitly charged with honoring Carter's campaign promise to grant import relief to American shoe producers.

Gerald Ford's preceding administration had rejected import relief for American shoe producers. Ford's Secretary of the Treasury, William Simon, a person with free-market inclinations, had become involved in spearheading the rejection. But Ford had just lost the 1976 election to Carter, so the tone of the Task Force's meetings was politically charged.

As an aside, I was always amused that a collection of bureaucrats who were about to fleece American shoe consumers should be called a "Task Force." What a misnomer. My image of a task force has always been the sight of all the Navy ships off the coast of France as D-day dawned.

The tone of the committee meetings was decidedly protectionist. Never, not even once, did we hear from shoe consumer interests (are you reading this, Ralph Nader?). As the process was winding down, I asked the committee when we were going to hear from consumer interests. The third person in the chain of command of the president's Special Trade Representative looked at me and said: "Van Cott, when are you going to realize that you're out of sync here? We don't give a d*** about U.S. shoe consumers." That silenced any further discussion about American shoe buyers.

To be fair, organizing shoe consumers as an opposing interest group is not easy. There are millions upon millions of shoe buyers and a relatively small number of producers. Losses to shoe buyers are widely dispersed, while gains to producers are concentrated. Producers have a larger incentive to be politically active on the issue than do consumers.

Another aside: one of the reasons President Trump has run into such a firestorm with his steel and aluminum tariffs is that there are some concentrated buyer interests. Coca-Cola and Pepsi Cola buy lots of aluminum. Ditto for steel when it comes to General Motors, Whirlpool, Boeing Aircraft, etc.

Getting back to the Footwear Task Force, the committee commenced planning for an around-the-world jaunt to visit shoe-producing countries,

ostensibly to "get a handle" on what was going on abroad. The itinerary was Brazil, Argentina, Japan, Taiwan, South Korea, Hong Kong, India, Italy, France and England. At the conclusion of the trip, the Task Force reassembled and recommended the shoe import limitation that had been decided upon prior to the around-the-world trip.

Needless to say, I was not invited on the taxpayer-financed jaunt, but the whole experience made for a great classroom example of protectionism in action over the soon-to-follow 38 years of teaching international economics.

Dr. Van Cott's essays were first distributed by the Foundation for Economic Education.

Thoughts on Immigration

Eric Schansberg, Ph.D., an adjunct scholar of the foundation, is professor of economics at Indiana University Southeast.



(May 17) — In some ways, immigration is not all that difficult to analyze. The first key is an opening concept from the first course in Microeconomics. When immigrants come here to buy and sell, to work for employers and own businesses, to borrow and invest, and so on, they engage in a wide variety of voluntary, mutually beneficial trades that are good for them and good for society.

Of course, there's more to life than economics. For example, we want immigrants to be good citizens too —no crime, terrorism, etc. Or if we're concerned about language and culture, we can look at the assimilation of the first, second and third-generation immigrants along with policy and civil society's efforts to make this easier. Is America more like a melting pot or a wild salad?

In contrast, when immigrants come here and stay on welfare, then monies are taken from taxpayers and given to immigrants. Government coercion replaces voluntary activity — and one party now benefits at the expense of another.

This is a net drain on society in efficiency terms. Of course, there's more to life than efficiency. (But we shouldn't imagine that inefficiency is efficient either.) Maybe we should help (some) immigrants even when they're a drain on the economy — political refugees, for example.

But did you catch that all of the above can be said about natives as well? Are we productive or not? Are we good citizens or not? Are we a drain on society? The issue isn't really immigrants versus natives. Besides, we're all immigrants or descendants of immigrants. Really, the question is whether any given person is a productive member of society.

Another issue is the extent to which immigrants provide competition in certain labor markets. If we allow a bunch of foreign economists to come into the country, this is good for the country, but tougher on me. If we get more foreign doctors, then health care costs would be reduced, but doctors would face more competition. If we permit more unskilled labor to immigrate into America, then it becomes more difficult for natives to make a living if they have fewer skills.

Such immigrants are good for the country as a whole, but the increased competition can make things more difficult for certain workers. Even so, working immigrants are good for consumers and the economy overall. They help to lower costs and thus prices. They provide more choices in goods and services. And their penchant for hard work and entrepreneurship is a welcome addition to economy and society.

As we come to a season of high school graduations, here's a useful way to think about immigration: It's akin to the difference between accepting versus deporting the Class of 2018. Sending these graduates away would have some obvious benefits — in particular, less labor market competition and the ability to get rid of a few deadbeats.

But on net, even with some yahoos and sluggards in this year's graduating class, on net,

it's lovely that they join us in the workplace and in society.

Congratulations to the Class of 2018 and welcome to adulthood.

Saving Bernie Carbo

(*March 30*) — Bernie Carbo was such a rule-breaker that some of his biggest moments in baseball are blurs he can't recall. Years of marijuana, alcohol, amphetamines, pain pills, and sleeping pills will do that to you. He doesn't remember striking out to end the 10th inning of Game 6 in the 1975 World Series — but he does remember hitting the big home run two innings earlier.

The Boston Red Sox were battling the Cincinnati Reds. Down three games to two, Boston needed a win to force Game 7. Down 6-3 with two outs in the bottom of the eighth inning, Carbo pinch-hit a three-run home run. That made possible the iconic 12th-inning home run by teammate Carlton Fisk: Millions have seen the video of Fisk trying to "wave" his homer fair and rejoicing as it hit the foul pole to win the game for the Sox.

Carbo had been the Sporting News Rookie Player of the Year in 1970, but drugs and alcohol made him a journeyman. His career but not his troubles ended in 1980: Keith Hernandez implicated him in a federal drug distribution trial in 1985. Six years later he hit rock bottom: business failures, divorce, his dad's death, his mom's suicide, and his own suicide attempt.

Friends and former major leaguers got him help through the Baseball Assistance Team and took him to rehab. Then, in a hospital room with a Baptist minister, getting tested for what they thought was a heart attack, Bernie repented and professed faith in Christ. He worked his way through rehab and, despite some early setbacks, persisted in his addiction recovery.

Carbo and another former player in 1993 began the "Diamond Club Ministry," a Christian organization that teaches hitting to young people

and hosts an annual fantasy baseball camp in Mobile, Ala.

JFK, Reagan and Supply-Side Tax Cuts

(March 8) — Larry Kudlow and Brian Domitrovic (KB) have written *JFK and the Reagan Revolution* — a helpful history on their dramatic “supply-side” reductions in marginal tax rates. Bringing JFK into this discussion is particularly helpful in dealing with partisans (dramatic tax cuts have not simply been a GOP thing), folks who are focused on income inequality (given the policy’s supposed contributions to income inequality and inequity), and statist ideologues (who prefer higher income taxes as both a means and an end).

Today, Reagan gets far more attention for his tax cuts than JFK, probably because his policy move was more recent (1980s versus 1960s), more dramatic in terms of the numbers (dropping the top rate by 60 percent versus 30 percent), and more important for our economy (especially in light of the contemporary economic woes [183]). Still, JFK’s effort was far closer to Reagan’s than the tax-rate tweaks of other post-WWII presidents.

Likewise, the effects of the JFK tax cuts are more difficult to assess. His economy was not nearly as rough as what Reagan inherited from Carter. And the rise of the 1960s saw a range of countervailing economic policies that would have mitigated the effects of the tax cut — whereas

Reagan’s overall economic policy legacy was cleaner. KB note dramatic changes in government spending in the 1960s (161). LBJ increased the top MTR (marginal tax rate) temporarily for 1968-1970 (166). Nixon implemented the alternative minimum tax, increased capital gains tax rates, encouraged an increasingly profligate monetary policy, and returned us to a regime of wage/price controls in the face of troubles with OPEC (166-170).

KB’s book also affords an opportunity to promote some Econ101 literacy. Tax cuts come in two basic varieties: “Keynesian” and “Supply-

side.” The former are named after the school of thought that became dominant in the 1930s but was decimated in the late 1960s (by economic theory) and the 1970s (by the data). For the macroeconomy, Keynesians emphasize the primacy of consumption (over investment). They embrace government activism in terms of (expansionary) fiscal policy. They have relatively little faith in market processes and relatively great faith in the knowledge and motives of government agents. (This would be a fun tangent to pursue. But here, it suffices to note that faith in government — knowledge and especially motives — has faded considerably over the last 50 years, given the historical data.)

For Keynesians, tax cuts are seen merely as a vehicle for increasing consumption to stimulate the economy. If I reduce your taxes, you will buy more stuff, increasing consumer demand and boosting the economy. Supply-siders acknowledge the consumption angle. But they also recognize the implications for the “supply side” of the economy. (The term was coined by June Wanniski in 1976 [181].) If tax cuts reduce marginal tax rates, then people will be allowed to keep a higher proportion of the fruits of their labor. Beyond more consumption, this incentivizes them to be more productive, work harder, be more entrepreneurial, engage in less tax avoidance and tax evasion — all good stuff for people and an economy.

The modest tax rate changes of other presidents should cause modest results. But JFK and Reagan made dramatic changes that would be expected to yield dramatic results. JFK reduced the top marginal tax rate from 91 percent to 70 percent. Reagan and a strongly-Democratic House reduced the top rate to 28 percent. (The 1986 tax cuts passed the Senate 97-3 [215-216]) Reagan used to talk about movie stars in 1950s Hollywood who only made one movie per year.

Much of their income was taxed at the various marginal tax rates (tax brackets) before the last dollars were taxed at 91 percent. But if they made a second movie, all of their income would have

been taxed at 91 percent. Who would do that? Arthur Laffer came up with the Laffer Curve, famously drawing it on the back of a napkin (182). It illustrates the necessarily U-shaped relation between tax rates and tax revenues.

To note, if tax rates are 0 percent or 100 percent, you'll collect no revenue. It follows that for rates up to a certain amount, higher rates will yield higher revenue. Beyond that point, higher rates will yield lower revenues. In contemporary terms, it's difficult to imagine that the Bush I, Clinton, and Obama MTR increases were helpful or even all that relevant. Supply-side arguments can be exaggerated and abused. It's unlikely that the relatively modest tax cuts of Bush II and Trump are a big deal either.

So, we might debate the size of supply-side effects, but their existence is not debatable. Often, "supply-side" is used as a term of derision, as if it's ridiculous. Instead, what's ridiculous is to deny their existence. (Perhaps we should call these people "supply-side deniers"?) Supply-side tax cuts are often referred to as "trickle-down." (Or do you remember Bush I's references to it as "voodoo economics"? The only voodoo was in Bush's numbers: KB note that he predicted 30 percent inflation from 30 percent MTR cuts [207]) No economist will use that term: it's too vague and too colorful. When you hear it, you can trust that you're listening to a rube or a demagogue.

School Security Can Be Managed at a Cost

Joseph M. Squadrito, an adjunct scholar of the Indiana Policy Review Foundation, is retired from the Allen County Sheriff's Department. Squadrito served with the department for 33 years, rising through the ranks before serving two terms as sheriff. He is a graduate of the charter class of the Indiana Law Enforcement Academy as well as the F.B.I. National Academy, the United States Secret Service Academy and the Southern Police Institute.



(March 28) — For two decades now our political leaders and school officials have been

attempting to deal with the tragedies which have occurred in our school systems. The senseless slaughter of our children and educators has prompted numerous proposals ranging in firearms legislation to mental health intervention. Some of these proposals have merit and are worthy of consideration and enactment. Others fall far short of the intended goal.

I do not believe arming teachers is the right solution. Teachers are there to teach and not act as armed guards or police officers. In fact, We do not want an exchange of gun fire in our classrooms or in school corridors. The potential for unintended victims is too high and with today's supersonic ammunition the probability of multiple wounds is probable.

Schools are constructed with the same configuration and materials (central corridors lined by classrooms). The construction material is most generally masonry or other fire-retardant material, none of which would stop a high-speed projectile. Schools also have numerous points of access and egress as a safety precaution. Herein lies the main problem in that we want to keep the armed individual out of the facility.

One of many solutions is controlled access to the facility itself. Access points should be established with armed security personnel. Ideally, one central point of access should be established and configured so as to preclude exposure to students and facility in the event of gun fire. In schools with large enrollments, several controlled access points could be established so as to alphabetically screen students. Metal detectors and wands would be at each check point and staffed by security personnel who are trained in firearms safety (shoot, don't shoot criteria) and take-down techniques. Egress should also be controlled from one central location by remote control with battery backup systems.

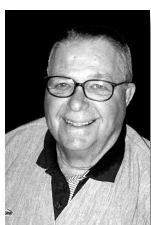
The Secret Service has a team of experts that advises local governments on how best to secure public building. While serving as sheriff of Allen County and as a graduate of the Secret Service Dignitary Protection Academy, I learned of the

service and requested that a security survey be conducted at the Allen County Court House. Upon receipt of their final report, we implemented all of their recommendations. The system worked well and has been in place now for over 20 years.

Obviously, the costs of establishing these safeguards would be substantial, as would periodic upgrades and personnel training. However, compared to the human tragedies we've already endured, no price is too high to pay.

Business Silence on TIF

Fred McCarthy, an adjunct scholar of the foundation and editor of the blog [indytaxdollars](#), represented various taxpayer and business organizations before the Indiana General Assembly.



(March 16) — We found it interesting that the local Chamber of Commerce, which in theory represents the business community, has volunteered to help a governmental agency more easily increase the tax burden on the business community.

It comes as no surprise for in recent years we do not recall the Chamber ever questioning tax increases, or, at least as importantly, asking for a review of current factors which might negate the need for increasing government revenues. Rather, the Chamber is eminently qualified to teach any “needy” agency how to apply the necessary hype to sell something to the unwary and poorly informed citizenry.

One such factor review which would be useful is a determination of exactly how much money has been diverted away from schools — and other legitimate government functions — by the use of TIF (Tax Increment Finance) operations. And to look into the future of this problem as we move rather rapidly toward making the entire city one huge, consolidated TIF district.

The schools say they need money. The mayor recently described the city's financial situation as “deplorable.” And this situation exists after decades of “economic development projects” — all of which received the blessing of the Chamber as

leading to a world class city economically blessed like no other. Including individual projects receiving municipal welfare in amounts of hundreds of millions of dollars.

What we are winding up with, along with ridiculously costly sports palaces, is a downtown full of taxpayer-subsidized parking facilities, all of which will stand empty when the taxpayer-subsidized Red Line, and Blue, Green, and Purple Lines, eliminate the need for the automobile in the city. At least that's the selling point of the grandiose “transportation” plan moving forward.

Again, is there any chance that the combined forces of education and business might generate a review of current distributions of public funds? Is it really impossible to change the questionable financial thinking which has put education and municipal government in financial shadows?

When will some voice of authority demand an honest investigation of past and current public expenditures, and initiation of a feasible method of determining needed changes?

Potholes and Priorities

(Feb. 28) — This morning's paper uses approximately three-quarters of a page with text and pictures bemoaning the “pothole” problem.

The fourth paragraph contains this quote from our mayor: “The plain truth is also that the financial condition of our city from the past few decades has been deplorable, and it has simply not had the resources to properly invest in the infrastructure our residents deserve.”

To that I ask when will there be an awakening of those deserving residents to the fact that they have been led down the garden path by a media abetting a city leadership that despite “deplorable” finances continues to shovel out stories claiming that sports have saved the city?

When will we see a story with complete details as to the number of tax dollars committed on a continuing basis to subsidizing multi-millionaire sport franchise owners during those decades, specifically including the cost of the money itself?

(We have seen an estimate that, with interest on the debt, our \$750-million stadium will actually run about \$1.2 billion.)

The city gets raves for landing the NBA All-Star game. That is followed, however, by muted whispers about how much we'll spend on the fieldhouse for that one-time use. And don't forget the "necessary redo" for the team owners to be able to commit to a new 25-year contract, which, given precedent, will reward them with additional millions of tax dollars.

Reread the mayor's quote and ask yourself, "Who is he kidding?" And this is not a political issue, please know, both parties have gleefully inserted huge amounts of taxpayer money into dream-world projects.

The resources were there all along to fix the potholes but they were invested unwisely. Now we have a crisis, and the answer will surely be another tax increase of some kind.

Well, what the heck . . . blame the weather. ♦

Facebook Page Deactivated

A MailChimp promotion asked this foundation to advertise its annual membership campaign. We responded with some copy and our signature image, an 1845 painting by William Ranney showing an unnamed patriot saving the life of Col. William Washington (proposed advertisement at right).

The editor chose the illustration years ago (it was the cover art on our Facebook home page). He did so for two reasons: First, it depicts the Battle of Cowpens, a pivotal battle that demonstrated the courage and discipline of the Continental Army; and second it shows the diversity of those patriots embroiled in the struggle.

That was insufficient for the Facebook screener. The ad was tagged for its "shocking" content (rejection letter below).

The foundation has deactivated its Facebook page and will advertise in other mediums.



Join Now and Save: 2-Year Membership \$50

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

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

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Facebook rejected your ad Ad for Landing Page (IPR Landing Page). You'll need to [resolve any issues](#) before you can resubmit your ad for another review.

Here's what Facebook says is going on:

Your ad wasn't approved because it doesn't follow our Advertising Policies. We don't allow ads that contain shocking or sensational content, including ads that depict violence or threats of violence.

Resolve

The Bookshelf

President McKinley: Architect of the American Century

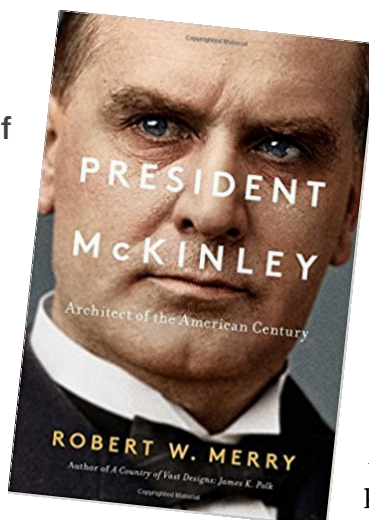
For my sins I have resolved to read at least two presidential biographies during 2018. This truly is an act of penance as academic biographers are in some kind of frenzied arms race over who can put out the longest book. Ron Chernow's "Grant" (Penguin Press, 2017) weighs in at just under 1,000 pages and is leading the pack at present, at least to my knowledge. So old Sam Grant will have to wait until summer when I have more reading time.

Instead I opted this time for "President McKinley: Architect of the American Century" (Simon & Schuster, 2017) by Robert W. Merry as my first for the new year. I freely admit to laziness in this choice as it is less than 500 pages, but I couldn't pass up the opportunity to learn more of a president about whom I really know very little. It was well worth the time spent and I highly recommend this book.

Merry, even though not one of my favorite historians, writes in an easy and interesting style for general consumption. If his goal was to explain a simple man with a complex personality misunderstood by all but his closest associates, Merry succeeds in spades.

I don't know what the psychological term is for this, but somehow McKinley was always able to get his own way without irritating everyone in the room. Supporters and opponents both would come out of meetings with him praising his character and intelligence and then realize that they had conceded every point.

McKinley is remembered by most only as one of our assassinated presidents whose death pushed Teddy Roosevelt into the White House, for better or worse. He should be remembered as a president who left his mark on a nation that was



on the cusp of international greatness. Hence, the subtitle. It was under McKinley and against his innate beliefs that America became a global power and expanded its reach beyond the North American continent into Hawaii, the Caribbean, and the Philippines. It was partly a moral stance that pushed him into the Spanish-American War but also an intuition that this was America's hour. Fortunately he possessed a native sense of timing and where public opinion was headed.

He was a sound money man, firmly advocating the gold standard against William Jennings Bryan's free silver populist movement. He also had the political sense to downplay this in the campaign in order to maintain pluralities in enough agricultural states to win the election.

His main election platform plank was protectionism. In these days of Donald Trump's somewhat spasmodic moves back in that direction, McKinley's philosophy on this bears illumination. (Bias alert: I'm a free-trader.)

He first staked out his protectionist argument as a member of the House of Representatives and adhered to it through his first presidential term. It went something like this: Since there was a federal budget surplus mostly from tariff revenues, raising selective tariffs high enough would choke off imports of those goods to the benefit of nascent domestic industries. Is this the Laffer Curve applied to import duties?

Second, place tariffs on agricultural products and equipment to preserve domestic markets for U.S. farmers since they couldn't compete with cheap foreign labor. (The more things change, the more they remain the same.)

Except for sugar. To bust the sugar trust, he proposed eliminating all duties on imported sugar but at the same time subsidizing domestic sugar producers. Governmental choosing of winners and losers isn't a new concept, is it?

McKinley rather naively argued that increased tariffs would not provoke retaliation among our trading partners. He actually expected our exports to flow unabated. This is the age-old problem when politicians declaim economic expertise. They tend to view a complex economy as static, where a change to one thing has no effect on anything else. Sometimes I just want to scream.

Still, I come away from Merry's book with profound respect for a nimble, principled politician whose untimely death left our nation for the worse.

Friends Divided: Thomas Jefferson and John Adams

My wife and I listen to audiobooks in the car and usually pick a history or biography for our long trips to together. Several years ago we listened to David McCullough's excellent biography of John Adams, and then followed that up with watching the HBO mini-series on his adult life. She loved it; I hated it. Not unusual in itself, but my reasons were different this time. I thought the show caricatured both Adams and Jefferson.

Lest I be accused of living happily in my prejudices, which I do of course, I decided to read about personalities of the two Founders through Gordon S. Wood's "Friends Divided: John Adams and Thomas Jefferson" (Penguin Press, 2017).

No two more different men could possibly have collaborated in working toward our independence. Each was an internal contradiction between his background and what he most advocated, and most feared, for the American republic.

Jefferson was born to privilege and expected deference. Adams was distinctly middle class, "middling" as he derisively called this status, but wanted desperately to become and be recognized as a gentleman. It was Jefferson, however, who preached the closest thing to full democracy, declaiming unabated confidence in the wisdom of the common man. Adams expected a natural

aristocracy to evolve in America which would rule it in wisdom and virtue.

Adams saw the English constitution, with its tri-part balance among Lords, Commons and Crown, as the model for the United States, with its House of Representatives representing the people but only a small, localized portion of them, the Senate becoming the natural aristocracy of the best from the states, and a powerful executive above party and representing all people. Jefferson wanted a weak executive presiding over a very weak national government, with the balance of power residing with the state governments.

Their personalities could not have been more different. Adams was irascible, sharp-tongued and quick to take offense. What made him most unlikable was his predilection to thinking out loud regardless of how unformed his ideas might be and whom he might offend. Jefferson preferred to write rather than speak but seemed unconcerned about how his idealism played out in the real world.

The story of their eventual reconciliation, prompted by mutual friend Benjamin Rush, is an interesting one to follow. Adams swallowed his pride and took the first step, and Jefferson's aristocratic noblesse oblige allowed him to respond kindly. As Wood describes the reawakened warmth of friendship taking hold, one can't help but root for it to work with a happy ending. Hollywood could not have written it better.

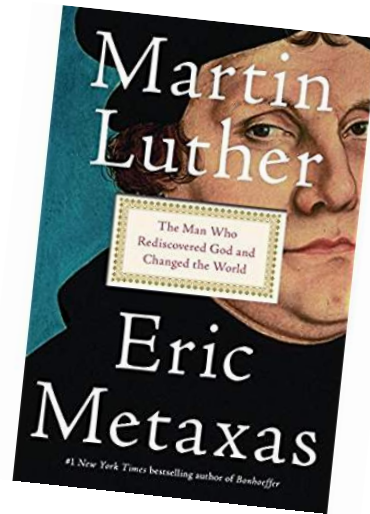
One final irony is that each man grew to be more like the other, with Jefferson becoming grumpier with the world's lack of progress along the lines he predicted and Adams becoming more gracious in overlooking what he thought were character flaws in others.

It all boils down to this according to Wood: It's not why Jefferson and Adams became enemies but how they ever became friends in the first place.

This may be my top-rated book for the year.

Martin Luther: The Man Who Rediscovered God

Since 2017 was the 500th anniversary of the Reformation, one would expect a deluge of books on Martin Luther and they still keep coming. Since Luther belongs in any liberty lover's pantheon of great thinkers, I will briefly comment on two more that made my bookshelf.



Eric Metaxas, perhaps best known for his superlative biography of martyred Pastor Dietrich Bonhoeffer, has taken on the great reformer with his "Martin Luther: The Man Who Rediscovered God and Changed the World" (Viking, 2017). Well, how does one live up to that subtitle?

The book is written almost exclusively from Luther's point of view. The focus is on the critical years of the early Reformation, sometimes referred to as the Young Luther period. Metaxas traces Luther's evolution from an academic disputationist to a bold leader of a religious movement that even he couldn't control.

Since everything in the medieval Holy Roman Empire was political, even religion was highly politicized. As Luther realized he had inadvertently put himself directly in the political arena, his attitude and behavior changed. As Metaxas puts it, Luther became bolder as the risk to his personal safety increased. Luther feared God more than the Pope or the Emperor.

Since his role had changed from simple theologian to polemicist for the Gospel, Luther's focus reoriented toward the general population. Writing in German instead of Latin, he took his cause directly to the man and woman in the street.

What he couldn't control was how they reacted to this. Hence, more radical versions of the Reformation sprang up hand-in-hand with radical political actions such as the Peasants' War of 1524-25.

Having read four books now on the Lutheran Reformation, what did I learn from Metaxas that makes it unique among these? First, he reminds us of the importance of Humanism in giving birth to the Reformation, something today's Lutherans don't like to talk about given the direction Humanism took during the Enlightenment. Second, I don't recall reading about the negotiations that occurred in the three days after Luther's appearance

at the Diet of Worms. Several attempts were made to find a common ground that would avoid Luther's condemnation as a heretic and outlaw.

Next, Metaxas makes the point Luther realized that, while absolute truth was absolutely essential to doctrine and life, how one arrives at realizing that truth was equally critical.

This leads to the final point. In Luther's famous "Here I Stand" speech, he states that one cannot safely go against conscience. Luther, however, did not use the word conscience as we now define it. The German word he used literally means "knowing" and is translated to Latin as *conscientia* from which we get our English word conscience. But even in Latin the word means "with knowing."

In our post-modern world conscience has been reduced to a subjective belief in whatever one finds comfortable or useful. To Luther, however, there is only God's objective, unchangeable truth. That is what the conscience reflects and admonishes us to follow.

Freedom of conscience to Luther did not mean freedom to decide for ourselves what is truth and falsehood, what is right and what is wrong. Instead it is the freedom to follow one's conscience in the way of truth and in obedience to God's law.

Luther abhorred the misuse of his teaching on the freedom of the Christian in the sixteenth century. Just imagine how he would react today.

A World Ablaze: The Rise of Martin Luther and the Birth of the Reformation

My last Luther book, I promise, is “A World Ablaze: The Rise of Martin Luther and the Birth of the Reformation” (Oxford University Press, 2017) by Brigham Young University history professor Craig Harline. He focuses on the years 1517, with the posting of the 95 Theses, through 1522 following the Diet of Worms and Luther’s protective incarceration at the Wartburg castle.

What makes this book special is Harline’s writing style. It’s not academic or even fact driven. Instead he tells the story through the experiences and assumed thoughts of the main characters, both Luther and his contemporaries. As you move from one perspective to the next, you feel like you just had a conversation with that person. Insightful, to be sure, but also entertaining.

Luther is clearly the hero of the book but a flawed and very human hero. Even those generally seen as bad guys (Pope Leo, John Tetzel, Cardinal Cajetan) are painted as real humans trying to do what they believed right. Harline’s approach is different but appreciated.

The Last Days of Stalin

I don’t remember much about the Cold War during my childhood until the point where Nikita Khrushchev pounded his shoe on the table at the United Nations. I hoped to rectify that situation by reading “The Last Days of Stalin” by Joshua

Rubinstein (Yale University Press, 2016). I was somewhat disappointed. I had hoped for an in-depth look at the days immediately after Stalin’s death as the second-level Communist leaders vied for power. Rubinstein gives it attention but not enough to make plain how and why Khrushchev rose to the top of that jumble of political schemers.

Rubinstein does spend time and pages on explaining the West’s reaction, or lack of reaction, to leaked news about Stalin’s failing health and his eventual mortal stroke. While not applauding the West’s strategy during this period of uncertainty, he does explain why our side did not take advantage of the situation. Basically, we had no better concept of a Russian dictatorship without its dictator than the Russians did.

He does a creditable job of reconstructing the last days of Stalin as he is discovered unconscious on the floor of his dacha and lingers near death for several days. It is humorous to listen to Stalin’s lieutenants jumping between mocking Stalin when they thought he was about to die and succoring him whenever he showed any signs of recovering consciousness.

He also demonstrates Stalin’s increasing paranoia the last years of his life, but does not excuse his brutality. He points out that Stalin was equally brutal in his younger, presumably more sane years. If anyone still wants to believe that Stalin was not a monster, this book will put paid to that delusion.

— Mark Franke



Thomas Hoepker, Sept. 11, 2001

The Outstater

“It is hereby ordained and declared by the authority aforesaid, that the following articles shall be considered as articles of compact between the original States and the people and States in the said territory and forever remain unalterable, unless by common consent, to wit: . . . Religion, morality, and knowledge, being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged.” — The Northwest Ordinance, July 13, 1787

Education: A Bare-Bones Option

(May 30) — We don’t traffic in conspiracy theories here. Our mission statement doesn’t allow it, and in any case such thinking typically overrates the abilities of even the most rabid conspirators. But after almost a half century of seeing viable school reforms shot down, it can be concluded that those in power, Democrat and Republican, union or not, within government and without, aren’t that interested in an effective education system.

A quote from William F. Buckley haunts us in that regard: “Aristocracy is society’s default position. For those who stand at America’s commanding heights, social and income mobility is precisely what must be opposed, and a broken

educational system serves the purpose wonderfully.”

How broken? This week it was announced that confusion over how to hold Indiana public schools accountable has resulted in a system of dueling standards, one for students in certain environments and another for the rest. “I think it’s really sad that the concept of accountability has become so politicized that people just don’t pay attention anymore,” Wendy Robinson, superintendent of Fort Wayne Community Schools, told the Fort Wayne Journal Gazette. “The validity of how a school gets an A has lost the luster because so much is based on where the kids live and resources and socioeconomics. It’s not consistent.”

That understood, we mean to put Buckley’s statement to the test. For starters, we can gauge the reaction to proven reform models that gives every parent, rich or poor, at a fraction of the cost of today’s schools, the choice of where they send their child to school. It is dead on arrival. “I couldn’t even get that out of committee,” a Statehouse power broker told me.

This is the same Legislature that earlier this month had to be called back into session to authorize an additional \$5 million so that dysfunctional government schools could safely continue to dysfunction. In short, it is worth examining the rejected alternatives — two of them, one theoretical and one practical. Both eschew reform based on vouchers or charters as “government schools light” and recommend totally private, unaccredited, independent schools.

The Reinking Model

We were introduced to our first example 20 years ago by the late Ron Reinking, a Fort Wayne CPA then on the board of one of the largest charitable foundations in Indiana. Reinking proposed that the foundation fund a basic choice program in Fort Wayne. The proposal was rejected.

Reinking, however, would work on his model until his death last year. He was in discussions to reform a failing parochial school system when he took ill. By then, the model included a detailed operational plan, complete with organization and personnel charts, insurance, curriculum outline, description of the physical plant, including the latest in computer gear and Internet applications, spread sheets and month-by-month budgeting. (1)

Utilizing volunteer teacher aides, donated classroom space and equipment grants, Reinking's model school of 50 students would pay its headmaster 115 percent of the average public-school salary allocation, including pensions (see worksheet above). Moreover, tuition would be less than \$1,500 with an annual operating budget of a bit more than \$70,500. Per-pupil government spending in Indiana is seven times that.

From his prospectus: "If ever there was a sure bet, this is it. With the exception of school administrators, there is universal acceptance that the delivery systems for providing educational services to our children are badly broken. There is also an awakening that there is no reasonable prospect that meaningful reform and improvement can be initiated within the existing framework of school systems.

"Whenever parents are given choices, we see an exodus from failing schools, particularly in the inner cities. Our model may be flawed and in need of adjustment along the way. However, it provides a solid structure. We have been careful to set the bar of our new school at a reasonable height. We are not dealing with experimental concepts. Good people, good settings, a morally healthy environment, the best of high-tech equipment at the lowest cost possible — these are the ingredients of success for a school."

Thales Academy Schools

The second example is identical to Reinking's but has a track record — an impressive one. Bob Luddy, a North Carolina businessman, gave up trying to persuade his state's educators to improve

the public schools. Like Reinking, he decided a network of low-cost private schools free of government control was the answer.

This was after he had volunteered to head a statewide education commission and met with North Carolina officials to voice his concerns. "They were happy to discuss all of these ideas," Luddy says, "but they weren't going to implement any of them."

Ten years ago he opened Thales Academy. Tuition is about half public schools, \$5,300 for elementary school and \$6,000 for junior high and high school. Luddy makes a one-time contribution to help with capital costs as he opens each school. He also provides about six percent of the student body with financial aid in the form of half tuition. (2)

As with the Reinking model, the schools keep tuition low by cutting frills. There are no tennis courts, football fields or baseball diamonds. Modern day public schools, says Luddy, look like sports complexes. So there is no basketball auditorium at a Thales Academy school (expensive to build and air-condition).

Nor are there cafeterias, school buses or drivers. The student-teacher ratio is considered high (26:1) but classrooms are subdivided into "direct instruction" groups where students with similar command of the material are given individual help. There are currently 25 Thales schools in the planning stages, expanding the model from North Carolina into Georgia, Tennessee and Florida.

"While many skills can be taught on the job, basic characteristics such as self-reliance, problem solving, cooperation, alertness and communication must be mastered prior to seeking employment," the prospectus reads. "We close the gap between employer and candidate, developing the skills students need for longterm success."

The 'Commanding Heights'

Many parents, students and teachers would be unhappy with such a bare-bones education. But

some would welcome it, and they might be the very ones to which the Northwest Ordinance speaks most directly; that is, those interested in an education revolving around “religion, morality and knowledge.” There is no reason to treat them unequally, i.e., to deny them tuition tax credit.

Such schools should be “encouraged” along with the problematic, tax-funded and managed system of government schools. What is the threat? That they will be academically inferior? That they will draw away students and thereby reduce education opportunity and quality for students in public schools?

If that is the case, then stick with the statist model. The case, however, is not being made. Rather, we are asked in “1984” speak to abjectly accept the education bureaucracy’s word that it knows best. But allowing parents and teachers to choose their own schools is surely a better way to sort things out.

Again, we don’t imagine there is an elite staying up all night thinking of ways to thwart the good work of a Ron Reinking or a Bob Luddy. But we do know from history that those in power have felt threatened by a growing middle class, and education has been its impetus.

Even giving the benefit of the doubt, those with the power and authority to reform Indiana education clearly aren’t that interested. There is an applicable metaphor for their insouciance, an unpleasant and unflattering one so engage your trigger warning.

If you traveled in the so-called Third World in the 1970s, you were aware that there were zones in certain cities that smelled similarly odd. That was the odor of raw human sewage. P.J. O’Rourke visited some of them for his book, “Holidays in Hell.” He reminded us that there was no practical reason for this. Neither poverty nor ignorance proved an adequate explanation. Sewage treatment facilities were accessible and affordable even for a developing country.

Rather, it was the result of what most Americans would consider unacceptable socio-

political priorities. Their systems operated top down. So if you lived on what Buckley aptly referred to as the “commanding heights,” you were upwind and could ignore the mundane and tedious problems of those below.

Fortunately, there is a system of government meant to serve individual citizens rather than their managers and rulers, to serve common law rather than personal dictate. It is called a Constitutional Republic. Its corollaries, private property and free markets, have proven superior everywhere they have taken hold, upwind or down.

If Indiana’s education community ever gets serious about reform, it might want to give them a try.

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2. Thales Academy, <https://www.thalesacademy.org>, last viewed May 26, 2017.

Journalism for Dummies

(May 18) — A friend expressed admiration for how quickly I was able to go through the morning newspaper. No, I explained, I’m not a speed reader. Reductions in newsroom staffing have had a lot to do with it, but also I am aided by a lifetime of amalgamated discernment. I know which stories can be ignored at no cost to my working knowledge. I am encouraged to list them here:

- Stories with headlines imploring that this or that “must” be done or “now is the time to . . .” These are certain tells that the articles have been assigned, edited and written by advocacy journalists. They see their job as helping readers think correctly rather than providing useful information. Their readers, deserting their papers in droves, are rejecting that help.

- Ditto for headlines that end with a question mark. This is a trick to make you think the article is a sincere query rather than another tiresome lecture.

- This is an optional eschewal, but I do not subscribe to publications or blogs with headlines in other than title case. It tells me that the editor has abandoned rigorous copy editing.

- Stories about politics cast in sports terms. Sports are serious endeavors complete unto themselves. Their trials and glory cannot be transferred to the debased. (A corollary: Follow the example of a great sports writer, Red Smith, and read only stories about what actually happens on the field of play.)

- Stories implying that a politician “fights” for his constituency. Politicians today are in the business of attracting monetary support — period. They have no time for fighting, and few of them look capable of any sort of actual tussle in any case.

- Articles that presume to know how a legislative session will end. Public Choice economists can explain the science behind this, but modern statehouse leadership has become detached from any real constituency. As such, it doesn’t have a clue until the last minute as to how the membership will vote on critical issues. But leadership, being leadership, must pretend to know, and political reporters, similarly detached, go along with the charade.

- Any series of articles accompanied by lavish graphics and special promotions. These are written not for you but to impress the Pulitzer board or some lesser self-congratulating journalism entity. There is unlikely to be any information there that is trustworthy or useful (a huge time-saver).

- Articles that claim to have found evidence of a hypocrisy. Public moral standards have fallen below the point where the word has meaning.

- Stories topped by headlines with scatological references. Here is an example from a Fort Wayne

paper: “When Sewer Issues Bubble to the Surface, It’s not Always Easy to Flush Them Away.”

- Reports of opinion surveys that ask for a social judgment by the respondent. The respondents will lie, and biased pollsters know that. They use it to feed a narrative.

- You will of course need to read any news of natural disasters near you, and the first hours of such reportage will be filled with heroism, charity and displays of uncommon character and citizenship. After which, however, the government will take charge. When you see the first reference to the Federal Emergency Management Agency you can quit reading. The rest will be posture. (How, really, do the stricken cities continue to operate with all of their officials crammed behind the microphone for the obligatory disaster press conference?)

That will leave articles about animals. Although few, they will provide the models you’ll need to live to God’s specifications without delusion, complaint or excuse. “I have been studying the traits and dispositions of the lower animals and contrasting them with the traits and dispositions of man,” wrote Mark Twain. “I find the result humiliating to me.”

Is there a better story than that of Seabiscuit, an under-sized, knobby-kneed colt with a reputation for laziness that lost its first 17 races before retiring as the all-time leading money winner? How about Skip, the Oregon dog left by the road on a family vacation that finds its way home two years later?

There, you’ve saved a mess of time and you’re off to meet the day well-read and intellectually girded.

That Crony Capitalist Elephant

(May 11) — An elephant has entered the room of Indiana’s economic-development officialdom. Nobody wants to talk about the growing amount of research challenging the group’s policy formula.

An adjunct scholar of the Indiana Policy Review last month described it in the inverse. He told a group of Indiana businessmen and opinion leaders they would be better off without any official economic-development effort whatsoever. Rather than provide an economic advantage over competing cities, he says it has merely facilitated a “race to the bottom.”¹

And today, a city councilman cited the previously ignored research to support defunding his community’s economic-development apparatus.² Specifically, he would repeal his city’s business personal property tax, the one that local economic-development agencies exempt in order to favor certain businesses over others. He noted that Indiana’s total effective tax rate on mature capital-intensive manufacturers is 19.2 percent compared with 5.1 percent in Ohio and Michigan. Reducing or eliminating that disadvantage across the board would help attract jobs and investment, some say, as well as stymie crony capitalism.

Yet, states and localities are spending approximately \$70 billion per year on targeted incentives. Property tax abatements, tax increment financing and job-creation tax credits for “new or expanding businesses” have more than tripled since 1990. And Indiana has dived full in. Gov. Eric Holcomb and the mayors of Indiana’s mid-sized and larger cities are enthusiastic participants in the new policy formula as was Vice President Mike Pence when he was in the governor’s chair. Meanwhile, Indiana media is reticent on the issue — fearful maybe — and not asking the hard questions about how it all is working out.

So who’s right? Economists at George Mason University³ have assembled a review of the literature on the subject. Read the citations and decide for yourself:

- First of all, targeted incentives fly in the face of modern economic theory that shape human activities and economic outcomes toward what Adam Smith called “a system of natural liberty” channeling private self-interest toward the public

good. — North, Douglass. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge University Press: Cambridge, UK.

- While targeted tax cuts and subsidies might spur economic activity among privileged firms, they discourage economic activity elsewhere in a city’s economy by necessitating higher tax rates for firms and customers in non-privileged sectors. — Rosen, Harvey and Ted Gayer. (2013) *Public Finance*. 10th Edition, McGraw-Hill Education: New York, New York.

- When targeted incentives entail outright subsidies, they encourage investments in which marginal costs exceed marginal benefits, resulting in too much of the subsidized activity. — Mitchell, Matthew, Jeremy Horpedahl, and Olivia Gonzalez. (forthcoming). “Do Targeted Economic Development Incentives Work as Advertised?” *Mercatus Working Paper*.

- Subsidies insulate privileged firms from competition, making them less efficient and less accountable to consumer demands. — Leibenstein, Harvey. (1966) “Allocative Efficiency vs. ‘X-Efficiency,’” *American Economic Review*, 56, 392–415.

- The very possibility of selective privileges encourages firms to inefficiently spend resources seeking privilege from policymakers. — Tullock, Gordon. (1967) “The Welfare Costs of Tariffs, Monopolies, and Theft,” *Western Economic Journal*, 5, 224–232; Krueger, Anne. (1974) “The Political Economy of the Rent-Seeking Society,” *American Economic Review*, 64, 291–303.

- Targeted policies reward small, highly organized interest groups with concentrated benefits paid for by taxpayers, consumers and other competitors. Relative to the beneficiaries, the groups that pay for these targeted benefits are unorganized and diffuse and so tend to find it costlier to resist these policies, even if the total costs exceed the total benefits. — Olson, Mancur. (1965) *The Logic of Collective Action: Public Goods and the Theory of Groups*, Second Printing with New Preface and Appendix. Revised.

Harvard University Press: Cambridge, Massachusetts.

- An extensive review of 90 peer-reviewed studies that empirically assess the effect of targeted economic development incentives on a variety of economic variables distinguished between those studies that take a narrow-scope approach, or “assess the effect of incentives on the favored firm or region,” and those that take a broad-scope approach, or “assess the effect of incentives on the community at-large.” This distinction is important because the stated aim of targeted incentives is to promote economic development for the entire community that funds the project, not just for the targeted firm or region. Of 32 studies that examine the effects of targeted incentives broadly, only 3 (9 percent) find positive effects while 6 (18 percent) find negative effects for the community at-large. The rest either find no statistically significant effect or mixed results.⁵ Among the 58 studies that take a narrow approach to assessing targeted incentives, 38 (66 percent) find privileged firms and regions benefit from targeted incentives while the rest find insignificant, mixed, or even negative results. — Op. cit., Mitchell, Horpedahl and Gonzalez.

- Targeted incentives, since they are not economy-wide, might encourage policymakers to “increase spending and raise tax rates to recoup exempted tax revenue.” It is unclear whether targeted incentives are “a form of government-constraining competition or an example of unhealthy crony capitalism.” — Dove, John and Daniel Sutter. (2018) “Is There a Tradeoff between Economic Development Incentives and Economic Freedom? Evidence from the US States?,” Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA.

- A look at Tax Increment Financing (TIF) in Missouri, assessing whether the number of jobs reported by TIF proponents correlates with Bureau of Labor Statistics (BLS) data on actual employment finds no relationship between the

jobs numbers reported by economic developers and BLS local employment data. Furthermore, it finds that when TIF is used to retain jobs, the number of reported retained jobs is negatively related to municipal employment, suggesting jobs retained as part of the TIF came at the expense of jobs elsewhere in the community. — Byrne, Paul. (2018) “Economic Development Incentives, Reported Job Creation, and Local Employment,” Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA.

- A look at data across states to see if economic incentives seem to be used to offset otherwise negative economic conditions finds that states with higher unemployment rates, states with spending that exceeds revenues, and states with higher individual income tax burdens are more likely to offer particular firms targeted subsidies. The results might explain the insignificant effects of incentives on growth: the weakest economies are using the incentives most intensively. — Calcagno, Peter and Frank Hefner. (2018) “Targeted Economic Incentives: An Analysis of State Fiscal Policy and Regulatory Conditions,” Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA.

- Researchers examined whether there is a tradeoff between economic development incentives and economic freedom. They find an economically and statistically significant negative relationship between incentives and economic freedom, suggesting that incentives reduce economic freedom. — Op. cit., Dove and Sutter

- A study exploring whether targeted incentives are part of the set of government policies which might worsen income inequality in the U.S. finds evidence of a “reverse-Robin-Hood effect,” whereby income is redistributed from the bottom 90 percent of people to the top 10 percent of people. — Wang, Jia, Stephen Ellis, and Cynthia Rogers. (2018). “Income Inequality and Economic Development Incentives in US States: Robin Hood in Reverse?,” *Review of Regional Studies*, 48. 93-117.

- Political realities create the potential for the influence of politics over economic decisions. Targeted policies reward small, highly organized interest groups with concentrated benefits paid for by taxpayers, consumers and other competitors. Relative to the beneficiaries, the groups that pay for these targeted benefits are unorganized and diffuse, and so tend to find it costlier to resist these policies, even if the total costs exceed the total benefits. — Op. cit., Olson.

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2. Jason Arp, who represents the 4th District on the Fort Wayne City Council, introduced a resolution today asking the Allen County Income Tax Council to approve a blanket exemption on taxes for equipment purchased after Jan. 1, 2019. A May 22 public hearing is scheduled.
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Lamenting the Venerable 'Spike'

"Things reveal themselves passing away." — William Butler Yeats

(May 2) — Reading analysis of the disaster that was the monologue at this year's White House Correspondents' Dinner, the thought occurs: Can an entire generation in a given profession fail to reach maturity?

The old newsroom guard had warned precisely of that. They said modern journalists lacked the judgment any readership expected, that they would be the ruin of the craft.

But then, in my memory at least, journalists have always been child-like. It is an attribute of the good reporter, that is, a sincere curiosity about the world, a reflexive questioning of authority, the recklessness to demand explanation from the adults in charge.

What seems to be missing, rather, are the adults in charge.

To make this case you need to become familiar with an antique desktop accessory, a 3-inch mounted spindle or nail that could be found on any senior editor's desk right up until the mid 1970s.

These copy spikes often dated from the newspaper's founding and had beautifully decorated brass bases. They were one of the first workplace hazards discovered by the Occupation Safety and Health Administration. This was so even though nobody in the newsroom had ever witnessed anyone being injured by one or had ever known anyone who had ever heard of anyone being injured by one.

Anyway, it was on these spikes where editors "filed" rejected articles. This was done unceremoniously and without explanation, as in: "What happened to the story you were working on?" "They spiked it."

On the metro desk in which I came of age, any story submitted to the front page that hinted at what was disdainfully referred to as "human interest" was spiked. Readers were too busy, it was thought, for folderol.

To a young journalist, this may have seemed arbitrary and purposelessly demoralizing. Stories were spiked for no better reason than they didn't jibe with an editor's personal experience or, perversely, didn't strike him as sufficiently novel. The end product, though, could be safely read aloud to all ages at a breakfast table.

So how did we get from there to where the elect of the national press corps, assembled in self-congratulation over cocktails, laughs at jokes about vaginas and aborted babies?

I have an explanation, a systemic one — maybe right, maybe wrong, but plausible.

About 40 years ago, around the time OSHA was confiscating our copy spikes, the proprietors of local newspapers began selling out to widely held national corporations. Wall Street thought the dailies were a good investment because of

their reputation as being inflation-proof (want ads increased during bad times, display ads increased during good times).

Out went the irascible ideologue of a publisher with his country club friends and garden club wife. In came the ambitious manager on a five-year assignment and the narcissistic editors and advocacy specialists riding his coattails.

Morale improved markedly, as it does when the adult leaves the room. It was spitball time. No longer was there a political cliff, absolute prohibitions or other newsroom bummers. Anything went as long as it reflected a sentiment first heard at a dormitory bull session or it tore down a tradition, a social more, a taboo or someone's good name.

Gone were longtime journalistic standards, including the rule that no opinion would appear on the editorial page unless it could be imagined being held by an honest citizen in possession of the facts. Crackpots and scoundrels thereby abounded, always professing the best intentions and often holding the highest of offices.

Incidentally, the latest edition of "The International Statistical Classification of Diseases and Related Health Problems" lists a new ailment. It is the Immature Personality Disorder, a condition akin to other "impulse control" disorders such as Oppositional Defiant Disorder, Intermittent Explosive Disorder and Disruptive Impulse-Control Disorder.

Going forward, that will answer any questions you may have.

Those Public Private 'Partnerships'

(April 25) — A local manufacturer puts the challenge of economic-development agencies into a sentence. "If we're going to turn our local governments into investment banks," he says, "we'll need to find smarter people to run them."

A hard truth, but there may be even harder ones ahead according to an economist for the foundation. Dr. Barry Keating, speaking earlier this month in Fort Wayne to a group of

businessmen, believes there can be systemic flaws in the public-private "partnership" concept that make failure certain.

Dr. Keating, professor of economics and business analytics at the University of Notre Dame, was a protégé at Virginia Tech of Nobel Laureate James Buchanan and Gordon Tullock, founders of the school of Public Choice economics. The school studies the use of economic tools to deal with traditional problems of political science, including various self-interested agents (voters, politicians, bureaucrats) and their interactions,

His presentation reminds us that when politicians think of a public-private partnership, the "public" in their equation is often simply the government and the "private" is merely the economy. The two don't mix in a free market.

"Once politicians assume responsibility for the outcome of a particular enterprise, they find that they have made an almost irreversible decision, and one which, over time, will open taxpayers to unlimited liabilities," Keating told the group.

In support of that conclusion, he made these observations:

Whatever the economic situation, it will be politically impossible to stop increasing the number of firms eligible for tax exemption because doing so will lead to accusation of abandoning the town's economic well-being.

That is because the mayor and city council members of both parties may say there needs to be a limit to exemptions for the various subsidies and rebates but each individual official will continue to tack on new ones in order to politically survive. (Consider Muncie, where the citizenry came to believe that government disposal of a deceased pet was a "right." The mayor who disagreed was defeated.)

It therefore becomes impossible to suggest any reform because the slightest criticism of the public-private partnership is "howled down" as an attack on the official and quasi-official bureaucracy it supports. And again, nobody wants

to be seen as being against supposed economic growth and job-creation.

Keating asks us to consider the implications of a municipal policy that makes a dupe of any firm not seeking abatement. It is the self-funded firms, he said, that will be more loyal to the community long-term because of what they have chosen to do rather than what they have been allocated as a political gift.

After the presentation, a Fort Wayne councilman raised the attendant concern that these massively funded development authorities, with hundreds of thousands of dollars in “public relations” funds, are overwhelming the local democratic process.

Jason Arp, the chief critic of a \$440-million economic-development partnership in his city, says political and special business interests surrounding such a project can become so strong that the local media fear to report what is needed for a community to make an intelligent decision.

It is little known, for example, that our taxes are subsidizing commercial real estate prices here, which, according to Arp, already are among the lowest in the nation. Nor do many know that the private “investment” in these projects may not be an investment at all because it is returned in development fees or protected by shell corporations.

Randal O’Toole, a friend who writes on urban growth for the Cato Institute, notes that this describes one of two kinds of public-private partnerships. It is called an “availability payment” partnership and involves the private partner borrowing money to build something but the public partner agreeing to repay the costs and more or less guaranteeing that the private partner will earn a profit. In other words, the public partner takes all the risk; any claim of true “private” investment is a misrepresentation.

O’Toole warns that this can be used by clever municipal officials to exceed their city’s legal debt limit, the debt on the books being of the private partner and not counted against the public

partner’s limit (even though the public partner is contractually obligated to pay the private partner enough to repay that debt).

The second kind is what is often assumed (falsely) to be the case in the typical public discussion. It is a “demand risk” partnership involving the private partner putting up the money and taking all the risk that a project will fail, O’Toole says. The public partner might provide land or a right-of-way but often merely provides a franchise — the right to build.

Councilman Arp, writing for the Fort Wayne Journal Gazette, makes another distinction: “Targeted economic-development projects only benefit the select few that are directly involved in the construction, financing or lobbying of the venture, while the taxpayer ends up holding the bag.”

And many times this is a “deflated, tattered, foreclosed-upon bag,” he added.

The Starbucks Position

“Equality of opportunity, not only is it fair enough, it’s even laudable. But equality of outcome? It’s like, ‘No, you’ve crossed the line. We’re not going there with you.’” — Dr. Jordan B. Peterson

(April 13) — There are two types of people in the world, the wags used to say, those who believe there are two types of people and those who don’t. If that applies to any issue whatsoever, it applies to diversity.

A quintessential young urban professional recently moved back to our Indiana town from San Francisco. The first thing you do when you fly in from California, evidently, is write a guest column on what’s wrong with Indiana.

The new arrival recommends that at our very first opportunity — “the next meeting, strategy session, business outing or community engagement” — Hoosiers take a moment to evaluate their diversity, or, ahem, their lack of it.

“Then decide what you can do to invite more diverse voices to the table,” she graciously

suggests. “Changing the status quo is hard work. It takes longer and is naturally more difficult than sticking with what you have. It requires a willingness to challenge your existing thinking, to be inclusive beyond your normal comfort and to honestly evaluate your blind spots.”

Good advice, but she goes on to say there are two categories of diversity. The first is Inherent diversity (things you are born with) and the second is acquired diversity (those gained from experience). Having both types she calls 2-D diversity. “Not surprisingly,” our San Francisco emigre reports, “employees of firms with 2-D diversity are 45 percent likelier to report a growth in market share over the previous year and 70 percent likelier to report that the firm captured a new market.”

You can call all of that the Starbucks position — Starbuckian, if you will.

We of a different opinion concede our blind spots and rather constricted comfort zones but we know that choosing, promoting or rewarding people even fractionally on the basis of factors independent of their productivity will not produce a more productive work force — or, dare one say, a more successful chain of coffee shops. Over time, inefficiencies will aggregate and make everyone less competitive and poorer — some desperately so.

Heather Mac Donald of City Magazine reports on this sorry fact from that model of San Francisco inclusiveness, the Haight-Ashbury district. Here, she says, is what you get when policy, be it public or private, abandons critical distinctions:

“The homelessness industry has pulled off some impressive feats of rebranding over the years — most notably, turning street vagrancy into a consequence of unaffordable housing, rather than of addiction and mental illness. But for sheer audacity, nothing tops the alchemy that homelessness advocates and their government sponsors are currently attempting in San Francisco. The sidewalks of the Haight-Ashbury

district have been colonized by aggressive, migratory youths who travel up and down the West Coast panhandling for drug and booze money. Homelessness, Inc. is trying to portray these voluntary vagabonds as the latest victims of inadequate government housing programs, hoping to defeat an ordinance against sitting and lying on public sidewalks that the Haight community has generated.”

What the research could be actually saying, then, is that certain tortured configurations may provide temporary advantages associated with being thought of as a socially hip place to work or sip tea. Or perhaps it is those corporations already at the top of the ladder that can afford the luxury of such virtue signaling.

Sooner or later, though, pushing productive people aside for the less productive will result in a degradation in the reality that is economics. We wish it were easier but we have been up and down this dead end road for 50 years. Dr. Thomas Sowell explains:

“Intellectuals’ obsession with income statistics — calling envy ‘social justice’ — ignores vast differences in productivity that are far more fundamental to everyone’s well-being. Killing the goose that lays the golden egg has ruined many economies.”

So we are writing a letter to the San Francisco Examiner warning those on the West Coast who would relocate here that although they may miss their tent cities and righteous squalor they will find that Indiana prides itself on its diversity. But that pride is in the second kind — the one that counts.

The Indy Star Death Watch

(March 29) — Please mark today’s recurrent announcement that another of the Indianapolis Star’s top editors is reluctantly leaving Indiana, a place that he or she profess to have come to love, and, having accomplished all of his or her assigned tasks in this God-forsaken place, has been called back to Rome, blah, blah, blah . . .

Three immediate observations:

1. Follow the Ambition — Organizations such as Gannett are full of predatory junior editors cruising the shallows for control of any of the chain's major dailies. That none of them chose to grab the open slot in Indianapolis tells you that the word is out; specifically, that the operation is headed downhill, and unless you enjoy firing nice people and slashing budgets there won't be any glory to be found here. Hope I'm wrong, Indiana is in need of a quality information system. A constitutional republic doesn't work well without one (pure democracies being another matter).

2. The New Boss Is not the Same as the Old Boss — That is, the departing suit had a background in high-level journalism, which, alas, he chose not to apply here. The new editor has a background in digital journalism and appears to have landed in Indianapolis not in the process of climbing a career ladder but in a search of indoor work, as they say. Myself, having been out of daily operations for some time, cannot be sure how a digital editor spends his days. But from what I can tell, such people have become skilled at producing a product of seeming import without actually spending money on reporting, copy editing or distributing news of any prescience. In particular, they fill the news hole with advocacies and charities of one sort or another because they are cheaper than digging up the truth.

3. Prospects? — Let's nominate the new editor's attempt to rally a hapless newsroom for the Jimmy Carter Malaise Award: "It's no secret we need to figure out how to do the best job we can with the staff that we have," he said in regard to today's announcement. "We, meaning the Star, have been more fortunate than others. We are hiring and looking to bring in more talent here. But we face the challenges that every single other media company faces and we are doing better than most."

Well, here's to doing better than most with the staff you have.

Young People Are Overrated

*"Our parents don't know how to use a ***** democracy, so we have to." — David Hogg, 18, an organizer of the "March for Our Lives" protests.*

(March 24) — Young people are assumed to have magical qualities. They are the future, it is said incessantly. The question, though, is whether it is a future they will want once they get there.

Some of us here know a lot about Young People. We were them, of course, born at the leading edge of the Baby Boom, the most celebrated generation of Young People. "Don't trust anyone over 30," was our motto.

Maybe we should have given that more thought.

In any case, a friend, a newspaper executive, remembers spending years trying to learn how to capture Young People for his profit margin. His interest tailed off when research showed that Young People: 1) don't have much money; 2) rarely stay in one place for marketing purposes; and 3) historically take little interest in the news until they start paying property taxes.

But it was too late. Editors had changed direction and style. Traditional readers opened their morning newspapers to see full-page, color layouts comparing condom designs and field testing hookahs. The writers made fun of the nuclear family, insulted the politics of the base readership, and demeaned housewives who stuck Bible verses on their refrigerators.

All of that carried over into Internet publishing. The media have never recovered the trust they once enjoyed.

Now certain Young People, tens of thousands of them apparently, want us to strike a constitutional amendment or two. They must be obeyed, the political consultants tell us. Millennials will soon be the largest voting bloc. They are the future, you see.

"We are witnessing a new generation of moral leadership in America," writes a columnist for the Indianapolis Star. "These teens are mobilizing and

making plans to change the world,” she says of this weekend’s anti-gun protests. “And they are inspiring their peers to do the same. I couldn’t be prouder.”

To that we replay a scene from Robert Bolt’s “A Man for All Seasons.” The dialogue is between Sir Thomas More, Lord High Chancellor of England, and his son-in-law William Roper:

Roper — So now you’d give the Devil benefit of law?

More — Yes. What would you do? Cut a great road through the law to get after the Devil?

Roper — I’d cut down every law in England to do that.

More — Oh? And when the last law was down, and the Devil turned round on you — where would you hide, Roper, the laws all being flat? This country’s 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.

There’s your future.

Down the Memory Hole with Economic ‘Development’

(*March 19*) — Complaining about what a newspaper doesn’t print is like complaining about a shoe store that doesn’t carry your size. But not exactly.

The First Amendment of the U.S. Constitution sets newspapers above other businesses, extends privileges that would land the owner of a shoe store in jail. In exchange, it is assumed that the newspaper will print what it considers the truth.

Please know that these privileges are extraordinary. Newspapers in joint-operating agreements, for instances, can fix prices. They can largely ignore antitrust, libel and slander laws. Also, newspapers can use their news judgment to further their financial interests without serious challenge.

Today, with the decline in subscription and advertising revenue, an increasingly valuable aspect of owning certain newspapers is the property upon which they sit (often in a declining downtown). The larger papers tend to be boosters of downtown redevelopment and the attendant economic rewards and incentives.

The corporately managed newspaper plant in my town received tax rebates for expanding and improving its property downtown. And the president of its publishing company doesn’t limit his favorable opinion of such assistance to the editorial pages. He makes pointed phone calls to individual politicians who oppose downtown economic development. These phone calls can be interpreted as conditional on newspaper endorsements or investigative direction.

This pressure has been effective. The largest in a string of public-private “partnerships” has gone forward with no hard questions from the media — none. This is so even though tens of millions of dollars in public money are in play.

Most recently, a councilman skeptical of the plan cornered the developers in an open on-the-record exchange. Under sharp questioning, the developers confirmed that their “equity” in the project would be offset by development fees paid up front or in the early stages. That means there is no real private investment, which has been the primary selling point for a citizenry that longs for economic encouragement.

More unsettling, the testimony left unclear who would eventually own the \$450-million project; what if anything they would actually invest; and should it fail, what the liability of the junior partners (our city government) might be.

If this widely held interpretation of the developers’ testimony is true, then we are looking at a scandal, something that generally kicks editors and reporters into gear. If it is misconstrued, then the newspapers should sort out the facts so confidence can be restored.

What instead happened was . . . well, nothing. Neither paper in town, both of which covered the

the meeting with their most experienced hands, has printed a word to date or even alluded that the exchange took place. Consequently, no television or radio station has made mention. Down the memory hole it goes.

Let us say that all is fair in love and commercial real estate. The developers and their financial backers cannot be blamed for trying to make a buck in a tough market or squelching a full discussion of a one-sided deal. The blame, rather, is on newsmen who have forgotten what journalism is about.

The Crash Landing of a Supermajority

(March 16) — A prominent Indiana Republican stopped by a few days before this session ended to deliver a self-aggrandizing lecture on the difference between holding office and merely “spouting philosophy.” There was a day that some of us here would have conceded the point. Today is not that day.

A Republican supermajority made a mess of the General Assembly, and a philosophy-free leadership is to blame. The Statehouse burned this week while people skilled in running for office gave parties for themselves.

Not a surprise, really. Republicans end every session in frustration and surprise that one bloc of GOP votes or another refuses on principle to abide. It is why reporters have so much trouble predicting for readers which bills will pass in the final days and hours. Their philosophy-free sources in high office don’t have a clue.

So what went wrong, what always goes wrong? Over the previous days, months and years, Party leaders failed to instill the discipline that — on the Republican side, at least — only comes when there is a shared philosophy.

The Indiana Policy Review tries to help in a recent edition, publishing a reading list especially tailored to the work of legislating. It includes the writing that forms the basis of our state and republic: Thomas Jefferson’s “Notes on the State of Virginia”; Benjamin Constant’s “The Liberty of

the Ancients Compared with that of the Moderns”; Thomas Paine’s “Common Sense”; and Frederic Bastiat’s “Selected Essays on Political Economy.” A few years earlier, we had hand-delivered the same list to each legislator.

To no avail, if recent sessions of the supermajority are judge. Last year the foundation commissioned an audit of the 1,250 bills introduced that session, sorting and grading them in 21 categories. Noting the absurdly wide variety of problems that Indiana politicians presume to solve, we found that even in the more conservative Senate for every bill introduced that would shrink government there were seven that would make it larger.

Democrats, of course, avoid the drudgery of reading dead, white men by throwing philosophy out the window from the start. They are united to the man, woman and everyone in between in a simple, venal desire to stay in office at whatever cost — the default, philosophy-free setting of the globe.

But that is another essay. For now, let’s define a philosophy that any group of Republicans can understand. It is in a sentence to prefer smaller government, not necessarily because it keeps taxes low but so that common citizens can keep an eye on things. Our friend, Dr. Cecil Bohanon, said it in an article for us some years ago:

“Why do legislatures consistently fall short of expectations? To foreshadow the answer, it is not because of a lack of virtue or good will on the part of either legislators or citizens. It is rather an inherent, unalterable part of the democratic process. The irony is that the more as a society we demand and expect from government, the less we get. Only by conserving legislative attention and citizen oversight can things get better.”

If Indiana’s Republican leaders given a supermajority can’t apply this philosophy in organizing a legislative session, then they should find more fitting work. The Democrats by themselves will do a good enough job running the state into the ground. — *tcl*



"The Battle of Cowpens," painted by William Ranney in 1845, shows an unnamed patriot (far left) saving the life of Col. William Washington.

INDIANAPOLICY *Review*

A journal of classical liberal inquiry observing its 30th year