

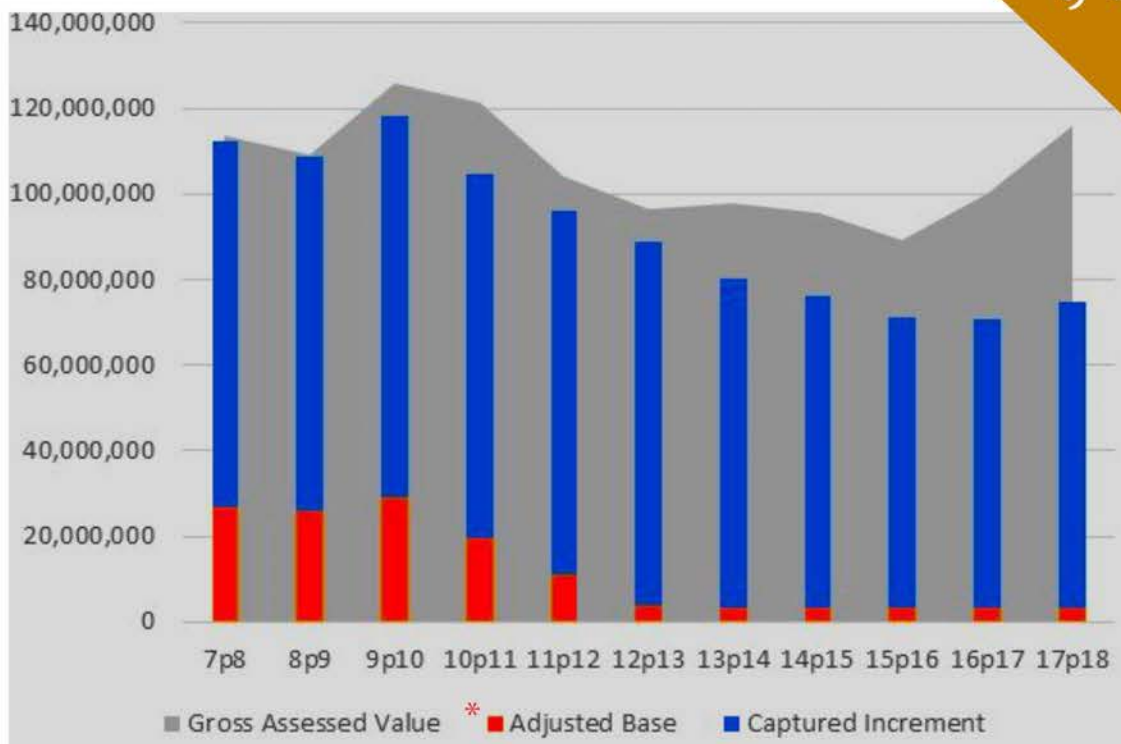
# INDIANA POLICY

## Review

Winter 2019

\* *The falling adjusted base in a typical Indiana TIF district (p 12):*

JOHN GASKI  
'PARTISAN PATHOLOGY  
IN AMERICA' (p.36)



## Eco-Devo Promises; Let's Unwrap Them

They are asking you to believe that losing 75 cents on the dollar is a good investment, a civic-minded one.

*“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. 30, No. 1, Winter 2019

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- ▶ Recognize that equality of opportunity is sacrificed in pursuit of equality of results.

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# Introduction

David Penticuff, an adjunct scholar of the foundation, is editor of the *Marion Chronicle-Tribune*. For a decade now, he has been uncovering for his readers the TIF machinations in local economic policy.



## TIF: 'It's Always Something'

MARION (Nov. 19) — A dollar out of every five that a homeowner pays in property taxes in my city goes toward Tax Increment Finance (TIF) debt, which continues to have a chokehold on city services.

That is money that does not go toward public safety, firefighter salaries or police equipment. It's money that will not contribute a new or rehabilitated fire station, for which the city's fire department is trying to raise money through voluntary donations.

To be clear, in Marion one-fifth of property tax provides nothing for schools, nothing for roads and infrastructure. Instead, much of it is still going to pay for the failed project to turn an old YMCA into a boutique hotel. And it pays the failed Earthbound Trailer project, which has left town. And it still pays for the mostly empty remnant of the former Thomson plant standing next to Cafe Valley bakery, which provides nonunion jobs

lured to the community by an especially complicated TIF agreement.

In effect, the TIF money is still paying for the Wayne Seybold administration that ended three years ago. It's going to pay for the never-developed dreams of people who drifted in and out of Grant County, for TIF debt does not vanish quickly.

Even if no new TIF debt is incurred, it will have consequences for city finances across a generation to come. After a few years without engineering new TIF debt, Marion still is responsible for a debt of \$133 million in bonds to be paid back through 2038, according to state records.

Meanwhile, the people who sell TIF deals to cities such as Umbaugh & Associates maintain that the fiscal crunch faced by Marion and other local governments in Indiana is caused by property tax caps rather than spending on the often fabulous, sometimes ridiculous but always expensive, projects funded through TIF.

If all TIF projects worked as the projects are explained by economic development officials, usually claiming the property involved in the development will increase in assessment enough to pay off bonds, it might be a usable tool for economic development. But communities like Marion have learned not to expect anything will go "as explained."

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**Editor's Note:** Obtaining comprehensive statewide data regarding Tax Increment Financing (TIF) is made difficult in Indiana. In 2013, Tom Heller published "Economic Development: Indiana's Wobbly TIF Law" in this journal. Two years later, the Ball State Center for Business and Economic Research published another comprehensive look and determined that "TIFs are associated with less employment, less taxable income and slightly higher tax rates. Subsequently, the Holcomb Administration stopped updating statewide TIF data and stopped publishing local economic development reports on the Indiana Gateway. (See "Transparency Fades as TIF Revenue Grows," pp. 32-35)

As of 2015, the last year for which statewide data was reported, Indiana units of government had created 692 TIF districts. Those districts had 157,662 parcels of real estate with a gross assessed valuation of \$49,473,986,377. The base assessed valuation was \$17,866,201,333 or 36 percent of total assessed valuation. Expenses for all tax increment financing districts exceeded revenues by over \$60 million despite the fact that \$700 million was diverted to economic development projects statewide in 2015. Finally, \$14.5 billion in bonds were associated with TIF districts in 2015. (Source: *Indiana Department of Local Government Finance TIF District Viewer* <http://gateway.ifionline.org/TIFviewer/>)

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"It's always something," said Roger Bainbridge, Grant County auditor. "Like Roseanne Roseannadanna."

That "something" in Marion has meant uncompleted projects, including one overseen by the former mayor's brother, Chad Seybold. The city is now suing Chad and the former financial adviser to Marion, London Witte, as well as a local bank, First Farmers Bank & Trust, in an effort to receive more of the \$2 million the city says was misspent.

The city of Marion has spent \$350,000 in attorney fees so far in two years of effort to find the money that was meant to pay for things like an elevator in the building. Official records are scant.

The city's attorneys, Ice, Miller of Indianapolis, say in court documents that some of the TIF money wound up covering personal expenditures for the Seybold family, and some money wound up in the campaign coffers of Wayne Seybold.

The FBI was in Marion for a while, about the time of Wayne Seybold's brief run for state treasurer in 2014. The agent was reassigned before the investigation ended. Whatever, it's hard to see how public money set aside for a project can wind up in a campaign war chest without a law or two being broken along the way. But the Grant County prosecutor says the statute of limitations has run out.

But there were other projects that did not come through, including a plan for an ice hockey arena that never was built. Its \$3-million bond anticipation note, however, was somehow spent.

The lack of accountability in the TIF structure has been an invitation to corruption and abuse within municipalities.

Other cities in the state might not purchase bonds but instead allow redevelopment commissions to rake in TIF money from growth areas. In some Indiana municipalities, TIF money

**It's hard to see how public money set aside for a project can wind up in a campaign war chest without a law or two being broken along the way.**

has eventually wound up being used for city salaries or "slush funds" for city officials.

Use of TIF is always presented as an economic development tool by officials and politicians. But more often it has been a process to deliver money to cities for uses unrelated to development.

Dr. Michael Hicks, director of the Center for Business and Economic Research at Ball State University in Muncie, testified before the General Assembly in 2017 arguing that TIF in Indiana is not what it appears to be.

"The fundamental explanation for Tax Increment Financing is simple, elegant, attractive and largely a fiction," Hicks said.

For the truth is that most TIF projects would occur *without* TIF, and the method of taking tax dollars away from city services and schools to finance these projects does damage to the overall health of the community, further injuring its ability to attract development. From the Hicks testimony:

The other invisible effect of TIF is its impact on businesses outside the TIF area. In many instances, new development is supported by TIF in industries which rely on local demand for goods or services (such as retail, grocery stores, and entertainment venues). In these instances, the use of TIF as a development subsidy may lead to the closure of competing stores, and a subsequent loss of tax revenue (both personal income and property taxes).

While TIF boosters preach that TIF is vital to economic development, study after study here has shown that it's not about money for development.

A rare exception was a 2016 study by the University of Southern Indiana funded by the Indiana Economic Development Association. It found that a county with TIF-related investments of \$200 million generates \$288 million (from 180



total jobs) more in income than a county without TIF.

Hicks, however, noted that the USI study showed TIF costs \$1.1 million of investment per job. The national average is three or more jobs per \$1 million of investment. Hicks also noted that while TIF in Indiana is only close to 3 percent of all parcels, it's nearly 9 percent of the gross assessed value of property in the state.

So in addition to being ineffective it's hugely inefficient.

Hicks suggests more flexibility in the use of TIF. And he would like to see more oversight of TIF, which has been used with abandon across the state. Again, from the Hicks testimony to lawmakers:

TIF adoption and expenditures remains significant. Taxpayers have no effective recourse to ascertain TIF expenditures . . . The TIF viewer on the *Indiana Gateway for Government Units* website offers no budgetary information, or historical information on TIF, and does not provide the year in which the TIF was created.

The database should clearly display revenue and spending items by redevelopment commissions across the state, he added.

In the 2018 special session of the General Assembly, legislators voted to require redevelopment commissions in Indiana to meet annually with the governing bodies of the taxing units that overlap with TIF district boundaries. The law mandates long-term planning for TIFs and with other taxing authorities who stand to lose money to TIF.

Although the legislation doesn't stop TIF from draining money from city services, it would at least compel redevelopment commissions to talk on the record about the damage TIF is doing to other pieces of local government.

Hicks considers the most important reform an end to the overuse of TIF, which siphons off revenue from elected bodies across 86 of Indiana's 92 counties.

"An effective local government system demands a structure that prevents one taxing entity from capturing incremental assessed value growth from another," he said.

When a city issues a TIF, the local redevelopment commission doesn't have to get approval from affected county councils, school boards and elected township officials to take the increment they would have gotten for the TIF.

Unelected redevelopment commissions should not have this power, especially when it involves projects that never come to reality such as the charades in Marion. "It's a Ponzi scheme" Bainbridge the county auditor said of the way TIF was used.

One project would come along, sometimes a legitimate development involving a major corporation such as Dollar General, but then the next one would involve a developer with little to no capital. No matter the deal, you see, there is always a need for another project to sustain income.

Bainbridge explains that TIF funds initially flow into the city faster than the payment schedule for the bonds. That provides money the city could spend on anything plausibly called infrastructure. The main thing was to have another TIF on the way to keep the cash flow going for the city

"You always got to have another deal in the chute," he said.

But there comes a time when every Ponzi scheme collapses. In Marion and the five other cities examined in this special issue, the taxpayers are picking up the pieces — by spending a lot of money for nothing. ♦

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# Eco-Devo Promises; Let's Unwrap Them

Jason Arp, a Fort Wayne City Councilman and longtime member of the foundation, is an independent investor and a former trader for a multi-national banking corporation.



FORT WAYNE (Nov. 16) — “Something worth doing is worth measuring.” This is the oft-repeated slogan of one of my colleagues on the Fort Wayne City Council. It’s a great saying, as sayings go, but it’s almost never followed by local government, especially for tracking the performance of “investments” in economic development.

City councils across America, mine not an exception, offer tax incentives and make substantial disbursements to developers and contractors every year ostensibly to attract people or businesses. Nearly 15 percent of tax receipts in our county (about \$40 million) are used toward this purpose.

Despite such a substantial portion of the budget being dedicated to this objective, there is no accounting for the results. In fact, it is cumbersome to impossible for an average citizen to simply collect the data required to do any sort of analysis.

Many times, the appearance of the government-financed structures is put forth as evidence in and of itself. Obviously, that is proof that some taxpayer money was spent at a certain location but it is not demonstrable success of policy.

In the private sector, investors demand an accounting for their investments. They closely monitor not only the capital deployed but also a reasonably current financial reporting of the results. Depending

on the sophistication of the investor, he or she would want to see an attribution of the returns, i.e., how much is coming from dividends, interests, changes in prices and so forth.

In the government sector, however, it appears no such accounting is expected or required. But as our council continues to spend hundreds of millions of taxpayers’ dollars on economic development, it is apparent that comprehensive analysis is needed.

## Return on ‘Investment’

For starters, how do you frame this important question: “What is your return on investment?”

First, you would have to define the terms of your investment. Second, you would have to define a measure of return. Since public investments may not have the same objective as a private investment, defining returns may not be as simple as the profit of the enterprise divided by the investment. However, there should be some objective method of quantifying that some progress toward an objective has been made.

If the objective of these commitments is to grow a city, that should be demonstrable. Some basic statistics that should give indication of success or failure is growth in the population, in jobs or the aggregate assessed value. The problem with these indicators is that there are multiple variables at work at all times, thus isolating the impacts of one variable (e.g., community development investment) may not be accurate.

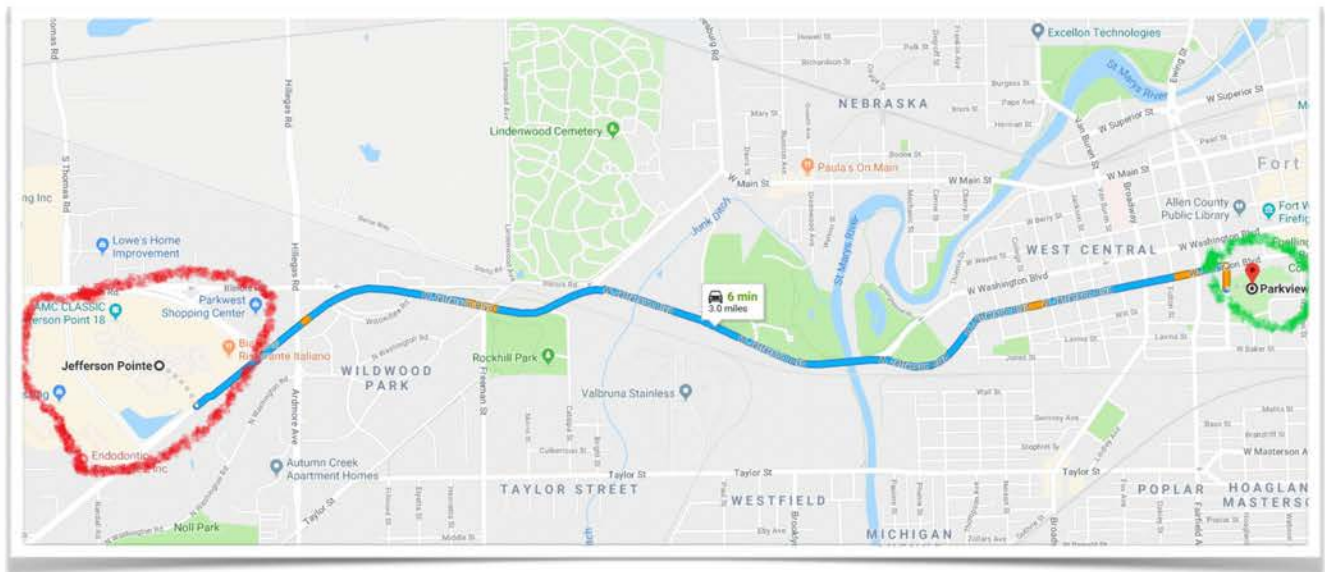
There are innumerable potential contributors to changes in population, jobs or even assessed value. Outside factors could potentially overwhelm — positively or negatively — our investment. Population and jobs, for instance, may not be accountable to the investment made.

Despite these cross currents, using assessed value is at least identifiable and measurable. We can look at aggregate population statistics.



ECO-DEVO PROMISES:  
LET'S UNWRAP THEM





**Exhibit 1:** Jefferson-Illinois TIF District in Fort Wayne.

Governmental entities in Allen County, including the city of Fort Wayne, have spent on average \$38.9 million per year in economic development activities since 2007. That figure has grown by 25 percent over the same period. In total, \$427 million has been spent in the 11-year period we are studying here, with much more committed. This reflects actual dollars spent (or not collected, in the case of tax abatements). Some of it went to debt service; there are still many bonds yet to be retired (the redevelopment commission alone has \$67 million in outstanding bonds).

### The History, 2007-2018

We chose 2007 as our beginning for a few reasons. First, the downtown Harrison Square project was kicked off that year. This was a \$75-million project that included a baseball park, a parking garage, a hotel, commercial office space and residential apartments. Many of today's boosters point to the momentum in downtown since Harrison Square's completion. The narrative is that the city is now seeing the benefits of that project, the evidence being subsequent projects and development in the downtown area.

This project was largely funded by a new TIF (Tax Increment Financing) district created to

finance the bonds for the project. The district was designed to pull tax revenue from a shopping center some distance from downtown and drop it into the block where the new baseball park was to be constructed.

The map in Exhibit 1 is a facsimile of what the actual TIF district looks like, with the red area being the TIF legally attached to Harrison Square by a narrow three-mile stretch of traffic way.

Another reason for using 2007 tax data as our starting point is that it precedes the national financial crisis and the falling property values that went along with it. This gives us a baseline for what peak valuations look like in comparison with both the subsequent decline and the more recent growth.

The third reason is 2007 is the year before the Indiana Legislature enacted the supplementary

Address	Peak Value	17p18	Lost Value	% Decline
116 E Berry St	5,526,600	4,376,300	-1,150,300	-20.81%
101 E Washington Blvd	23,911,900	11,929,600	-11,982,300	-50.11%
110 W Berry St	13,139,900	6,536,900	-6,603,000	-50.25%
823 S Calhoun St	25,669,700	6,023,200	-19,646,500	-76.54%
202 W Berry St	2,631,800	2,160,100	-471,700	-17.92%
Total	70,879,900	31,026,100	-39,853,800	-56.23%

**Table 1:** Key Office Tower Valuations in Fort Wayne since 2007.



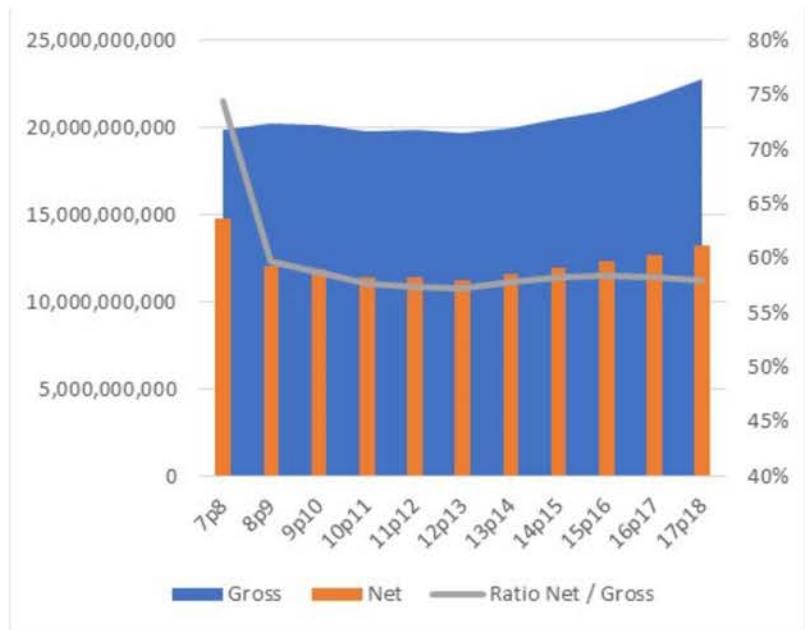
homestead deduction for owner-occupied housing. This had a dramatic \$3-billion impact on net assessed values countywide. It resulted in a sizable increase in business property tax rates. The Legislature that same year created the property tax caps that were phased in over the next two years.

## Ways and Means

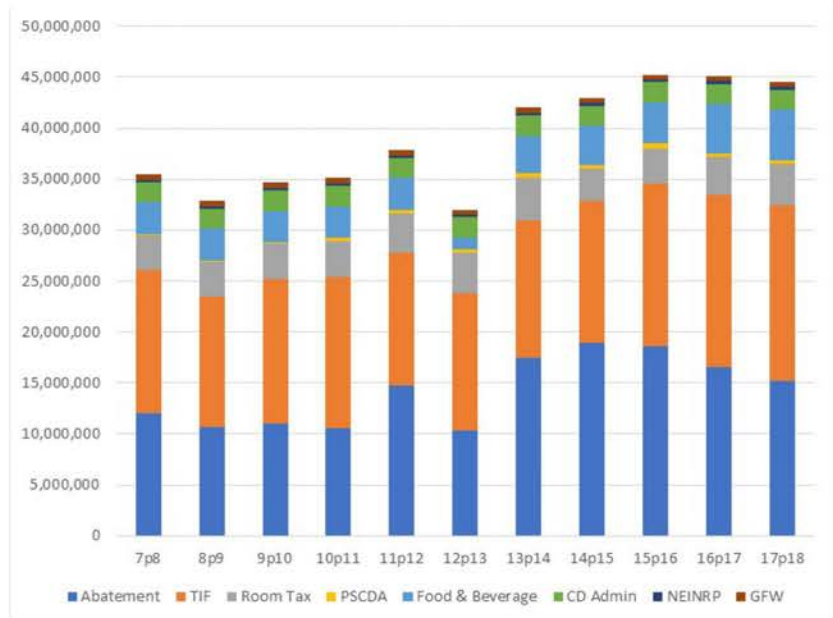
There are various avenues to facilitate these investments, most of the time utilizing more than one at a time. There is TIF, tax abatement, grants, loans and infrastructure investments. In addition to the hard-cost financing there are the administrative and marketing costs. The city and county are partners in two separate economic development entities: Greater Fort Wayne and the Northeast Regional Partnership. These receive over \$750,000 in aggregate each year from the municipal government in Allen County.

The Capital Improvement Board (CIB), another tax-funded entity with members appointed jointly by the mayor of Fort Wayne and the county commissioners, has annual revenues exceeding \$8 million a year from the county hotel room tax, the food and beverage tax and a professional sports community development area tax. These are used to fund the Convention Center, the Allen County War Memorial Coliseum and the city Visitor's Bureau.

Revenues from the various parking garages are not included in our \$39-million average annual investment figure. These revenues more or less support the operations and a good portion of the financing of the garages. Also not included is the \$7.5 million per year of a new income tax dedicated to the ongoing development



**Chart 1:** Net to Gross Assessment Ratios. (Charts Note: Following auditing style, "7p8," "8p9," etc., is read throughout these reports as "assessed 2007/pay 2008" and so forth.)



**Chart 2:** Economic Development Funding.

of the riverfront. The first \$2.5 million of this fund was earmarked for the initial architectural and engineering work. The expectation is to bond for \$100 million for construction. This will take the total figure for annual expense for years beginning in 2019 to \$52.5 million.

## Manipulating TIF

TIF, in theory, is the pledging of the future tax revenue of a project toward the repayment of bonds used to finance the construction of elements of the particular project. For instance, a factory may need a substantial investment in sewer, water and other utilities, or a special road. Rather than the private developer paying for these, the municipal government may offer to construct these as part of the incentive package to lure this company.

However, the practice is to generally define a geographic area that includes the project as well as surrounding properties in order that sufficient funding is available to repay the debt instruments.

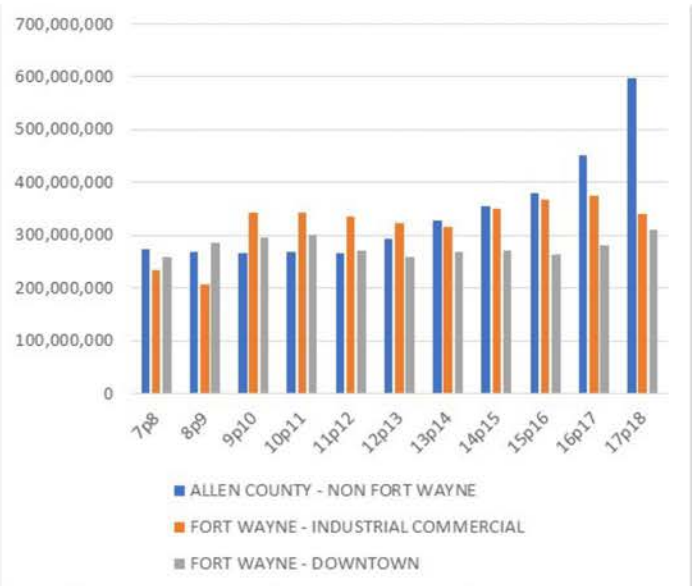
In many communities, for example, the entire downtown area would be one TIF district. The infrastructure is often a parking garage or a portion of the structure to be constructed. When the district is created, the assessed value at the inception is deemed to be the base. Taxes levied upon the base continue to flow to the things to which we generally think of taxes going such as police, schools and street maintenance — just as was the case prior to the TIF district's creation. Any growth in assessed value after this is termed "captured increment."

This was intended to be the fruit of the project that but for the district's contribution would not otherwise exist.

These captured taxes, are remitted to the redevelopment commission, which oversees the administration of the TIF district. These funds are to be used to pay the financing costs of the project and maintenance within the district. One way to minimize the base is for the redevelopment commission, which is a subsidiary of the municipal government, to buy the property prior to the establishment of the TIF, in effect zeroing the base assessment, since government-owned properties are not taxable. In older, established TIF districts we see the redevelopment



**Chart 3:** Number of TIF Districts Countywide.



**Chart 4:** Gross Assessed Value of Real Property in TIF Districts.

commission utilizing base neutralization, or base reduction, in order to meet increment needs.

In Fort Wayne, the number of TIF districts in the county has doubled in the last 10 years as TIF has become a standard feature in most economic-development packages. Nearly all sizable developments of taxable projects utilize TIF.



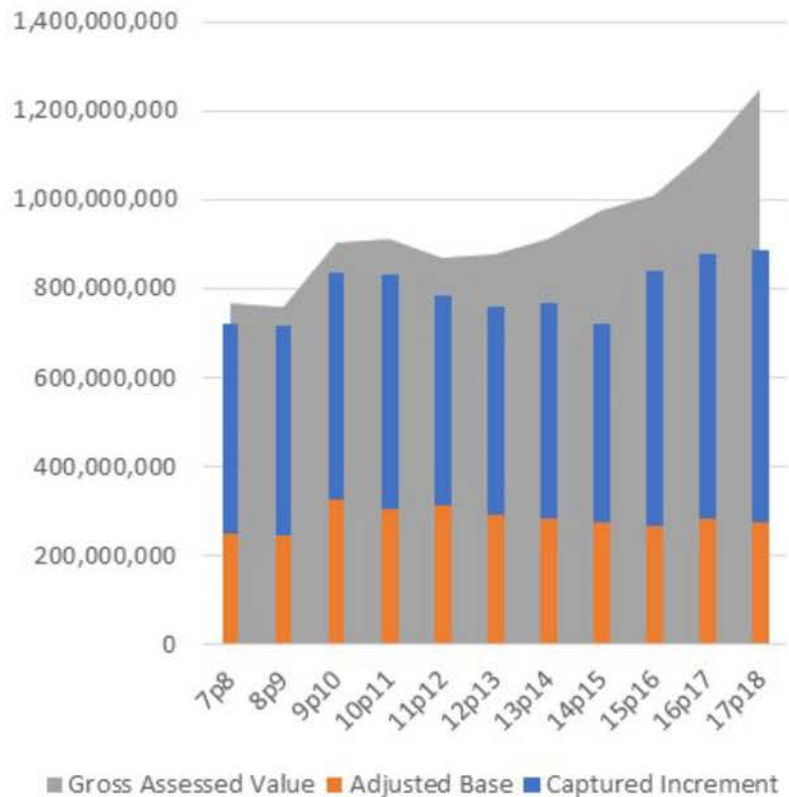
Despite the proliferation of TIF districts, the growth in gross assessed value has been anemic, with the exception of the growth in the *unincorporated* area of the county partly related to the expansion of the General Motors facility. The significance of this is that the GM facility was granted a super abatement (no taxes) for 10 years on all real and personal property installation at the site. These investments show up in the gross values, but do not contribute to the taxable net assessed value.

Another fast-growing area is that around a new medical center on the north side of Fort Wayne. The hospital also is in the unincorporated county and is a not-for-profit corporation. Countywide, it has — \$450 million of gross assessed value, much of which has been constructed in the last few years that doesn't contribute to net assessed value.

Looking at the TIF districts in aggregate, we see a steady diminution of the base that is the portion of taxes that go to schools, police and so forth. This is despite the growth in the number of districts.

Revisiting the Jefferson-Illinois TIF District (Chart 5), we see that the base has been effectively “zeroed out” for years, all of the revenue from the shopping center going to finance the ballpark, none going to what are usually considered essential city services.

It is interesting, then, that this so-called success story has not yielded any assessed value growth



**Chart 5:** Aggregate Real Property Assessed Value in TIF Districts.

	Total	Private	Public	Assessed	
<b>2007-2017</b>					
Ash Brokerage	\$68	\$29	\$39	22	
Riverfront Promenade	\$12	2	\$10	0	
Harrison Square	\$100	25	\$75	22	
Cityscape Flats	\$27	17	\$10	19	
	\$207	\$73	\$134	\$63	a
<b>2001-2007</b>					
Grand Wayne Center	\$42	0	\$42	0	
Allen County Public Libi	84	0	\$84	0	
	\$126	\$0	\$126	\$0	b
<b>To Come</b>					
Skyline Tower	\$40	26	\$14	18	
Landing	\$33	10	\$23	11	
Riverview	\$50	25	\$25	25	
Electric Works	\$500	\$150	\$350	150	
	\$623	\$211	\$412	\$204	c
Total	\$956	\$284	\$672	\$267	=a+b+c

**Table 2:** Downtown Investments in millions.

in the district in which it resides even 10 years after the construction of the ball park and the surrounding commercial and residential developments.

The common argument is that the ball park nonetheless has been a catalyst for other development in downtown Fort Wayne. Proponents claim that the district itself is too limited an area in which to measure the progress. Indeed, we on council are told every time an economic-development project downtown comes before us that we can thank the “brave” councilmen who voted for the downtown ball park (and to tear down a relatively new and functioning ball park only three miles from the heavily subsidized new one).

### The Civic Center Myth

If we enlarge our lens to include the Civic Center TIF district, which encompasses much of downtown, we see the same picture: The tax base is being decimated, the captured increment is declining and overall gross assessed value is below levels achieved nearly 10 years ago.

This is despite large, tax-subsidized, projects in the Civic Center TIF. For instance, the \$70-million commercial office, retail and 1,000-space garage development commonly known as the Ash Building has just been completed. The city built and owns the accompanying \$40-million garage and offered tax abatement for the \$30-million office and retail portions of the project. So, while the abated portion adds to gross value it doesn’t contribute much to NAV (Net Assessed Value) until it is phased in.

Meanwhile, existing office towers in the Civic Center TIF district have seen their assessed values halved in the last decade. This is a reflection of the realities of commercial real estate, as office efficiencies and online retail services continue to

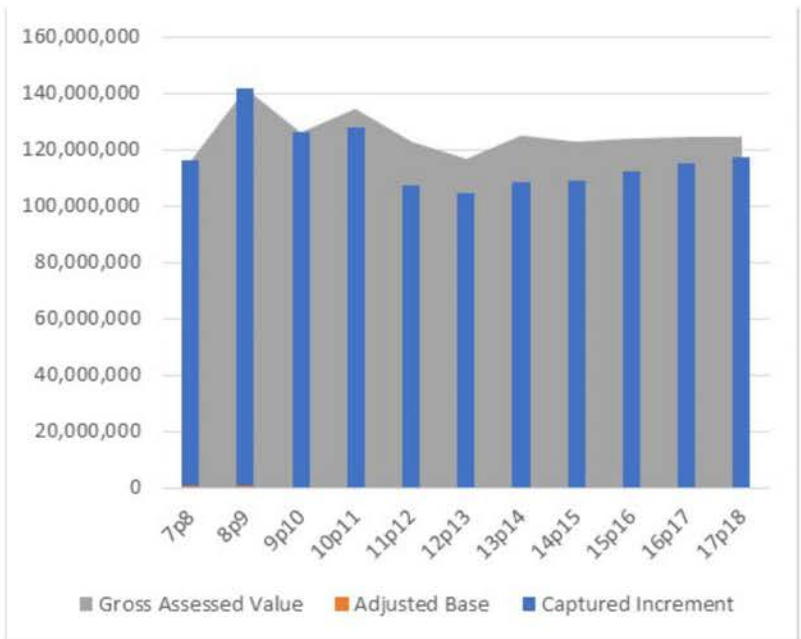


Chart 6: Jefferson-Illinois TIF District Assessed Values.

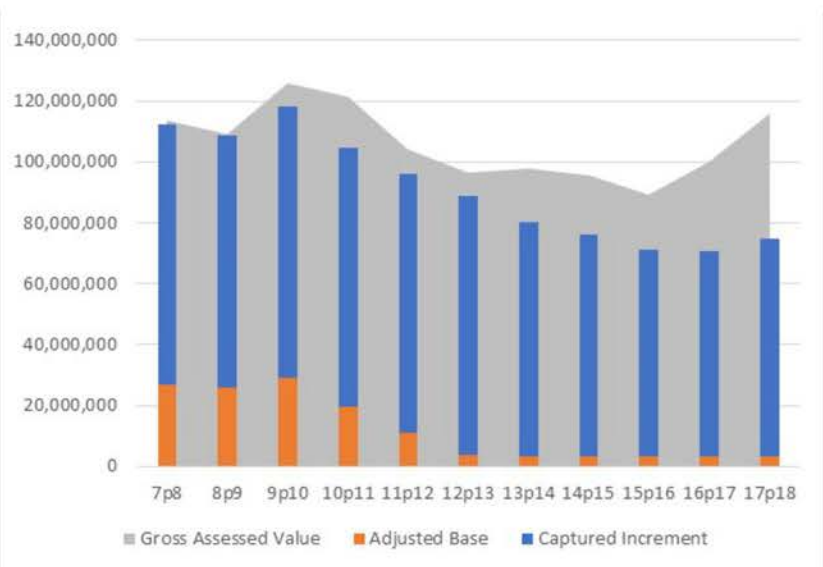


Chart 7: Civic Center TIF District Assessed Values.

dampen the demand for physical office and retail space.

The myth of momentum in downtown private commercial activity is easily exploded. The recent uptick in gross assessed value can largely be attributed to the new subsidized office building, as the divergence between the gross and net values is apparent (Chart 6).



These subsidized projects neither meet any market test nor have need to do so as taxpayers bear much of the risk and expense. Transactions that have occurred subsequently, but have not been reflected in the tax data, such as the Skyline Tower, will show that the rationale is suspect for government financing (including New Markets Tax Credits, Regional Cities grant and TIF bonding) that can amount to 50 percent of the cost for the construction of private buildings. The Skyline Tower had over \$40 million of total financing, but its 2018 assessments is for \$12 million, and will be only about \$19 million in 2019 even after completion, according to documents from the assessor's office.

*(An interesting side note regarding Skyline is that in order to use TIF to bond, the financed element must be some sort of public infrastructure. In Skyline that infrastructure was \$4 million of steel used to construct an elevator shaft.)*

### Commingling the Public and the Private

This pattern of government financing of privately owned buildings has accelerated since the Skyline deal. The ratios have deteriorated and the size of the public commitments have increased. The most notable recent example is the redevelopment of an old electric motor-manufacturing assembly just south of downtown Fort Wayne.



Chart 8: Net Assessed Values.

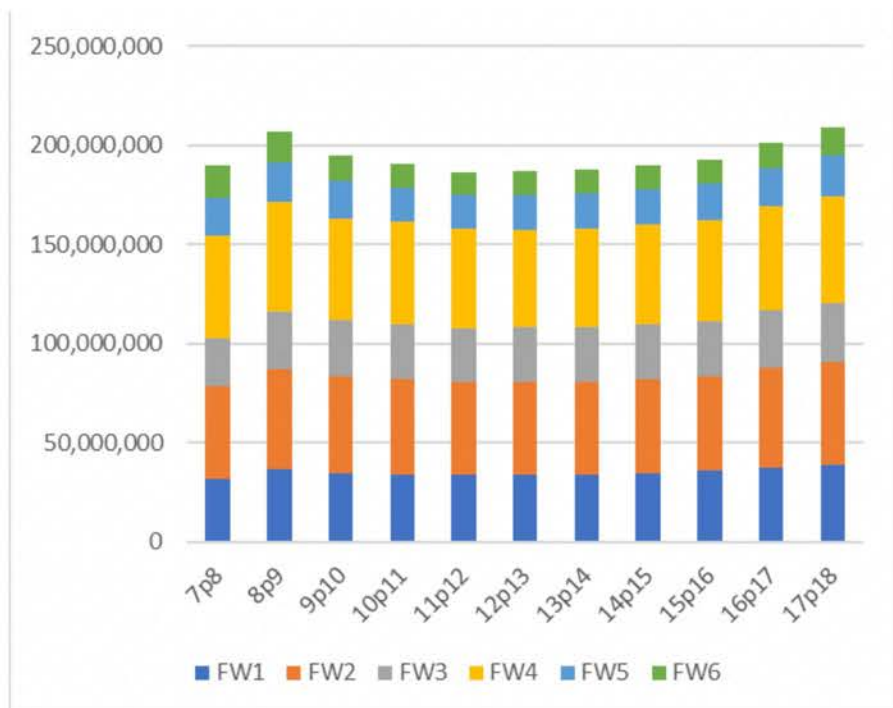


Chart 9: Fort Wayne Real Property Taxes.

The total project, dubbed Electric Works, is anticipated to cost half a billion dollars, with only 10 percent of the financing coming from private equity investments, the remainder being a combination of federal, state and local sources.

The Fort Wayne and Allen County councils and their accompanying eco-devo units approved the first \$65 million of direct cash infusements with another \$5 million of infrastructure improvement for phase one. Phase two envisions the city

	7p8	8p9	17p18	10YRCHG (17 - 08)	%
<b>Fort Wayne</b>					
FW1	1,945,505,930	1,510,398,105	1,523,951,892	13,553,787	0.9%
FW2	2,258,135,590	1,952,544,828	1,855,081,880	-97,462,948	-5.0%
FW3	1,088,030,480	1,071,343,058	1,069,013,432	-2,329,626	-0.2%
FW4	2,634,879,050	2,123,831,154	2,123,944,436	113,282	0.0%
FW5	842,957,560	747,241,915	754,524,098	7,282,183	1.0%
FW6	750,575,780	583,103,323	520,824,066	-62,279,257	-10.7%
FW Total	9,520,084,390	7,988,462,383	7,847,339,804	-141,122,579	-1.8%
<b>Other Cities/Towns</b>					
New Haven	481,062,990	395,824,173	421,179,377	25,355,204	6.4%
Huntertown	178,487,430	133,688,398	296,143,579	162,455,181	121.5%
Leo-Cedarville	129,789,400	92,407,984	127,600,276	35,192,292	38.1%
Zanesville	3,589,410	2,701,096	2,941,669	240,573	8.9%
Woodburn	33,470,030	25,277,212	31,126,848	5,849,636	23.1%
Monroeville	33,666,290	27,944,903	22,033,293	-5,911,610	-21.2%
<b>Unincorporated</b>	4,426,384,130	3,392,733,967	4,464,044,398	1,071,310,431	31.6%
<b>Total</b>	<b>14,806,534,070</b>	<b>12,059,040,116</b>	<b>13,212,409,244</b>	<b>1,153,369,128</b>	<b>9.6%</b>

Table 3: Net Assessed Value in Allen County.

<b>Population</b>											
County	2010	2011	2012	2013	2014	2015	2016	2017	#	%	Annual
<b>Allen</b>	<b>355,891</b>	<b>358,787</b>	<b>360,641</b>	<b>363,170</b>	<b>365,084</b>	<b>367,630</b>	<b>369,972</b>	<b>372,877</b>	<b>16,986</b>	<b>4.77%</b>	<b>0.67%</b>
Vanderburgh	179,832	180,434	181,097	181,720	182,128	181,917	181,775	181,616	1,784	0.99%	0.14%
Lake	495,878	494,884	493,345	491,765	491,156	488,316	486,592	485,640	-10,238	-2.06%	-0.30%
LaPorte	111,458	111,309	111,290	111,414	111,717	110,825	110,208	110,029	-1,429	-1.28%	-0.18%
Porter	164,540	165,527	165,712	166,493	167,192	167,430	167,438	168,404	3,864	2.35%	0.33%
Marion	904,504	911,195	919,453	929,722	935,745	940,235	944,034	950,082	45,578	5.04%	0.70%
Hendricks	100,957	102,755	104,155	106,209	107,177	108,596	110,234	112,617	11,660	11.55%	1.57%
Hamilton	276,476	283,273	289,599	296,789	302,828	308,774	316,296	323,747	47,271	17.10%	2.28%
<b>INDIANA</b>	<b>6,490,029</b>	<b>6,515,358</b>	<b>6,535,665</b>	<b>6,567,484</b>	<b>6,593,182</b>	<b>6,610,596</b>	<b>6,634,007</b>	<b>6,666,818</b>	<b>176,789</b>	<b>2.72%</b>	<b>0.38%</b>

Table 4: Population Statistics – US Census Bureau.





**Chart 10:** Effective Tax Rates on NAV.

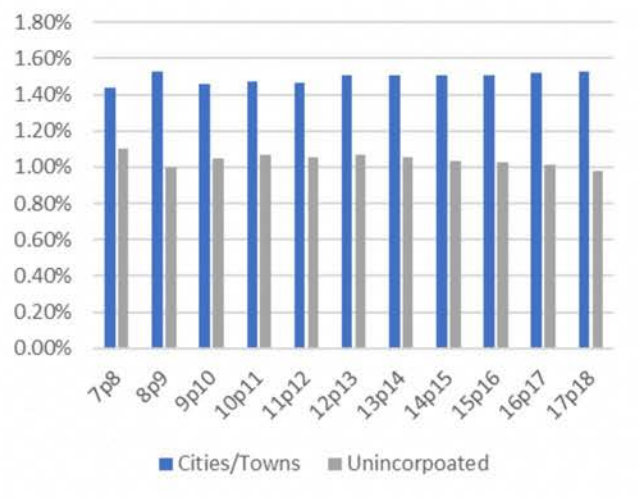
providing another \$65 million in infrastructure and a parking garage. Once completed, the project is estimated to be valued at about \$150 million, according to the developer, the bank, the assessor and our own calculations.

We'll never know what could have been done with this mal-invested \$350 million. But the return of principal to the taxpayers footing this bill will be a long time coming because the developer has been granted a super abatement for 10 years. Even if successful and when taxes do begin to trickle in, it will take 50 years to repay the investment made by local units once interest costs of the CIB's bonding are factored in.

### Facing the Wrong Direction

So despite the commitment of public funds to real property investment in Fort Wayne, net assessed values are still nearly \$150 million below the peak achieved 10 years ago.

Growing gross assessed value (AV) may be important but it is net assessed value (NAV) that determines the tax base. A growth in gross without a comitant growth in NAV puts upward pressure on tax rates for those paying taxes. Assuming the development growth requires more police, fire, streets and other city services, growing assessed value brings higher aggregate taxes,



**Chart 11:** Effective Tax Rates on Gross Assessed ValueEffective Tax Rates on NAV.

regardless of whether NAV increases. As Chart 9 shows, real property taxes collected in the city of Fort Wayne have reached a new high despite NAV being considerably lower than the 2007, pre-supplemental homestead-deduction days.

Tax rates are a function of distributing the approved levy across the NAV of all taxable properties. When there exists a disproportional number of properties receiving tax abatement or utilizing TIF there is a redistribution of taxes from one area to another.

While tax rates have been steadily increasing in Fort Wayne because of the lack of NAV growth, the converse can be seen in the unincorporated areas of Allen County, where rising NAVs are *lowering* rates.

With lower tax rates, coupled with less regulation and minimal redistribution to other districts, the unincorporated areas outside the city offer a clear incentive for development at a faster pace. In fact, since 2008, the portion of real property NAV outside city limits has grown from 28 percent to 35 percent.

A similar pattern emerges in the personal property (business equipment) data. Assessed values of equipment in the unincorporated areas

have grown by 42 percent in the unincorporated areas of the county. In Fort Wayne, meanwhile, growth in equipment NAV has been only 18 percent over the same period.

Despite the sluggish AV growth, tax receipts related to business personal property were up 39 percent in Fort Wayne, compared with a 38 percent increase in the unincorporated county. In other words, rates were declining in the county and increasing in the city. The city of New Haven, for example, the second largest incorporated city in Allen County, accounted for a good bit of the growth in personal property taxes and assessed values. New Haven managed to have falling effective tax rates which made it more competitive in comparison with Fort Wayne's rising tax rates.

### Conclusion

Our government planners continue to make poor allocation decisions of taxpayer monies and debt. Despite the fact that demand is sluggish for commercial real estate, it is clear that the trend for tax incentives is toward *more* commercial real estate. Not only is this a poor use of taxpayer money it further depresses the prices of the existing over supply.

Using assessed values, particularly NAV, as a gauge of the effectiveness of our economic development expenditures, it is difficult to point to any level return on investment. Table 3 contains interesting datum in that regard. The area in Fort Wayne (the 1st councilmatic district) that had the *least* subsidy had the *most* growth — in dollar

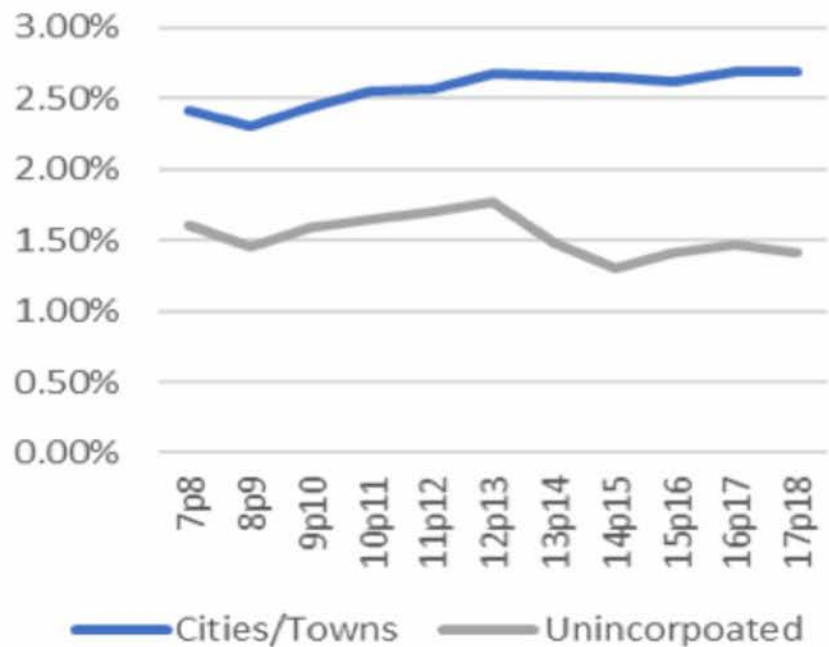


Chart 12: Business Personal Property Tax Rates.

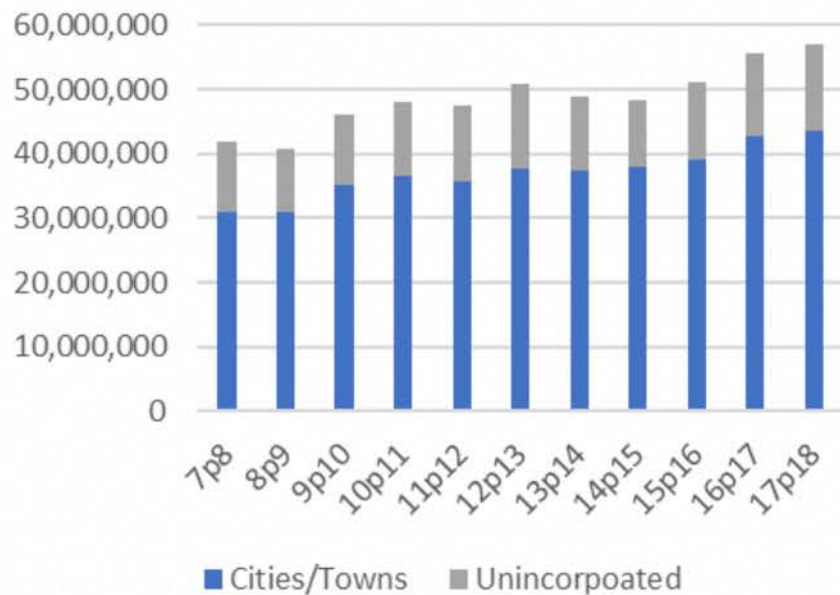


Chart 13: Business Personal Property Tax.

terms and nearly so in percentage terms. This area is the least micromanaged with little redevelopment activity.



Downtown (the 5th councilmanic district) did show the highest percentage increase but that increase is paltry (\$7 million) considering the hundreds of millions poured into the area — a lousy return on investment, in other words.

It should come to no surprise that Huntertown had the fastest growth, having the lowest tax rates of any municipality and a proximity to the new medical complex. Overall, the unincorporated county had the lion's share of the net assessed value growth over the last decade — again, low taxes, less regulations.

If growth in terms of taxable assets doesn't show a return to the community for its investment in economic development, perhaps we can use population as our measuring stick. Allen County has grown by about 17,000 in the last 10 years. This is a little better than the statewide pace, and it is performing better than some (Da Region) but not as well as others (Hamilton County).

Let's assume that all this population growth was a result of our eco-devo activity. Given the \$427 million spent over the last decade, these 17,000 souls came at a cost of \$25,000 a head. And assuming an average household property tax of \$1,000, and \$600 in income taxes, and assuming each of these people bought an average home and received and average paying job, had no children and consumed no city services, *it would take at best 16 years to repay the investment*. Please know that these are generous assumptions. First, it's highly unlikely that even half of the people came here due to our economic development expenditures. Nearly every abatement or TIF transaction has facilitated only movement within the county from one location to another. So, few net new jobs are created.

Second, if we do assume that all 17,000 immigrants were a return on our investment, the demographics would say that half of them are

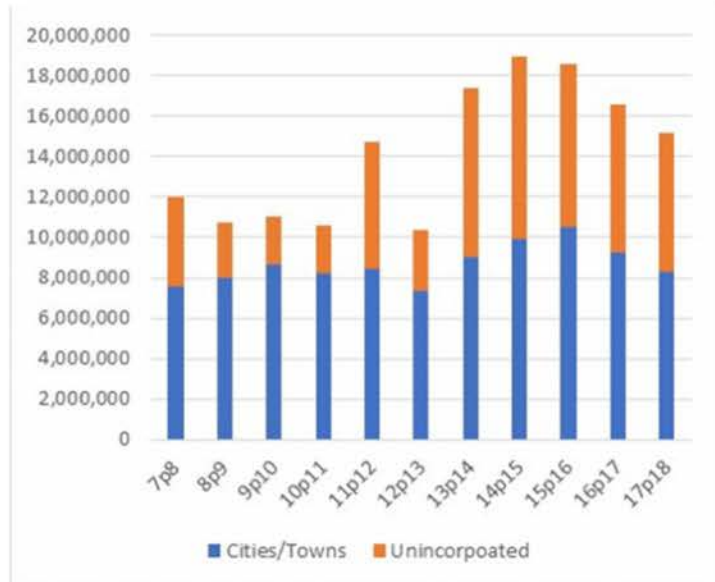


Chart 14: Tax Abatement Real versus Personal Property.

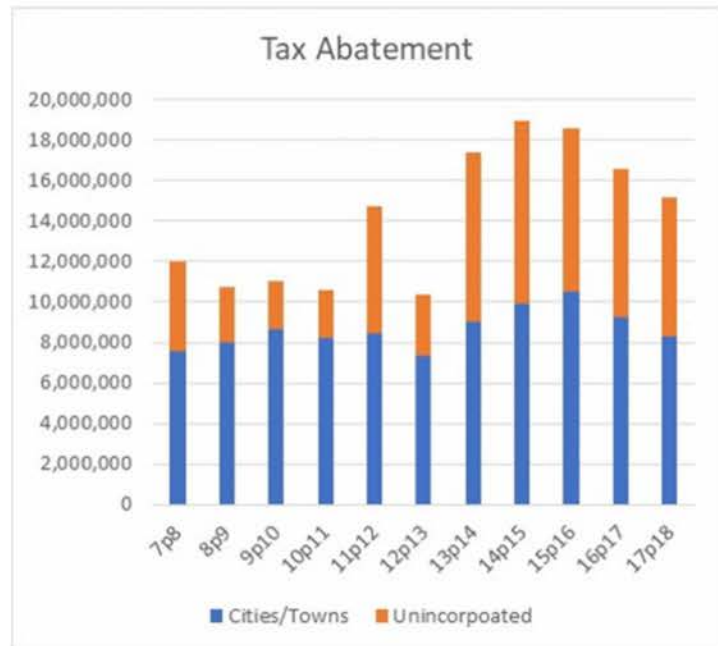


Chart 15: Tax Abatement Cities versus County.

non-working children and they share a household. These modest reality checks push back the payback to close to 50 years, not 16.

The explanation for why we engage in this level of ineffective economic-development expenditures is to be found in the writing of Nobel Laureate James Buchanan. Rent-seeking, i.e., the practice of manipulating public policy or economic conditions as a strategy for increasing



profits, has a high rate of return for those engaged in it.

The reason companies and politicians engage in micromanaging the economy, then, is not general economic growth but the profit to be made in busy work and wasteful mal-investment for those who get the contracts.

The rest of us, however, are not required to flatter this self-dealing as “investment.” ♦

#### Further Reading:

Adam Millsap PhD., George Mason University. “Does Tax Increment Financing (TIF) Generate Economic Development?” <http://neighborhoodeffects.mercatus.org/2016/06/20/does-tax-increment-financing-tif-generate-economic-development/>

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*Data source for all charts and tables is the Allen County Auditor’s Office.*

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Dr. Matthew Mitchell  
Ph.D., George Mason  
University Mercatus Center  
2014. [https://](https://www.mercatus.org/publication/pathology-privilege-economic-consequences-government-favoritism)

[www.mercatus.org/publication/pathology-privilege-economic-consequences-government-favoritism](https://www.mercatus.org/publication/pathology-privilege-economic-consequences-government-favoritism)

Michael LaFaive. Mackinac Institute, June 9, 2017. <https://www.mackinac.org/why-government-fails-at-economic-development>.

Dr. Michael Hicks Ph.D. “Some Economic Effects of Tax Increment Financing in Indiana” Jan. 28, 2015, Ball State University Center for Business and Economic Research. <https://projects.cberdata.org/reports/TifEconEffects-012815.pdf>

Mitchell, Sutter and Eastman.  
“Review of Regional Studies.”

## Why Government Fails at Economic Development

If, instead of handing out a tax credit or subsidy, we made across-the-board tax cuts of the same amount, what would happen? In most instances, and for the biggest program examined, the net result would be more jobs with broad-based tax cuts. Yet none of the academic studies I’ve read attempt to factor in opportunity costs. Most of them still report zero to negative impacts, meaning that in real-world terms, they overestimate the (already meager) benefits of government-directed development programs. Why do incentive programs fail? I suggest four big reasons. First, government can’t give anyone something it doesn’t first take from someone else. I believe it was Frederick Bastiat who said, “Government is the great fiction through which everybody endeavors to live at the expense of everybody else.” Government doesn’t raise money for its subsidy programs by selling Girl Scout cookies. It gets it through confiscation of taxes. That money, left in the hands of the people who first earned it, would also create jobs and wealth if only its owners were allowed to dispose of it as they see fit. Bureaucrats who run develop programs do not have profound skills at picking winners from losers in the marketplace to “invest” your confiscated dollars in a profit-maximizing way. To think otherwise, in the words of Friedrich Hayek, is the “fatal conceit” of economic planning. It is a folly stemming from conceit to think that a small group of planners can somehow grasp our economic lives, in all their nuances and details, and then reorganize them forcefully in a way that would be better off than if we had simply been left to our own devices. — *Michael LaFaive, Americans for Prosperity, June 8, 2017.*



## Epilogue

The verdict has been out on this type of economic development for a long time. While it is important that we document and understand the ramifications of policy decisions made here in Allen County, we would be imprudent to not acknowledge the work that has been done on this topic statewide and nationally over the years.

Tax Increment Financing and other forms of local government economic development have a track record. In a recent presentation in Fort Wayne by economics professor Dr. Barry Keating of Notre Dame detailed the failings of TIF. It was so bad that in 2011 Gov. Jerry Brown of California led a successful effort to eliminate TIF due to the corruption and hollowing out of community finances there.

Dr. Michael Hicks of Ball State University's Center for Business and Economic Research documented the failure of TIF to show any demonstrable contributions to economic growth in communities in Indiana in a January 2015 paper, "Some Economic Effects of Tax Increment Financing in Indiana." This has added to the discussion at the Legislature on whether to overhaul the current TIF system or to simply phase it out.

Dr. Mathew Mitchell of George Mason University has published several pieces on the topic. His 2014 book, "Pathology of Privilege: Consequences of Government Favoritism," describes the use of local incentives that foment an environment of insider-dealing and political favor-trading. His research showed that such rent-seeking has a quantifiable dampening impact on economic output.

In a spring 2018 publication of the Review of Regional Studies, Dr. Mitchell, along with Dr.

Daniel Sutter of Troy University's Johnson Center of Political Economy, and Scott Eastman of the Mercatus Center, published a survey of the studies on local economic development nationally. The team's survey of the academic work found that the \$70 billion spent annually by local governments show little actual economic impact. They cite nearly 50 academic papers.

Dr. Adam Millsap, also of George Mason University, looked specifically at TIF in his 2016 article, "Does Tax Increment Financing (TIF)

**There is a cost to overriding voluntary interactions and choices with a coercive system of political calculation.**

Generate Economic Development?" Millsap came to similar conclusions as Mitchell, the evidence showing that TIF actually slows overall economic performance. Millsap cites specific long-run studies that show TIF districts in Chicago have grown significantly

slower than similar areas without TIF.

This set of empirical data bolsters the evidence we have collected here in Fort Wayne. The economic-development spending hasn't been a good investment by any definition — and that has been the experience wherever it has been tried.

Ludwig von Mises informed us in his 1949 work, "Human Action," that these outcomes could be known a priori. Governmental intervention, economic planning, socialist manipulations, all come to the same consequence: a destruction of the market-based pricing and decision-making leading to acute mal-investment wasting capital and impoverishes society. The overriding of voluntary interactions and investment choices with a coercive system of political calculation diminishes overall well-being.

What innovations, inventions, and improvements will my city not see because the government thought it knew better than the market — where to build, what to build and who should own it? — *ja*



# Today, Economic Development Can Mean Almost Anything

Ryan Cummins, an adjunct scholar of the foundation, is co-owner of a longtime family business in Terre Haute and the former chairman of the Appropriations Committee of the Terre Haute Common Council.



**TERRA HAUTE (Nov. 14)** — Eight years on an Indiana city council can give one enough experience to begin to understand the machinations and convoluted reasoning that can lead to so much odd if not downright destructive decisions regarding public policy.

In my time on the Terre Haute common council, I came to understand what I referred to as the three biggest lies in local government. I have combined them into something I call the Ironclad Law of Local Government:

Whenever some proposal was said to be vital and must be approved, I could always count on being told that it was either “for the children,” “for public safety” or “for economic development.” I don’t recall ever hearing that it was “for property rights.”

It is this third lie that is the subject of this essay. News stories, claims, and discussions by politicians and bureaucrats in Indiana regarding “economic development” have always reminded me of one of best lines in the movie “The Princess Bride.”

In the movie, the character Vizzini often uses the word “inconceivable” in his dialogue. Another character, Inigo Montoya, played by Mandy Patinkin, finally responds in frustration, “You keep using that word; I do not think it means what you think it means.” And so it is

with “economic development” when used by local and state government here in Indiana. I do not think it means what they think it means.

## Definitions

It is important to define one’s terms when discussing issues of political importance, especially so when large sums of other people’s money is an integral part of the issue.

A search on the Internet for “economic development” produces thousands of results offering a wide range of meanings. Most include descriptions using the words “investment,” “quality of life,” “opportunity,” “well-being,” “prosperity,” “job-creation,” and so on.

Also included in nearly every definition I found is some linkage, directly or indirectly, to some level of government. It shows that most folks see “economic development” as being something part and parcel to the State, to government at some level. The bias towards linking government and economic development is clear and I believe it leads to poorly developed thinking on a critical issue.

For the truth is there is no universally accepted definition of what constitutes “economic development” or the process thereof. And that is part of the problem for Hoosiers. For when something like economic development can mean anything, which it often does, then the idea can just as easily become meaningless, which it often is.

So for purposes of this article I would like to be clear on the definition that I personally prefer.

Economic development, as used in this article, will be the actions undertaken by individuals or groups of individuals to improve the short-term and long-term economic conditions for themselves, their families and their communities underpinned by adherence to property rights and voluntary exchange. This definition does not preclude actions by government, as groups of individuals, but the importance of



**ECO-DEVO PROMISES:  
LET'S UNWRAP THEM**



property rights and voluntary action cannot be stressed enough in evaluating those same actions and understanding real economic development.

Government-drive local economic development (LED), as currently understood in Indiana is quite a different animal in

2018. For this article, it can be defined as actions by government to intervene in the economic decisions by individuals, or groups of individuals, to achieve some political end.

LED always involves the abrogation of property rights and the disruption of the voluntary choices many people would have otherwise made. This is the fundamental nature of action by government whenever it moves beyond the essential functions of the protection of life, liberty and property.

While it is the norm in all cases to couch the description of these actions in terms which most citizens would support (create jobs, expand opportunities, encourage prosperity, improve quality-of-life, etc.) the reality is they are based not on property rights or individual liberty/autonomy but on the opposite. Tear away the veil of gauzy, feel-good language and there will always be, in every single instance, the force and coercion of government, The State, behind every LED proposal.

This doesn't mean that every action taken under the guise of LED is nefarious or has ill intent. It can sometimes be quite the opposite and the eco-devo bureaucrats and politicians may very well intend to do good. It is a fact, it is a reality that should be acknowledged that the intention to "do good deeds" or "make life wonderful" when coupled with the force and coercion of government can and often does lead to serious unintended consequences that are the exact

**For when something like economic development can mean anything, which it often does, then the idea can just as easily become meaningless, which it often is.**

opposite of the originally stated intentions. Perhaps the "war on drugs," the "war on poverty," or the "war on terror" might have, at one time, had some nebulous good intentions but it is hard to argue that they have become an all-out war on your property, your freedom and even your

life.

Think of your downtown in your city. It's not so different from the downtown here in my city, Terre Haute. Since the establishment of the Interstate Highway System, downtown areas saw their preeminence in the economic life of a community begin a long slow decline. Again, to hasten the decline of downtown areas in cities across Indiana was never an intention of interstate highways but it is an unintended consequence of this government program.

So what can be done? There are two paths a community might take. One course of action would dictate that the downtown property owners and businesses respond to changes in the preferences of consumers by adjusting where and how they do business. In light of new competition out by the interstate (or the new bypass or the new Walmart), the downtown property owners need to determine what their comparative advantage is over the new competitors and new situation. It might involve nostalgia or history but it probably also involves parking, access, pricing and every other customer preference any business must meet to stay viable. In other words, a market response to changed conditions and preferences. The entire character of business activity in an older downtown area may change from department stores or other high intensity retail to something entirely different. It very well may evolve into something that does not at all reflect the downtown of 30 or 50 years ago. In this choice



of paths to pursue, it is the customer (i.e., The Market) that makes the decision as to what the downtown will become.

What I am describing is the employment of the economic means to the problem of the economic decline of a particular area, in this case a typical Indiana downtown.

And this is exactly the challenge Hoosier downtown areas were and are facing. No doubt it would be difficult. No doubt a fair number of businesses wouldn't be able to meet the challenge and definite hardships and upheaval would take place. Joseph Schumpeter described it as "the perennial gale of creative destruction."<sup>1</sup>

The process will be, in the end, what a community actually wants and is willing to pay for, voluntarily. To my mind, this response would constitute real economic development or re-development, as the case may be.

But it is not the path chosen by my Terre Haute or any other Indiana city claiming to "revitalize" its downtown area. We chose the political means and all the misallocation of resources that ensue.

In Terre Haute, it was determined that the problem was parking and the solution was a parking garage. Instead of a market response to this need, the response came in the form of a Tax Increment Financing (TIF) district and taxpayer dollars.

The parking garage was the beginning of years of unintended consequences and millions of tax dollars poured into the downtown area. (More detailed descriptions of TIF and the abuses common to this scheme can be found in this and other issues of the *Indiana Policy Review*).

Once the slush fund that is part and parcel to TIF was in place, the real interventions began. Next came the tax-funded apartment building that was to spark our downtown renaissance. It was sold less than 10 years later for a little over 10 cents on the dollar. It was also the subject of an

interesting article in the nationally known magazine, *The Freeman*.<sup>2</sup> After that, the floodgates were opened and taxpayers ponied up for hotels, more parking garages, subsidized office and commercial space, downtown events and the mountains of debt that went along with all this.

Our next bit of lunacy will be a downtown convention center. We apparently haven't reached our quota of stupid decisions, at least not yet.

That at the same time, the city council was abating taxes for projects undertaken within the TIF, thereby substantially hindering one of the primary purposes of TIF.

So is our downtown revitalized? Well, it's not too bad, but then it should be revitalized given the gigantic amount of tax dollars poured into it.

Is it the robust center of our community like it was in 1964 when I used to ride the mechanical pony for a penny at the Schultz Department Store? No, and it never will be when the driver of that so-called revitalization is government force. It's a Potemkin<sup>3</sup> downtown, like so many others in the Hoosier State. When the subsidies finally end — and they will someday — it will struggle to stand on its own merits.

When I was on our local city council, I vigorously opposed the TIF district and all the related interventions in this geographical area. At one council meeting, it was the exasperated response to one of my arguments by a colleague that summed up the division: "But Ryan, we can't just sit here and do nothing."

My point was, and is, that the people of Terre Haute were not "doing nothing." They were actively deciding each and every day to invest their property, their money, in something else somewhere else. No one in Terre Haute was depending on a council member or a mayor to tell them where to invest, where to spend their money. They were deciding for themselves. The problem was that the bureaucrats and elected

<sup>1</sup> <https://www.econlib.org/library/Enc/CreativeDestruction.html>.

<sup>2</sup> <https://fee.org/articles/the-individual-and-society/>.

<sup>3</sup> [https://en.wikipedia.org/wiki/Potemkin\\_village](https://en.wikipedia.org/wiki/Potemkin_village).



officials didn't like the choices being made. They intervened via their LED schemes to force a different outcome compared with what the voluntary choice of the citizens might be.

That will always and everywhere be the poorer choice, leading to a less desirable outcome than the voluntary choice of the market.

Even so, supporters of so-called revitalization efforts would say that the downtown is becoming a nicer, more attractive place.

Yes, that is true to a degree but as this issue of the journal asks, "Compared with what and at what cost?"

I can answer that question at least for Terre Haute, but I believe the answer is similar if not the same for your city as well.

In Terre Haute, there were several other commercial areas in addition to the downtown area. While the downtown was the largest and most active, there was lots going on elsewhere.

One area was known as Twelve Points. I am familiar with the area because my father owned a grocery store in the heart of this district. Indeed, at the time, it was filled with grocery stores, drug stores, movie theaters, restaurants, banks, schools and everything one would associate with a vibrant neighborhood. In fact, it rivaled our downtown in its amenities.

But with the changes in consumer preferences, helped along by the opening of an interstate highway, Twelve Points began a decline similar to downtown. For with every dollar that was siphoned off to subsidize downtown, the Twelve Points area suffered an accelerating rate of deterioration. Today, the area is a shell of its former vitality.

**It's a truism that everything must be paid for, so who covers the shortfall? Buried in the debt information is the fact that local income tax, in the form of CEDIT, is the secondary payer on the debt of the TIF bonds.**

And yet, Twelve Points has historic buildings, a tradition of community and the necessary infrastructure for businesses. What it doesn't have is the resources and willingness of entrepreneurs and property owners to invest in the area. While I understand that correlation does not prove causation, a strong case can be made that those resources and willingness were sapped by local government in implementing its plans.

So compared with other less-favored commercial areas, the downtown isn't too bad. Compared with the commercial areas built up in response to market demand, it is not nearly as favorable.

To answer the second part of the question "At what cost?" I invite you to take a drive through the Twelve Points neighborhood. It represents a monumental cost in terms of dollars, quality of life, community and lost opportunity. And that is a cost that no politician or eco-devo guru has the right to impose on a community, regardless of his or her "great" idea.

### **Real Economic Development**

Economic central planning, a hallmark of the old Soviet five-year plans, is alive and well in the Hoosier State. It is not the false dichotomy of no planning versus central planning by government. It is simply a matter of who is planning for whose property. Again, this juxtaposition was illustrated by my city council colleague's frustration at "doing nothing." I don't think those words mean what he thought they meant.

So what is real economic development and how does it happen — or not happen — in my city or yours? Again, let's return to actual events from



actions taken by the Terre Haute Common Council.

A member of the council who is employed by the Terre Haute Fire Department (in the days before this egregious conflict of interest was ended by the state legislature) determined that a public safety training facility would be a good thing for Terre Haute and surrounding communities. Figures were presented to the city council predicting the facility would turn a profit in its second year of existence.

That, I thought, would be something new and different. I enthusiastically pointed out to my firefighting colleague that he had the fundamentals of a great business plan. He knew what kind of physical setup this facility should have, what kind of training it should offer, who the potential customers would be, what the revenues and expenses might be, and more. In short, he simply needed to formalize his business plan, secure the investors and he would have a business up and running with great potential.

I pointed out that he might have a viable, profitable business that the next generation of his family could continue. It was a personal excitement on my part because this is exactly the situation that brought me back to Terre Haute as a young man, working with my father in his business.

The state of Indiana even threw an incentive bone into the mix by agreeing to not consider or subsidize a competing training facility when a private one was established in the designated district. Not having to potentially deal with taxpayer-subsidized competition is a significant positive factor in running a business.

**No one in Terre Haute was depending on a council member or a mayor to tell them where to invest, where to spend their money. They were deciding for themselves. The problem was that the bureaucrats and elected officials didn't like the choices being made.**

So there we had it in front of us: real economic development where an entrepreneur sees the fruition of an idea. In the process, other people would be employed, families would be sustained, opportunities realized and expanded, the foundations for community be built, and most importantly in the eyes of government, taxes would be paid. All in all, it was what we worked for as elected

persons in our city.

It was not to be. Oh, don't get me wrong, we have that public safety training academy here in Terre Haute. It was established with a six-figure injection of taxpayer dollars. That was over 10 years ago and it has been subsidized by the citizens every year since. The subsidy (expenses minus revenues) is well into seven figures.

So ask the same questions again, compared with what and at what cost?

We have a government operated "business" with no profit incentive, one requiring considerable subsidies. It is conducting activities that could have been (and are, in other areas) provided by the market. This compares poorly with a private, unsubsidized, for-profit business employing people and paying taxes. Even in the mind of a politician, the second option is more desirable.

And the cost? Just in dollars alone, the opportunity costs run into the millions so far. These are millions the taxpayers don't have to invest in their own ideas. The even bigger cost is what Bastiat described as The Unseen. That is, all the things that might have been had resources not been confiscated by government, preventing real as opposed to LED development.



## Achieving the Opposite

“The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design” wrote F. A. Hayek in “The Fatal Conceit: The Errors of Socialism.”

The publicly stated goals of LED, always couched in positive terms, often achieve the opposite. What, for example, would the answer be if you asked a mayor, a council member or the local Chamber of Commerce this series of questions:

- Is your goal to force small local business to subsidize their competition, often large national corporations?
- What about requiring the employees of these same businesses to turn over part of their pay to subsidize these same competitors?
- Or do you want to make life harder for local citizens in order to make it a little easier for the new company coming in?

The answer to each would be a forceful, indignant, outraged, “No.”

Yet that is exactly what happens. In Terre Haute, a TIF district was created on the East Side. This geographical area was at one of two exits off the interstate, with a four-lane divided highway providing access and a four-lane bypass feeding into it. The ground was flat and open with nearly unlimited access from all directions. But to our local politicians and eco-devo bureaucrats, it was illogically a blighted area that would never develop without their interventions. (Yes, that’s how they really think.)

So a TIF district is now in place there and it has filled with a Super Walmart, a Meijer, an Aldi, a McDonalds and every other business you would typically see in such an area even without subsidy.

Also on the East Side but not in the TIF district is a grocery store operated by the same family for over 100 years. It is popular and does good

business. Many of its employees are young and getting their first job experience.

This store is in direct and fierce competition with the mega stores in the TIF district. So is my store, so are hundreds of other smaller locally owned businesses outside the district.

But here is the reality of the situation. According the latest figures from this district, the incremental assessed value (IAV) of property in the TIF is over \$42 million<sup>4</sup>. This incremental value generated nearly \$1 million for the TIF, dollars that did not go to fund the operations of local government. Because this IAV was not part of the general tax base of the municipal government, but they still needed a certain amount to operate, that means all other property taxpayers will pay a higher rate than they otherwise would have. The local family-owned grocery store, my own business and every competitor of the East Side mega-marts are paying some part of that \$1 million kept by the TIF. Multiply that by the five city and five county TIF districts and the IAV adds up to over \$175 million. The effect on the tax rate is substantial.

It gets worse. Digging deeper into the numbers, we find that the debt taken on by our East Side TIF shows it incurred over \$2 million of expense but collected just under \$1 million of incremental tax. It’s a truism that everything must be paid for, so who covers the shortfall? Buried in the debt information is the fact that local income tax, in the form of CEDIT,<sup>5</sup> is the secondary payer on the debt of the TIF bonds.

So not just the business owners are likely subsidizing their competitors, but the employees of all those businesses are roped into the deal as well. And in most cases, neither the business owners nor their hard-working staff realize how it works. So much for the advocacy of our local Chamber of Commerce or taxpayer associations.

Henry Hazlitt sums it up the best:

<sup>4</sup> Indiana Gateway:TIF District Viewer, accessed 11/12/18 at <http://gateway.ifionline.org/TIFviewer/>.

<sup>5</sup> County Economic Development Income Tax.

“It is the proper sphere of government to create and enforce a framework of law that prohibits force and fraud. But it must refrain from specific economic interventions.

Government's main economic function is to encourage and preserve a free market. When Alexander the Great visited the philosopher Diogenes and asked whether he could do anything for him, Diogenes is said to have replied: ‘Yes, stand a little less between me and the sun.’ It is what every citizen is entitled to ask of his government.” — *“Economics in One Lesson: The Shortest & Surest Way to Understand Basic Economics”*

### The Answer

My academic and practical education, my life experience, my business experience, my father's example and a lifetime of observation and analysis have instilled a firm belief in me for true free-market capitalism. In Indiana in 2018, that seems to make me the odd man out.

That in itself is disheartening, especially so given the history of America specifically and the benefits of capitalism in general.

Again, I go back to my time on the Terre Haute City Council. Several times in my debates with council colleagues, I was challenged to show them just one city, just one county in Indiana that pursued economic development the way I

**If we are to achieve what we all seek, opportunity and prosperity for ourselves and for generations to come, the choice is clear: It is true free market capitalism. This, and this only, is real economic development.**

described, i.e., relying on property rights, individual liberty, voluntary exchange, free markets and entrepreneurship.

I'm sorry to say that I could not. (God forbid we might have been the leader, setting the example.)

But I am optimistic, and I am speaking now to those reading this article who are business owners relying on their own efforts, young or not so young with an idea they think can meet the needs of their fellow man and turn a profit doing so, anyone

eschewing handouts coming on the backs of their neighbors, anyone believing that what they earn is theirs, any Hoosiers understanding that wealth is not created by government.

These people know that the government, the State, has nothing to give that it has not first taken from someone else. If we are to achieve what we all seek, opportunity and prosperity for ourselves and for generations to come, the choice is clear: It is true free market capitalism. This, and this only, is *real* economic development.

The first Indiana city or county that breaks away and pursues this course of action will lead the way to lasting prosperity. The first state that does the same will be the example that all others emulate.

It is my hope that my city and my state will be the ones. ♦



# Redevelopment Redux: South Bend and Elkhart

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**SOUTH BEND (May 3)** — Jerry Brown was elected governor of California in 1974 and again in 1978 before busying himself as mayor of Oakland. 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 that 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 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.

Throughout the 1990s in South Bend the city 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 for the Hall.

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.



**ECO-DEVO PROMISES:  
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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 the building. 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).

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, Indiana, twice in 2009. Elkhart had the highest unemployment rate of any city 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. What did it find? "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.

### **The \$50 Bill**

Dr. Gordon Tullock, an economist in Virginia, would auction off a \$50 bill in class early each semester. He was making a point. These auctions started with Dr. Tullock 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:

- The government needs to act as a rule-maker and enforcer;
- The government should provide public goods (e.g., roads, bridges);
- 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 TIFs 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 TIFs 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 TIFs and tax abatements will increase the aggregate amount of investment? No, investment is limited by the pool of savings; TIFs 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

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.

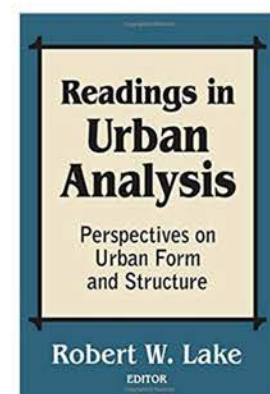
Would all this have happened if the FCC had continued to allocate frequencies as economic rents?

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 TIFs? ♦

**UNLESS REDEVELOPMENT** policy obtains a prominent place on the economist's agenda, it will be shaped in accordance with special-interest groups. We will then be giving credence to Henry Wallich's remark that just as experience is another word for mistakes we have already made, policy is another word for mistakes we are about to make.

— Alfred Page and Warren R Seyfried, *Urban Analysis: Readings in Housing and Urban Development, 1970*





# Transparency Fades as TIF Revenue Grows

*There are many provisions associated with TIF management and reporting in Indiana that require the collection and publication of data that could be monitored by journalists or citizens. There are no penalties, however, for disregarding the public safeguards that are in place.*

Ken Davidson, an adjunct scholar of the foundation, is a graduate of the Indiana University Robert H. McKinney School of Law and the publisher of the Northwest Indiana Gazette. He is a lifelong resident of Hammond.



HAMMOND (Nov. 28) — Over the course of the past three years, obtaining information on Tax Increment Financing (TIF) districts has been made difficult and in some ways impossible.

In 2016, the Holcomb Administration stopped publishing data related to local economic development agencies. Previously, residents could go to the Indiana Department of Local Government Finance (<http://www.in.gov/dlgf>) and view the annual report to the executive, which is required to be submitted. The data from this annual report was compiled in an easily navigable “TIF Viewer.” Statistics regarding revenue and expenditures were compiled and presented statewide down to parcel-level detail as shown in Table 1.

## TIF Revenues Grow

In my home county of Lake, TIF revenue grew by 34 percent between 2015 and 2017 from just over \$66 million to \$89 million per year according to data compiled from the

annual reports to the executive of 16 municipalities. As Table 2 shows, expenditures exceeded revenues in nearly every local unit.

Again, obtaining information regarding the revenue and expenditures has become a herculean task. To write the reports making up this special issue of The Indiana Policy Review, multiple public record requests had to be made, as well as late nights of crunching numbers. Parcel-level detail required yet another set of public record requests to county officials. And information regarding neutralization of base assessed valuations required more public record requests and more nights of complex calculation.

Nonetheless, it is clear that in Hammond TIF revenues have skyrocketed from \$6.5 million in 2013 to over \$25 million in 2017. An analysis of the largest TIF in Hammond, the downtown TIF, shows that net assessed valuation for 461 parcels declined from \$23.6 million in 2007 to \$20.6 million in 2017<sup>1</sup> despite millions of dollars in expenditures by the local redevelopment commission. TIF district lines have been redrawn to bring in more revenue.

Despite the decline in revenue and property values, the redevelopment commission has recently purchased two large commercial properties (that previously were paying taxes). It has hired a consultant to craft a plan to make the area more “walkable.” Utilizing blight-elimination funds, the city continues to use tax dollars to acquire and demolish single-family structures that could be rehabilitated by free-market actors.

## The Occasional Success

Things are not all doom and gloom. Again in my hometown of Hammond, a once troublesome apartment complex has been demolished and in its place now stands two hotels, two office buildings, a national franchise restaurant and a local brewpub.



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<sup>1</sup> Data was compiled using information obtained from the office of the Lake County Assessor. Exempt property was excluded from the calculations.



What once was an area that was the subject of crime-watch meetings now serves as a meeting place for the local Chamber of Commerce.

Yet, residents have no idea as to the true costs of the project. The TIF district was simply consolidated and enlarged and the bonds were floated leaving the bills to be paid by a future generation.

The information presented in this report was painstakingly gathered over a period of months by the authors. Despite that, the individual reports will face criticism as focus on but one piece of the puzzle, i.e., assessed valuation.

Granted there may be longterm investments that do not show immediate return in terms of assessed valuation. Quality of life investments, for instance, may never show such returns. Nonetheless, shouldn't we expect to see some increase in assessed valuation directly attributable to 10 years of ever-increasing spending? Could that be the reason the data is being hidden?

### **The Historic Danger**

Beginning in the 1830s, the state embarked on an ambitious canal project, the Indiana Central Canal. The goal was to create a cargo transportation system allowing the movement of goods by mule throughout the state.

A combination of mismanagement and lack of foresight caused the \$10 million project to fail. In short, politicians were neither smarter than, nor more efficient than, free-market actors.

Similarly today, buzzwords like affordable housing, transit-oriented development, traffic

**Local units, including redevelopment commissions, are required to post all contracts over \$50,000 on the Indiana Gateway. Few comply with this requirement, further hampering transparency efforts. Check to see if your local officials are uploading contracts as required by law at: <https://gateway.ifonline.org/public/contract-search/>**

calming and walkable communities capture the attention of feeble-minded albeit well-intentioned politicians at lobbying events throughout the State. Billions of dollars flow to projects that are not market tested and that have little public oversight.

### **Penalty-Free Corruption**

The Indiana Legislature has passed several provisions designed to promote transparency but has failed to specify penalties for refusal to

comply. For example, Indiana Code 5-14-3.8-3.5 requires political subdivisions to upload digital copies of all contracts over \$50,000 to Gateway. This provision is largely ignored by redevelopment commissions.

Additionally, Indiana Code § 36-7-14-48(f)(1) requires approval of a municipal legislative body if revenue exceeds certain expenses associated with a TIF by 200 percent.

However, even despite rapidly escalating revenues, there is little indication that any legislative body in Lake County at least has reviewed the income and expenditures in any significant manner.

It goes without saying that conflict-of-interest disclosures are non-existent. In any case, those who receive incentives from redevelopment commissions often operate under multiple corporate names making it difficult to trace campaign contributions.

There are a myriad other provisions associated with TIF management and reporting that require data to monitor. Most important, there are no

penalties for blatantly disregarding the few safeguards which have been put in place.

### What Citizens Can Do

First of all, Hoosiers can demand answers from their local, county and state elected officials. They can ask for full reporting, including published conflict-of-interest statements.

There is no reason that the Department of Local Government Finance cannot simply publish the redevelopment reports as they receive them (as was done in the past). Budgets for redevelopment commissions can be clearly spelled out, including payments to contractors and real-property transactions.

The Fort Wayne council this year prohibited campaign contributions from those receiving contracts. That can be made a state statute. As other states move toward more transparency, however, Indiana moves to hide the data. Disenfranchising Voters

As local economic development fails, the Holcomb Administration made a strong push for regional development. Here for example, the NWI Regional Development Authority (RDA) has been granted authority to create transit-development districts that could stretch up to one mile from any transit station.

These new districts will operate much like TIF districts except that they will capture all increments of property tax, local option income tax, sales tax and state income tax in an area up to one square mile around a transit station. The lines for the transit development district can be drawn by an appointed RDA board and require only “consultation” with local elected leaders. (See

	Total	County	City
Number of TIFs	692	181	511
Number of Parcels	157,662	16,308	141,354
Gross Assessed Value	\$49,473,986,377	\$7,972,092,480	\$41,501,893,897
Net Assessed Value	\$40,047,171,620	\$6,528,066,290	\$33,519,105,330
Base Assessed Value	\$17,866,201,333	\$2,536,409,595	\$15,329,791,738
Incremental Assessed Value	\$23,586,072,286	\$3,917,316,133	\$19,668,756,153
Revenues	\$700,001,468	\$111,187,249	\$588,814,219
Expenses	\$761,555,551	\$96,509,205	\$665,046,346
Cost of Bonds Associated with TIFs	\$14,552,501,340	\$678,874,131	\$13,873,627,209

**Table 1: Statewide TIF District Summary for Calendar Year 2015** (Typically submitted by April 1, 2016). Redevelopment reports, which are required by law to be submitted to the DLFG annually, were uploaded to the Gateway.

See [https://gateway.ifionline.org/report\\_builder/Default2.aspx?rptType=redev](https://gateway.ifionline.org/report_builder/Default2.aspx?rptType=redev) (if link fails, paste in browser.)

<http://iga.in.gov/legislative/2017/bills/house/1144>)

The stated purpose of the transit development district is to create mixed-use, multi-family zones around transit stations. But there are virtually no reporting requirements for the districts and, once established, residents will have no way of obtaining information regarding the revenue and expenditures of the RDA.

Such regional development authorities are planned for all areas throughout Indiana. You are warned here that once they are established voters will have no direct representation in economic-development decisions. ♦



2013 Revenue	2014 Revenue	2015 Revenue (Gateway)	2017 Revenue*
\$6,579,999.00	\$6,744,263.00	\$6,158,954.00	\$25,269,262.00
Not reported	Not reported	\$15,468,165.00	\$13,133,521.00
Not reported	\$3,559,354.00	\$3,156,530.00	\$4,297,916.00
\$3,585,513.00	\$3,895,756.00	\$8,136,374.00	\$7,182,656.00
\$0.00	\$0.00	\$0.00	\$0.00
Not reported	\$851,954.00	\$992,967.00	\$1,635,299.00
Not reported	Not reported	\$3,816,299.00	\$4,997,452.00
Not reported	Not reported	\$3,234,947.00	\$5,650,649.00
Not reported	Not reported	\$925,987.00	\$4,241,644.00
Not reported	Not reported	\$260,655.00	\$956,099.00
Not reported	Not reported	\$4,175,989.00	\$5,436,597.00
Not reported	Not reported	\$10,423,377.00	\$10,033,946.00
Not reported	Not reported	\$8,443,097.00	\$5,284,620.00
Not reported	\$767,476.00	\$778,417.00	\$801,144.00
Not reported	Not reported	\$70,537.00	\$105,074.00
	2015 Total	\$66,042,295.00	
	2017 Total		\$89,025,879.00

**Table 2:** Reports from 15 Lake County municipalities were used to compile the above table, all obtained from the Annual Report to the Executive by public-record request. *(Thanks to Jenny Banks for providing the information in a timely manner.)*

## Eco-Devo Disclosure Throughout America

**OUR LOCAL TRANSPARENCY** studies show that even though there have been improvements in local disclosure practices, the process has been slow, with many localities lagging behind their state governments.

Most of the subsidy programs we looked at in this study come in the form of tax expenditures, such as property tax abatements and exemptions or local tax credits. However, localities also provide grants to private companies to create jobs and/or invest in their neighborhoods.

There is a core value that must be met in order for us to rate data as transparent: programs must identify corporate recipients by name and the award information must be available online in an accessible format. Subsidy value is another core data point that the public should have access to in order to know how their tax dollars are being invested.

Although freedom of information requests remain important tools in obtaining public data, we believe that public expectations of government data in the digital age require governments to post deal-specific information about subsidy programs online.

— Kasia Tarczynska, “Show Us the Local Subsidies,”

# Partisan Pathology: A Special Report

*“Anyone who studies the history of ideas should notice how much more often people on the political left, more so than others, denigrate and demonize those who disagree with them, instead of answering their arguments.” — Thomas Sowell*

John F. Gaski, Ph.D., an adjunct scholar of the foundation, is an associate professor at the Mendoza College of Business at the University of Notre Dame. A version of this essay appeared in the Jan. 6 *Washington Examiner*. Dr. Gaski is the author of *Frugal Cool: How to Get Rich — Without Making Very Much Money* (Corby Books, 2009).



(Oct. 23) — “There’s something happening here, but what it is ain’t exactly clear . . .” — the Buffalo Springfield, 1967.

Or maybe it is clear. The rock group’s observation may not be so applicable half a century later.

Every major leftist movement the world has ever seen has been brutally totalitarian by nature. Occasionally this degree of extremism arises elsewhere along the ideological spectrum, such as the current phenomenon of Islamo-fascism, but Soviet Russia and Nazi Germany remain the archetypes of the socialist genre of dictatorship impulse among many other incarnations — which clearly include today’s leftist Democrats (so-called) in the United States.<sup>1</sup>

Contemporary leftist Democrats reveal their own totalitarian proclivities in subtle ways, such as support for single-payer health care and all other forms of big government (except the military), and some that are not so subtle.

Recent years have seen a surge in the latter variety. Shouting down conservative speakers on college campuses to silence their views has been ongoing for a while but now the practice has graduated to violent attacks on the speakers and their audiences.

There is no record of comparable suppression of free speech by campus conservatives. And why is it only the left that abides no dissent from its preferred orthodoxy? The adherents expose through their own behavior that they fear a fair debate of ideas so they attempt to quell intellectual challenge through brute force — just as all autocrats.

## A Revealing Record: 12 Points

America’s self-identified “liberal” Democrats do resort to the most extreme and aggressive tactics right out of the Saul Alinsky manual, i.e., destroy any target that is a threat to the radical agenda. Truth seems to be beside the point to them. To substantiate via illustration of such Stalinist “politics of personal destruction,” we offer a dozen objective examples in roughly ascending order of severity.

1. Sen. John McCain was the left’s favorite Republican — until he ran against their favorite Democrat in 2008. Then the leftist Dems challenged McCain’s citizenship even though there was no legal basis for the claim. A bit ironic, is it not? (What of the right’s “birther” allegation against President Obama? The two people mainly responsible for suspicion about Barack Obama’s U.S. citizenship are Hillary Clinton, whose 2008 campaign seized upon the issue furtively, and Obama himself because he claimed for a decade, through his book blurb that he surely either wrote or approved, that he was born in Kenya. Q.E.D.)

2. Newt Gingrich was a notably effective House Speaker in the 1990s. The left naturally cannot tolerate that from a competitor so they smeared him with a barrage of phony ethics charges until

<sup>1</sup> For those who insist that the German Nazis were a right-wing regime, they did conspicuously call themselves “National Socialists.” They also exercised ultimate control over the means of production, though not outright ownership, thereby conforming to the essential definition of a socialist system.



he resigned. Later, Gingrich was exonerated on all counts. Not most — all. Had you not heard about that from the mainstream media? If not, why not? The final exoneration was reported, although selectively (Brown 2012).

3. Mitt Romney, as a 2012 presidential candidate, was Mr. Nice Guy to the point of too much innocence, until the Dems got ahold of him. Then the public found out that he had recklessly abused his dog, beat up a fellow student while in high school, intentionally caused an employee to die of cancer and sadistically imprisoned many women in a torture device known as a binder. Remember? This profile of depravity derived from the Obama campaign strategy known as “kill Romney.” Curiously, the mainstream media hardly mentioned the appropriately named strategy while candidate Obama’s own personal history was deemed off-limits by the same media. Hypocrisy is a familiar trait of leftist totalitarians.

4. The term “Borking” needs no elaboration and speaks volumes about its practitioners, especially since Senate Democrats invented the sleazy form of character assassination and have used it often against judicial nominees. It is objective fact that Republicans have not gone as far as emulating it. For example, one of the few occasions of a Repub snub of a Supreme Court nominee, Merrick Garland, was done without personal invective. Case closed.

5. Poor George W. Bush. Investigations by the U.S. Senate, the Robb-Silverman commission and the Butler commission all concluded that Mr. Bush did not lie about weapons of mass destruction (WMD) in Iraq. If anything, he received the same information that worldwide intelligence agencies received about Saddam’s WMD arsenal, and came to the same conclusion. Recall the pre-Iraq War assurance from CIA Director George Tenet, a Bill Clinton holdover Democrat, that it was a “slam dunk.” Yet “Bush lied” was burned into the national consciousness through leftist-Dem propaganda. Unfortunately, the Bush message team was too flat-footed to explain this cogently, allowing “W” to be an eight-

year national punching bag and paving the way for election of a true radical leftist president. The ultimate irony may be that Saddam did have WMD in Iraq. About 5,000 canisters of chemical weapons have been found there since the Iraq War, per a 2014 New York Times report, among others (Chivers 2014). Why has this information not been more widely disseminated? And how do we suppose Syria’s Assad and ISIS came into their stockpiles of chemical weapons? But those weapons are degraded and should not count, the leftist Democrat media tell us. Yet military testimony has confirmed residual lethality in the mass casualty range — as if such confirmation were even necessary — in other words, weapons of mass destruction.

6. Barack Obama carried on and advanced the vile practice of despotic repression by weaponizing virtually every office of his government for domestic political use. The Internal Revenue Service campaign of terror against conservative groups was only one of the most high-profile and subversive, and the perpetrators have gotten off scot-free. (Richard Nixon received an article of impeachment for having merely considered much less.) Now literal sedition by high-ranking deep-state FBI officials seems to have been exposed.

7. The grand master of personal destruction politics may have been Bill Clinton, who savaged anyone who was ever seen as a threat, whether James McDougal, Ken Starr, Billy Dale, Monica Lewinsky, Kathleen Willey or Juanita Broaddrick — just to name a few. This *modus operandi* was the whole point of the “war room” of Clinton’s permanent campaign, along with Hillary’s “bimbo eruption squad.” A colorful couple, those Clintons. Hillary, in particular, was a disciple of leftist Saul Alinsky.

8. Currently and very visibly, we have leftist-Dem rioters, following upon the Occupy Wall Street slow motion riot literally sponsored by George Soros, the hybrid communist-capitalist billionaire (not an oxymoron in this brave new political world) and other leading Democrats



(Reuters 2011). (Who do you think paid the salaries of the Occupy Wall Street organizers?) We see and hear Black Lives Matter demanding the murder of police — before and after being feted at the Obama White House — and the misnamed Antifa ironically living the fascist ideal of causing mayhem whenever someone dares to utter a thought contrary to the leftist-Dem conception of political correctness. After the first violent act by a right-wing fringe fanatic in many years, in Charlottesville, the fake news narrative is that conservatives are the violent ones when, in reality, almost all the political violence in this country is committed by the far left. (As Casey Stengel said, “You can look it up.”) Or ask Steve Scalise or the riot victims in Ferguson, Missouri. Ask the victims of racial violence incited by Barack Obama himself in the wake of the Trayvon Martin incident and others.<sup>2</sup> Ask America’s cops who must deal with the chronic rioters. In fact, it can be inferred that a disproportionate amount of all violence in America is perpetrated by leftist Democrats. This proposition hardly requires empirical measurement but, for the record, those guys killing each other on the South Side of Chicago represent a demographic that is about 95 percent contra-Republican.

9. One of the most telling of all symptoms of the left’s nascent despotism is their strategy of publicly vilifying and shaming any entity that disagrees with them, such as the way they organize against businesses or prominent individuals that violate leftist dogma by supporting a more traditional social position. For instance, dare to agree with the view on homosexual marriage held until a few years ago by Hillary Clinton and Barack Obama as Dan Cathy of Chick-Fil-A did and you become a target. (Recall Alinsky’s “isolate it, freeze it, personalize it” etc.) Likewise behold the revelations about leftist groups such as the Southern Poverty Law Center overtly demonizing as a hate group generally anyone with whom they merely disagree (a total of 917 accused targets as of this writing),

without substantive justification. Public harassment of opponents is now a declared Democrat program. The left decided long ago to downplay debate over ideas — their ideology having failed empirically all over the world — and simply use instead the Alinsky approach of scorched-earth personal attack. These neo-McCarthyist tactics are the political class’s operational analog of choosing violence over discourse because they are not very good at discourse. In fact, their street soldiers now sometimes proclaim that “speech is violence.”

10. Demonstrating that in the leftist-Dem Animal Farm some pigs really are more equal than others, Hillary Clinton was found to have committed hundreds or thousands of email felonies, in only one of her many scandals, and then the FBI’s erratic James Comey said “never mind.” The Benghazi malfeasance by Mrs. Clinton and Barack Obama also has gone unpunished. The two even imprisoned an innocent man to cover up their culpability and burnish the cover story about a video as cause. (Hillary tried to do the same to her employee Billy Dale two decades earlier over White House travel office patronage jobs, of all things. Remember? A moral issue for reader reflection: How many moral offenses are worse than trying to put an innocent person in prison? One candidate: actually putting an innocent person in prison, as Obama-Clinton did. That is quite a commentary on the morality of their administration.) The political elite elevating itself above the law is a hallmark of totalitarian leftist dictatorship.

11. Added to this bill of particulars is a recent innovation: One of the leftist-Dems’ long-standing favorite slander devices is the public accusation of racism. A joke currently making the rounds: “What is the definition of a racist? Answer: anyone who disagrees with a leftist.” Rare leaks of Democratic Party internal communications indeed reveal that the false racist accusation is a standard part of their playbook (Kilgore 2016).

<sup>2</sup> Was not Martin himself a victim? Yes, but not of political violence.



But now a new twist has been popularized. Have you wondered how the ever-present “white supremacist” locution appeared on the scene so suddenly? Where did that come from? It came from Democrat focus groups. The old “racist” chestnut was growing as stale from overuse as the boy who cried “wolf,” so the left needed something fresh. Their focus groups confirmed that “white supremacist” is even more negatively charged than the formerly favored smear word — or the leftist-Dems would not be using it — so that is their new trope.

Simple as that. Alinskyite tactics are not the only unsavory methods appropriated by the contemporary American left. The Big Lie strategy has been a leftist-Dem staple for years, so the vicious elements of the preceding itemized litany of deplorable political behavior are no surprise, given their philosophical origins. Returning to the racial slander theme per se, before the leftist-Dems dare to revisit the “racist-supremacist” device again they really should consider that this most venomous accusation of them all rightfully requires some proof. But they rarely seem to have any. They customarily do not bother with evidence because they cannot, apparently. Of course, their media allies allow them to get away with that lapse.

Truly, an accusation of racism has become the supreme insult in our society. Accusing someone of being a racist is now worse than calling the person a murderer. White-on-black racism in particular has become socially unacceptable, as the grave stigma that attaches to it confirms. This evolution actually is a measure of how anti-racist America has become, how much progress the country has made in overcoming vestiges of its former and state. According to poll findings, even American blacks acknowledge that black-on-white racism is more prevalent than the opposite kind (31 percent versus 24 percent; Rasmussen Reports 2013). Really.

Let us all recognize as well that for the past 45 years or so, the only legally permissible — sometimes legally mandated — racial discrimination in the U.S. is that which is committed in favor of minorities, and typically against Caucasians. (The only known exception is anti-Oriental discrimination in school admissions because those of Asian heritage tend to be such high achievers.) This is the extreme state of our social law, for better or worse. Also to be noted, the white majority in America is the first majority ethnic group in world history to have intentionally disadvantaged itself by law to enhance the relative standing of a different ethnic group. That is to be celebrated morally, yet we now hear daily the left’s over-the-top mantra of “white supremacist.”

There is a more fundamental reason for the leftist Democrat amalgam’s resort to this odious tactic, beyond research findings of its marketing effectiveness: The leftist-Dems cannot permit the mass healing of race relations in our country. They need to undermine and aggravate those relations so their side is better able to exploit the issue. Solve the problem and they lose the advantageous issue. Is there no limit to their neo-McCarthyist cynicism? To paraphrase Joseph Welch of the original McCarthyism controversy, “Have they no decency?”<sup>3</sup>

What of a modicum of proof for this particular severe conclusion? It is analytical in this case, to wit: What would happen to the Democrats politically if U.S. race relations were decisively remedied? Or what would happen to the Dems if the entire minority underclass suddenly became wealthy? Even momentary reflection suggests that removal of these wedge issues would sabotage the chances of Dems winning very many more elections at the national level henceforth. They see that, too.

What about real white nationalists, including the Ku Klux Klan and neo-Nazis? A minuscule fraction of a percent of the U.S. population they

<sup>3</sup> Yes, Sen. Joseph McCarthy was a Republican — a contrarian and ostracized one who could be understood as using neo-leftist smear tactics. He could also be accused of being correct about the big picture of Soviet communist infiltration of the federal government during the Cold War.



are, so small in number and power that they are an insignificant blip. The political left, along with the fellow-traveling racial victimhood industry, nevertheless magnifies them for political gain. If politics is everything to leftist Democrats, maybe it is because government power is everything to them.

12. Perhaps the worst of the Big Lies was “if you like your doctor, you can keep your doctor; if you like your plan, you can keep your plan,” designed to give leftist-Dem government absolute life-and-death power over all U.S. citizens through enactment of Obamacare. What better way to achieve totalitarian rule than mortal power over all the ruled people? Now do you see why socialized medicine is the leftist-Dems’ Holy Grail?

#### Other Side of the Coin?

The preceding selective but representative compendium of total warfare methods applied to the political realm captures the soul of one ideological force in contemporary America. True attitudes are best revealed by one’s behavior, after all. But what of the countless positive public policy achievements of the criticized camp, one may ask? Are they to be disregarded? The answer to that fair question follows after an attempt to provide balance, but there does appear to be truth embedded in the cliché that the leftist-Dems play hardball politics using brass knuckles while their opponents play patty-cake with kid gloves (all while jointly setting a record for mixed metaphors). Also, no effort will be made here to psychoanalyze and ascribe ultimate motivations, except for one possibly obvious hypothesis: The leftist-Dems qualify as “true believer” types, *i.e.*, those who are so devoted to their cause that they feel morally justified in using any means necessary to achieve it (Hoffer 1951). In effect, their unquestioned political ends justify the means — any means.

The presentation thus far has been one-sided, of necessity, because that is the nature of elaborating a case or arguing a position, but

cannot the same type of record of conservative-Republican offenses be marshaled? This nonpartisan reporter has tried and concludes that no reciprocal behavior pattern from the conservative-Repub counterparts is available. A record comparable to the preceding list cannot be assembled for the relatively meek and feckless U.S. conservatives and Republicans, as a reader’s attempt to do so should confirm. The closest analogue might be a particular “third-rate burglary” in the early 1970s. Chronic leftist-Dem accusations of despotic behavior by Republican administrations, notably Nixon and Reagan, ultimately amounted to political spinnage and likely psychological projection. At least Nixon, unlike Bill Clinton in his impeachment episode, had the decency to resign from office, and that may be somewhat telling.

Was there theft of the 2000 presidential election by the George W. Bush campaign in Florida? Unfortunately for those who maintain that belief, every contemporaneous recount and analysis including ones done by the media, along with a U.S. Supreme Court decision, verified that Bush actually won under the law.

Perhaps the most creative effort to make a case for a Republican political atrocity was the Valerie Plame (purported) incident when George W. Bush’s administration was accused of “outing” a covert CIA agent for political retribution. As if any in this journal’s sophisticated audience had not already penetrated that hoax, it was systematically dismantled a) as the facts of the case came out and b) by Gaski (2005), among others. In the end, the essence of the accusation against Bush’s people was not true; it was a jerry-built scheme concocted by ultra-partisan Democrats Plame and Joseph Wilson, her husband, to embarrass the Bush administration. No one was prosecuted for anything resembling an unmasking offense. The only person who really had outed Plame was Wilson himself.

Does not Donald Trump’s aggressive rhetoric qualify as parallel to the leftist-Dem heavy-handed style? Trump has been known to make



things somewhat personal when he counterpunches politically. Recognize, however, that the obnoxious Trump has been a nearly life-long Democrat. And counterpunching implies that his political opponents often initiate the conflict.

This issue does suggest another example of projection and hypocrisy, though. After complaining that Trump might not accept adverse results of the 2016 presidential election, it is the Dems that are not accepting of the outcome.

### Explanatory Interlude: Partisan?

The author can hear the reader accusations of partisanship through the pages and from some distance away in space and time. Let us reflect on the definition of the word “partisan”:

*(adj.) “unreasonably devoted to a party or faction”; (n.) “a blind or fanatical adherent . . . of a party or cause” (Britannica 1959).*

That is, “partisan” means opposing a political or ideological position or group just because it is the opposition, rather than for substantive reasons. Therefore, any other legitimate motives for one’s opposition or criticism render it nonpartisan in orientation.

Similarly, “nonpartisan” does not mean that one may only criticize the two major U.S. political parties or ideologies equally. What if the two are not equally wrong on a particular issue? There is no *a priori* or empirical reason to believe that the two major political parties in the U.S. are always identically right and wrong, or equally good and bad. If that were true, it would be a probabilistic freak. In the same way, for example, a book or article about Richard Nixon’s crimes is not ethically obliged to give equal space to criticism of Jimmy Carter. It is acknowledged, trivially, that the two leading political sides have mixed records of substantive achievement.

Any suggestion of partisan content here is therefore disqualified as inadmissible because it presumes motives — a non-legitimate argumentation mode unless possessing considerable state-of-mind evidence. (Sometimes, of course, political groups and individuals do furnish that evidence via the totality of their conduct, including examples such as those discussed in the earlier section.)

The author is the one in a position to best know the partisan or nonpartisan nature of the argument in this case. Unfortunately, the reader can only judge under uncertainty based upon the full montage of surrounding text and this particular disclaimer — except for two other fortuitous and incidental evidentiary features:

First, the information in the below cited author’s note should be sufficient to provide objective confirmation of non-partisanship.<sup>4</sup> Second and likewise, other author publications with conversely directed policy criticism are validating (Gaski 2012; Gaski and Sagarin 2011).

Beyond this, the author is well aware that many readers may believe, by custom, that it is not legitimate to criticize U.S. Democrats on this or any other issue — only Republicans. We need to get over that, toward the nonpartisan goal avowed, and the hope is that this demonstrably nonpartisan and anti-partisan item can be an instrument for such an equitable purpose.

Abundant empirical data verify that the public media and academic milieu in the U.S. and other countries are overwhelmingly left-leaning or leftist (in the modern Western sense) ideologically (*e.g.*, Baron 2006). A scholarly journal intersects with both worlds. It should not be considered out of line, therefore, to air a divergent, heterodox perspective, especially if non-ideological.

Moreover, true to the dispassionate academic paradigm, this document until now avoids

<sup>4</sup> My primary research specialization is the study of social and political power and conflict. I am a long-time registered Democrat and long-time registered Republican — intermittently, not simultaneously or sequentially — which should dispatch any erroneous impression of partisanship.



appraising socialist dictatorship as inherently good or evil, or better or worse than democratic leftism. The author does acknowledge subjective opposition to “brutal,” “violent,” “personal destruction,” “smear,” “character assassination,” “repression,” “terror,” “riot,” “murder,” “mayhem,” “demonizing,” “felonies,” “slander,” “racial discrimination,” “cynicism” and “hypocrisy” — traits herein attached to leftist governance along with argumentation supporting the connection. Perhaps that generalization only represents coincidence.

Further evidence of the need for this step back from partisanship (of the prevalent kind) may be 1) the hostile reaction of some readers at this very moment and 2) the fact that this author actually feels it necessary to elaborately justify criticism of a category of politician. That measure is not ordinarily required for criticism of the opposite camp.

### Corollary Conclusion

Returning to the explicit issue a bit more broadly, there also is a speculative explanation for the leftist Democrats’ overall recent spasm of hysteria, which is only growing more rabid. Consider that their camp had sinister plans for the United States of America and was oh-so-close to ultimate success. With the election of President Hillary Clinton, a prospective second straight ideological comrade in the office, the Dems could have finally amnestied 11 million illegal aliens, *i.e.*, new Democrat voters, thereby ensuring that no Republican could ever again be elected president. This outcome would establish their one-party dictatorship, in effect — if only it had happened. The dream scenario having been snatched away by the uncooperative and ignorant American electorate is what has literally driven the leftist-Dems over the edge.

So, in their delirium, they lash out at any perceived enemy, with the more kinetic Antifa rioters even going into the streets. It is all totally understandable for a group of spoiled-brat closet totalitarians experiencing the throes of

catastrophic disappointment and rejection. And if they tear the nation apart as they act out, so much the better, in their warped view. As they reveal in so many ways, they always despised the country’s fundamentals anyway.

Now the plan is for someone like arch-socialist Bernie Sanders or crypto-socialist Elizabeth Warren, who even misrepresented her own genetics for financial gain, to win the presidency in 2020 for a slightly postponed permanent takeover. The severe methods reviewed here are only an inkling of what the left will do when it finally achieves total power, per Lord Action’s timeless warning of power’s corrupting capacity. Again, what has been the nature of every true leftist regime in world history?

It cannot happen here? That is what elites thought on the eve of other totalitarian ascensions throughout history — perhaps all of them.

Pleasant dreams, *Amerika*. There is still something happening here. ♦

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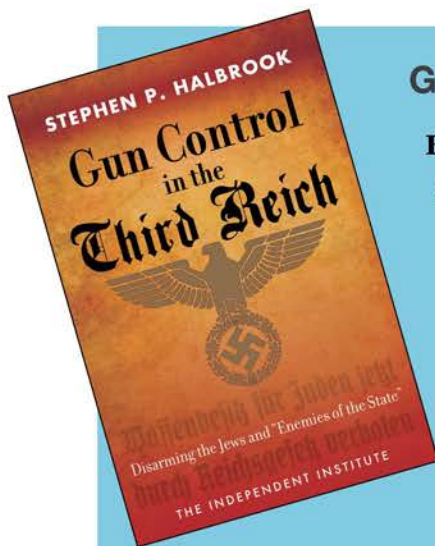
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## Gun Control as Partisan Pathology

**HISTORIANS OFTEN DESCRIBE** the Night of the Broken Glass as the prelude to the Holocaust. They have written much about the pogrom but have ignored the firearm policies that rendered its targets defenseless. I hope to remedy this omission with the publication of my new Independent Institute book, “Gun Control in the Third Reich: Disarming the Jews and ‘Enemies of the State.’”

Based on newly discovered documents from German archives, diaries, and newspapers of the time, my book presents the hidden history, in a readable but well-documented and scholarly manner, of how Hitler’s dictatorship made use of gun control to disarm and repress its enemies and consolidate its power. It is the first book to address Nazi firearms law and policies that functioned to disarm German citizens, particularly political opponents and Jews.

Gun control laws are often depicted as benign and historically progressive. In fact, Nazi firearm policies, together with hysteria directed against Jewish gun owners, played a special role in laying the groundwork for Hitler’s increasing belligerence and persecution of the Jews. The Nazi regime saw disarming political opponents as a categorical imperative, and aimed to reduce the threat of armed resistance by disarming domestic subjects and, in World War II, disarming victims in the occupied territories. Gun control assisted Hitler in his expansion of tyrannical power that culminated in his military invasions and ultimately the Holocaust. Understanding how this nightmare unfolded is essential to making good on the promise — never again.

— *Stephen Halbrook, “Lessons from Gun Control in the Third Reich,”*  
Dec. 21, 2014, *Independent Institute*



# Leo Morris

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



## The GOP: Untangling a Moral Knot

(Nov. 5) — This is a quiet, unassuming little state, isn't it? While scandals from Washington bubble and froth in the social media septic tank, accusations of sexual malpractice against two of the most powerful Indiana GOP politicians drip like slow leaks too inconsequential to bother with.

We can only conclude that our journalists are too lazy to go out and dig up the juicy rumors with which to flesh out the tantalizing innuendos or else have determined that Hoosiers have little appetite for sleaze. In either case, the impatiently vicarious among us are left wanting.

I hasten to point out at the beginning — in the strongest possible terms — that I have no idea whether the accusations against Attorney General Curtis Hill or House Speaker Brian Bosma are true or false. I know little about either man other than their official actions as reported in the press, and nothing about their sins except that they are claimed on the basis of allegations so far without evidence to substantiate them.

That being the case, I can only adopt a wait-and-see attitude and would urge all fair-minded Hoosiers to do likewise. Let's wait for the evidence and try to determine what the facts are. Then we can decide what to think about the accused and, more important, what to do about them.

But members of the Republican establishment clearly aren't open to such advice. They made up their minds from the beginning, and, it appears to

those of us just casually following the stories, in a most peculiar manner. To recap:

Hill is accused by four women — a legislator and three legislative staffers — of getting drunk at a party in March and groping them. He denies inappropriately touching anyone.

Bosma is accused of hiring an attorney to intimidate a woman into silence who says she had a consensual sexual encounter with him more than 25 years ago. He denies the encounter and says he hired the attorney to protect his reputation.

Almost from the moment of the allegations, Republicans denounced Hill. Many of them, up to and including Gov. Eric Holcomb, called on him to resign. They snubbed him at a big GOP dinner, leaving his name off a list of sponsors on the evening's program despite a hefty contribution.

They have been much more understanding of the speaker. Holcomb rejected a call from Democrats to support an investigation of Bosma, The Indianapolis Star reports, and more than 60 Republican House members and candidates issued a letter of support for their longtime speaker. He was warmly received at the dinner.

Those of us on the outside looking in must choose from among three possibilities, all of them troubling to one degree or another.

One, that the GOP considers the accusations against Hill more serious than the one against Bosma, drunken groping being worse than sober intimidating.

Two, that Republicans are privy to some knowledge convincing them of Hill's guilt and Bosma's innocence. This would be information they seem not willing to share with the public or, presumably, the press.

And three, the most troubling, that the unfortunate practice of being suspiciously selective about which unsubstantiated accusations to believe is not just a byproduct of our partisan warfare. Bosma is a great buddy of members of the GOP elite. Hill has been very much on the outs with a lot of them, most notably the governor.



Never waste an opportunity to boost your friends or throw your enemies to the wolves.

Again, I make no more claim of wisdom about the possibilities than I do knowledge of guilt or innocence. I'm just making observations I think a lot of other people are also making based on the limited information we have.

Perhaps there will be more. It has been suggested that some Republicans, having no other way to punish Curtis Hill, might take the step unprecedented in Indiana history of seeking to impeach him. One of most influential Republicans involved in such a momentous decision would be Brian Bosma.

So we might get our circus after all. Most peculiar.

## A History of Negative Campaigns

(Oct. 29) — We've all heard that if we can't remember the past, we are condemned to repeat it.

But the truth is that even when we remember it, we repeat it anyway. We can't help ourselves. As Edna St. Vincent Millay wrote in a 1930 letter: "It's not true that life is one damn thing after another — it's one damn thing over and over."

Like many other weary voters, I can't wait for the coming election to be over and done with, because I'm sick and tired of the ugly, angry political ads blanketing television, especially the ones featuring either Republican Mike Braun or Democrat Joe Donnelly accusing the other one of every vile thing under the sun.

Now, I'm sure both U.S. Senate candidates are decent, honorable people. They are loving to their families and kind to strangers, they pay their taxes and obey the law, they find ways to contribute to their communities instead of looking for loopholes that would let them shirk their duties.

But if all we knew about them were the things we've heard from their opponents' ads, we'd run them out of town, never mind actually wanting to spend any time with them. We could easily imagine them coming to the party and spitting in

the punch bowl and kicking the dog on the way out before they go home and throw their aging parents into the street.

It's a sign of the times, we keep hearing. Political campaigns are getting nastier and nastier because the electorate is getting more and more rigid in its political beliefs. The divide is so great that there is no bridging that Red State-Blue State gulf. Politicians represent us, after all, and if we can no longer be civil and open to respectful discourse, how can we expect them to?

History begs to differ.

Politics has always been a blood sport.

In the first U.S. presidential campaign featuring political parties, former great friends Thomas Jefferson and John Adams and their supporters in 1800 traded vicious insults and outright lies more reprehensible than anything today's politicians can muster.

Adams was described as "a hideous hermaphroditical character, which has neither the force and firmness of a man, nor the gentleness and sensibility of a woman" and "one of the most egregious fools upon the continent" and a "strange compound of ignorance and ferocity, of deceit and weakness," not to mention a wannabe monarch.

Of a Jefferson presidency, it was said: "Murder, robbery, rape, adultery and incest will all be openly taught and practiced, the air will be rent with the cries of the distressed, the soil will be soaked with blood, and the nation black with crimes." What else could be expected from an atheist who would kick God out of the country?

How tame by comparison it is to hear Braun and Donnelly each prissily sniff that the other one is collaborating, er, trading with the enemy (China in Braun's case and Mexico in Donnelly's). They both seem too dense to realize they are making the case, however ironically, for a global marketplace in which capital will go where it can most profitably be used.

They do sound mean, granted, despite history's baser examples. So the question is, why would two ordinarily decent people sink to such despicable tactics? Well, say apologists on both sides, it's not



them; it all comes from political consultants who only know negative campaigning. No, sorry. The candidates have to sign off on their ads, so it is on them.

The answer is, of course, the quest for power. Braun and Donnelly and all the others know what Jefferson and Adams knew — if you get to Washington, you have the power, so you do whatever you must to get there.

If we want to see a reduction in low-down political campaigns, then, all we have to do is persuade the ruling class in Washington to relinquish some of the control it has on America's fortunes. We can go to America's past and find an example of that . . .

. . . nowhere.

History, alas, doesn't know everything. We can't remember what was never there in the first place.

### Political Parties: It's Best to Choose

(Oct. 22) — Earlier this month, I came across this Tweet from a leftish Lafayette attorney whose blog I have followed for a few years: "I didn't watch the Senate debate. I do know that Trump is an incessant liar with bad ideas. Joe Donnelly will vote against him sometimes & Mike Braun never will. No need to get into the weeds on this one."

That sounds curiously similar to my reasoning in the presidential race, which I wrote about several months ago. The system, I said, had given us the two worst candidates possible. But: "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."

Now, I do not agree with the attorney's conclusion, and I feel fairly safe in saying he did not agree with mine. But I would argue that we both made a rational decision based on the fact that we wanted to see our political philosophies enacted into real-world legislation. We each vote for the person most likely to act on our agenda and, just as important, against the person most likely to thwart it.

It's the agenda, stupid.

I have long been bewildered by those self-described moderates and independents who insist that they "vote for the person, not the party."

What world are they living in? Do they not wish to elect the candidates who will address their priorities? What happens when they realize that the "best" candidate — using whatever magical matrix they subscribe to — is a member of the other faction? Do they go ahead and vote for that person anyway, even though it means helping their adversaries rather than their allies? Or do they just want government to "get something done," never mind whether it is good or bad?

I can understand the personal approach, at least a little, when it comes to local elections. As has often been said, there is no Democrat or Republican, liberal or conservative way to fill a pothole or clear the snow. But even there, politicians and their constituents tend to coalesce into competing camps.

And at the state and federal level, there seems to be no way around the dichotomy. There may be many paths to the truth, but there are two competing world views in politics. Pick one.

Granted, it might not be as easy as it once was to choose a camp for our loyalties when it comes to national elections.

The Constitution did not envision political parties, and the Founders were in fact strongly against them. Alexander Hamilton believed factions were an evil to be guarded against at all times. Thomas Jefferson insisted, "If I could not go to heaven but with a party, I would not go there at all."

And we know what happened with Hamilton and Jefferson. Quickly realizing that the only way to avoid hundreds of ideas crashing and burning into chaos was to find like-minded people and fight for the same ideas, they founded the first two major American political parties.

There were the Federalists, who believed in a strong central government, and the Democratic-Republicans, who wanted to leave most of the power in state and local hands. Over time, those



parties broke up and reformed a few times, eventually evolving into today's Republican and Democratic parties, but always the one question was at issue: the proper role of the federal government in American life.

But that *raison d'être* for political galvanization is gone now.

The role of the central government has been decided, it seems. For many reasons — the Civil War, the 14th Amendment, the Great Depression — it has become the driving force in American life and will remain so with minor adjustments one way or the other. Federal spending and overreach may go up more during Democratic ascendancy, but they don't go down under Republican control; just check the spending numbers for Trump and his GOP-controlled Congress.

So we must run through a checklist of subsidiary ideas to sort ourselves.

Are we alarmed or complacent about illegal immigration? Should our abortion focus be on the woman or the unborn child? Is the Constitution inviolable or malleable? Should we strive for free trade or fair trade? Is the freedom to bear arms an individual or collective right? Gay rights or religious freedom — which one trumps the other under what circumstances? Is climate science at the top or bottom of our worry list? And on and on.

If we check enough boxes one way or the other, we are in one camp or the other, which we may call, for want of better terms, liberal or conservative. Go ahead and grind your teeth, but it is true.

We might seek nuance and accept clarifying ideas from the fringes, as liberals have from the socialists and conservatives from the libertarians. We might stray from orthodoxy on some issues. We might, at times, lament the imperfections of our figureheads, as many conservatives have about Trump and many liberals did against Obama (two chief executives who won, I would suggest, in large part because of voters who chose a person rather than a party). The vehicles for those paths — the current Democratic and

Republican parties — might even disintegrate and reform again (as, in fact, they seem to be on the verge of doing).

You may fancy yourselves something else — you dabbling, middle-of-the-road amateurs — but you will be dilettantes, political tourists who think you can swoop in and take souvenir photos, then go home and call it a day.

There are the two access points to the system. Joe Donnelly represents one, Mike Braun the other. The Lafayette attorney is right — you can watch all the debates you want and it won't get any more complicated than that. Those are the paths. Pick one.

## Media Leaves Us in the Dark

(Oct. 15) — For a free society to function properly, its citizens must have an ongoing conversation about the important issues of the day. And that conversation must be rational and fact-based if citizens are to continue giving their informed consent to be governed.

That is the vital role of the press. Its duty is to identify public challenges and opportunities and supply all the facts that can be mustered to serve the necessary debates about them. Even if we don't end up building and maintaining the best republic we can, it shouldn't be because we don't have the tools to work with.

How well do you think the press is doing in performing that function?

Consider just two issues we should all be talking about.

The president stood before the United Nations and fully fleshed out his foreign policy. The Trump Doctrine, he declared, rejects the globalism espoused by Presidents Barack Obama and George W. Bush and embraces an America First policy of enlightened self-interest, especially when it comes to citizens' economic well-being.

And it was announced that Canada had finally, and reluctantly, joined the trade agreement with the United States and Mexico, effectively replacing (pending ratification) the North



American Free Trade Agreement with USMCA, the United States, Mexico-Canada Agreement. An empty Trumpian boast suddenly became reality.

Taken together, these two events will shape America's relationship with the rest of the world for at least the next two years, and possibly a lot longer. It would behoove us to understand what they are all about.

But we can be forgiven if we don't know enough about either event to have even a superficial discussion about it, let alone an intelligent one.

That's because they both took place during our national freak out over Judge Brett Kavanaugh's sexual history. People who can't define "tariff" or explain what isolationism is have strong, unshakeable opinions about whether a 53-year-old man got drunk and groped a girl in high school. They might not even have an interest in what the Supreme Court's direction could be with his addition, but they are obsessed with whether he is a paragon of virtue or a clever deviant.

As far as I can tell, Trump's foreign policy, despite his departure from recent administrations and the president's overblown rhetoric, is neither new nor radical. In fact, it is in keeping with our leaders' desire to avoid foreign entanglements that has prevailed for most of our history.

What makes it worth watching closely is that Trump has put this nation's posture squarely in the middle of the populist, nationalist uprisings now sweeping the world. What that means I have no idea, except that we seem to be on the brink of something momentous.

I have even less of an idea about what to make of USMCA, though I've searched even harder. It seems to be more a refinement of the previous agreement, NAFTA 2.0, if you will, than a completely new deal, which might be said to be marginally better or worse than the old deal. I think it's safe to say that, at about 1,800 pages (100 more than NAFTA), it's certainly not about "free" trade — such an agreement would require roughly one paragraph. The biggest uncertainty is whether the deal will accomplish what Trump

seems to think it will — to get us closer to the real goal of a repositioning against China.

My conclusions might be reasonable, or I might be completely off base about both events. I just don't have enough facts to be certain, and I finally had to give up on the hunt — let's call it information underload fatigue.

It should not be that hard.

Criticism of the media in the past few weeks has focused on the dishing-the-slime coverage of the Kavanaugh circus, and that has been execrable, make no mistake. But even more than what the press botches, we should be worried about what it chooses to ignore.

We can survive the onslaught of opinion disguised as news. As much as we feel pressured by tribal forces these days, a partisan press has a long history in this nation.

We cannot survive the growth and spread of ignorance.

"Democracy dies in darkness" indeed. If only those in the press who say that could just spread a little light instead of orchestrating the noise.

## A Reunion of Gratitude, Respect

(Oct. 8) —No matter how old I get, I seem to keep finding opportunities to appreciate all the challenges my parents faced in their lives.

A few years ago, for example, I learned from my sister that the family trip to the Fort Wayne airport to put me on the plane to Vietnam was not entirely the sedate, ordinary occasion I remember. After I departed, the car stayed in the parking lot for several minutes while my parents held each other and cried like babies. When I heard about that, it somehow retroactively made my year overseas seem more endurable, if that makes any metaphysical sense.

Then there is the awful secret of my father's upbringing. When we were growing up, my brother and sister and I heard one thing above all from our parents: No matter what happens out in the world, however bad it gets, even if you've screwed up horribly, you can always come home.



What a powerful message to pass along to their children, which they must have received from their parents.

Not quite, I discovered recently.

When they were children, my father and his siblings were told something very different by their father: If you get into trouble, don't bother coming home, because I will be done with you. What a horrible thing to tell your children, and how remarkable that my father was able to get past that and become the kind of parent he did.

My latest exercise in filial respect was prompted by a week in Indianapolis with my sister (at her house) and my brother and his wife, who came up from Texas. It was a time of great joy and laughter undergirded, as most reunions are, by deep sadness.

I communicate frequently with my brother and sister by phone and text, in my sister's case pretty much daily, so we always feel in touch and up to date with each other. But there is a family alchemy that takes hold we are all in the same place at the same time. We feed off each other, which pushes conversations into wonderfully convoluted paths where memories, wry observations and outrageous smackdowns happily collide. We live for a time on a higher plane.

But the sadness creeps in almost immediately and then slowly builds. We know from our first moment together that the time will be fleeting. And the further we move into the week, the more we're aware that the hour of goodbyes will come and then it will be a year before we do this again.

Inevitably, about halfway through, we start talking about an earlier time, when we all lived in Fort Wayne and did this once a month at our favorite restaurant. How cluelessly we glided through those evenings, oblivious to the future that would see us separated by geography and our life choices. How I want to travel back there and admonish my younger self to savor the moments that will never come again.

It wasn't until the drive home from Indianapolis, suffused with gratitude and regret,

that it occurred to me that our parents had been through this, and then some.

When they moved the family from Kentucky, I have joked, we became part of the great hillbilly diaspora leaving Appalachia for greener pastures in the factories of Michigan. But my parents got tired and decided, when they reached Indiana, "Good enough.

We're stopping here."

But the truth is that Fort Wayne was always the intended destination for the simple reason that my father's sister and her husband had already made the move a few years before. He had both a helpful guide to a strange new place and a tiny sliver of family with whom he could share stories of the people left behind.

I don't remember that we took many trips back to Kentucky in our first years in Fort Wayne, but I'm sure I felt that each one was more of a chore than the last. And I suspect each was sadder and more precious for our parents.

I wonder if they were subdued by memories of moments they hadn't savored. I wonder if their sorrow was leavened by the hope that their children would appreciate their journey's history.

If you asked me to define heaven, I would say it's like a family reunion where we live on a higher plane and savor every moment. A proper end to the journey.

## The Kavanaugh Treatment

(Oct. 1) — I write these columns a week ahead of time. There is a selfish reason for that practice — always having a column in the bank means I don't have deadline panic every time I sit down at the keyboard.

But there is also a beneficial effect, I think. The delay forces me to look beyond the unfolding updates of developing stories and at least try to find something more meaningful to say. It doesn't have to be a universal truth that will inform the ages, but it should be relevant enough to give a moderately thoughtful person pause for longer than a day or two.



Consider the epic confrontation between Supreme Court nominee Brett Kavanaugh and accuser Christine Blasey Ford, who alleges he sexually assaulted her when they were both in high school in the 1980s.

The drama has become such a big part of the national conversation that I feel compelled to weigh in. But as I write, the U.S. Senate is in negotiations over who will testify at what kind of hearings and when there might be a vote on confirmation. By the time this piece is distributed, the saga might still be limping along unresolved with Kavanaugh slinking off in disgrace or Kavanaugh confirmed and Ford already fading into obscurity.

So I'm considering the lessons (not to sound too pretentious about it) we might still wish to ponder no matter what happens. Two occur to me:

First, this the epitome of the tribalism to which we have succumbed. What's amazing about the controversy is not what we are thinking about it but that so few of us actually seem to be thinking about it at all. We know which side of the aisle we sit on, and that tells us all we need to know.

And what cheerleaders we have.

"Poor Republicans," said the New York Times editorial page. "They've tried so hard to be subtle, to seem respectful of Christine Blasey Ford, even as they've maneuvered to undermine her . . . They wanted Americans to think they had evolved in the 27 years since Anita Hill accused another Supreme Court nominee, Clarence Thomas, of sexual misconduct." The woman is always to be believed, so the evil Republicans should just shut up.

"This is not he said-she said," advised the Wall Street Journal editorial page. "This is a case of an alleged teenage encounter, partially recalled 30 years later without corroboration, and brought forward to ruin Mr. Kavanaugh's reputation for partisan purposes." The woman is just a pawn being used by nefarious Democrats trying to destroy a decent man.

The battle is engaged and the war goes on. Kavanaugh and Ford become almost beside the point.

Second, using the standards now being applied, how many of us could survive scrutiny of our youthful decisions?

I know I couldn't. I was, I must admit, kind of a reserved, keep-to-myself kind of guy in high school. Stood in the corner at parties. Got tongue-tied around girls. Worked on the yearbook instead of joining a big, messy group like band or, heaven forbid, a sports team.

But I said plenty of stupid things and did a few dumb ones. I caused some hurt feelings and broke a few promises. I was a kid, in other words. Making mistakes is part of the growing process.

We might regret the mistakes, but we learn from them. They are a part of the whole. Looking back on them, we accept them as an integral piece of the mosaic of our lives.

But take any one of them, isolate it and put a spotlight on it, and it becomes something else. And it's more than just judging a life based on the worst thing we ever did. It's judging the tiniest sliver of our immaturity and using it to damn everything that went after it.

I know that makes it seem like I'm completely in the "Support Kavanaugh" camp, but I don't mean it that way. I'm quite sure that there are dossiers out there with the intimate, embarrassing details of most prominent Americans' lives, Democrat and Republican alike, ready to be cracked open against anyone daring to enter the political arena.

What sane person will want to seek office if this keeps up?

In fact, the only ones likely to consider running are those who are such paragons of virtue that nothing in their lives can be questioned.

And to tell you the truth, those are the last people I would trust in public office. They've never felt the need to examine their weaknesses, confront their failures, question their moral judgments, learn from their mistakes. When they



finally have to — not if, when — their fall will truly be epic, and they will take a lot of people with them.

Tribes might offer comfort then, but nothing close to salvation.

*Update:* Since I wrote the above, there have been other complaints of sexual impropriety in Judge Kavanaugh's youth, each more bizarre and unverifiable than the last, and the U.S. Senate has put on a clown show that should be a national embarrassment. Nothing in the week's news has dissuaded me from the two observations I originally made. But I would add a third. Washington, D.C. is not a swamp. The Everglades is a swamp. Okefenokee is a swamp. Washington, D.C., is an open sewer.

### We're Getting Only Part of the Story

(Sept. 24) — In their campaign for the U.S. Senate in 1858, Abraham Lincoln and Stephen Douglas engaged in seven debates, each lasting an astonishing (by today's standards) three hours.

The first speaker (which alternated), expounded for an hour. The second candidate responded for 90 minutes. Then, the first speaker was allowed a 30-minute "rejoinder."

All seven debates were heavily attended, since their subject, slavery, was of profound interest to citizens in the rapidly disintegrating nation (whether it should be expanded into new territories, please note, not whether it should be abolished). Newspapers covered them extensively and intensely, some even printing the full texts.

The paramount issue in the Senate race, it seems fair to say, was thoroughly explored. Voters had every chance to be informed and, we like to think, looking back, were too ashamed to go to the polls if they weren't.

And what do we have today by contrast? If you've ever seen a "debate" between current political candidates, you were treated to journalists rapid-firing questions on a dizzying range of topics, to which answers of one minute were permitted, with perhaps 30 seconds allowed for a rebuttal. Any knowledge of the issues

gleaned by voters was undoubtedly, as the saying goes, a mile wide and an inch deep.

And where shall voters desiring more substance go in this short-attention-span era? To political TV commercials and their simple-minded sound bites of banality? To partisan web sites and social media accounts with their utterly depraved forays into character assassination? To the president's Twitter feed, perhaps, for his latest 140-character fit of pique?

Generations whose primary education is behind them are beyond redemption, I fear. Most of their members are too used to flitting through the cable channels to relieve their boredom and getting their "news" from top-of-the-hour radio headlines and the sneering asides of late-night comics.

The only hope for the survival of the republic is that our schools will instill in the next generations a love of fully engaging the mind, eager to confront nuances, never flinching from subtleties, always on the prowl for contradictions, misdirections and outright dishonesty.

But that hope, alas, is probably futile, which brings me to the main point of today's rant. ("Finally!" I hear you.)

Beginning this school year, it was recently reported, novels will no longer be studied in Fort Wayne Community School English classes. Instead, excerpts will be used to teach language arts skills. Novels weren't written to teach state standards, a school system representative told a newspaper, and using excerpts ensures the district "is covering skills Indiana students must learn."

I can't find the words to convey how disheartening this is. I don't know all the "skills" that "state standards" are supposed to cover, but paying attention and staying focused enough to relate the parts to a whole surely isn't among them.

A novel has a beginning, a middle and an end (though not necessarily in that order, which is one of the serendipitous joys of reading one). It has characters who have conflicts and make or ignore moral distinctions to resolve them. It has a setting



that can take us to another place and a plot that can make us reconsider the ups and downs of our own lives.

“[T]he chapters of a novel . . .” said Mortimer Adler in his “How to Read a Book,” often become “relatively meaningless when wrenched from the whole.” You have not grasped a story “until you are familiar with its characters, until you have lived through its events.”

We should not be anxious, he advised, “if all is not clear from the beginning. Actually, it should not be clear then. A story is like life itself; in life, we do not expect to understand events as they occur, at least with total clarity, but looking back on them, we do understand. So the reader of a story, looking back on it after he has finished it, understands the relation of events and the order of actions.”

If we can immerse ourselves in a novel well enough to achieve such clarity, then we will have briefly stepped outside our own existence to experience more of life than we have known: “[We] could not live in this world if we were not able, from time to time, to get away from it . . . If we must escape from reality, it should be to a deeper, or greater, reality. This is the reality of our inner life, of our own unique vision of the world.”

And what, pray tell, can we possibly learn from an “excerpt” of a novel? No more than we can learn from recalling a single memory from our own lives. No more than we can learn about our friends from their hastily typed and heedlessly sent texts. No more than we can learn about the news of the day from headlines. No more than we can learn about national issues from sound bites and the president’s tweets.

Part after part after part and not a whole in sight.

I am a product of Fort Wayne Community Schools, and more than any specific knowledge I learned there, I treasure the love of reading I came away with. It has made me a better person and, I like to think, a good citizen, aware of both my rights and duties and willing and able to

engage with the political system that is supposed to address them.

I do not think current students will leave with that love of reading. Instead, they will be reinforced in their habits of superficial engagement and fleeting interests.

High-schoolers today, according to a recent study, are texting, scrolling and using social media instead of reading books and magazines. One in three U.S. high school students did not read a book for pleasure in 2016. In the same time period, 82 percent of 12th-graders visited sites such as Facebook, Twitter and Instagram every day. In the 1970s, about 60 percent of seniors reported reading a book, magazine or newspaper every single day. In 2016, only 16 percent did.

Forget Lincoln and Douglas. Look for debates in the near future to feature 30-second answers and 15-second rebuttals. That will give the political experts all the material they need to tweet about. And all voters will have the capacity to absorb.

Parts, parts and more parts.

### A Hesitant Chamber’s ‘Neutrality’

(Sept. 17) — It has been several weeks now, and I still can’t fathom the Indiana Chamber of Commerce’s decision to endorse Democratic incumbent Joe Donnelly in the U.S. Senate race.

The Chamber has always endorsed the Republican in Senate races, and all the candidates it is endorsing in this year’s U.S. House races are Republicans, so the Donnelly pick goes against everything in the group’s history. In the absence of a reasonable explanation from Chamber leaders, we are left to speculate about their motivation.

I have my own ideas, which I’m happy to share.

But first, just a word or two about endorsements.

They don’t mean much, they really don’t. Outside of an organization’s own members, most people don’t care diddly about which candidates civic group A or professional group B likes for



public office. Endorsements are mostly a clique's self-congratulatory way of enhancing its public profile.

Even newspaper endorsements, theoretically meant to sway large swaths of the public, are largely worthless, which it pains me to say since I produced them for more than 30 years. The small percentage of readers who follow the editorial page either have already made up their minds or aren't going to be convinced by a few hundred words among the thousands they have already considered.

So the net result of a newspaper endorsement is that at least half the readers are ticked off by it, with no offsetting positive benefit.

For that reason, some newspapers have skipped the whole endorsement ordeal. I haven't done any research, but I suspect their number is growing in these desperate days of rapidly declining circulations. It's probably a smart business decision, so I can't really argue against it too strongly.

I still believe in the practice, however, no matter how futile it might be. The primary function of an editorial page is to take a stand on matters of public interest. If it stays on the sidelines for elections, the public's best opportunity to participate in the democratic process, what good is it?

But there is one cardinal rule for those — whether newspaper, special interest group or some other collective — who do decide to endorse: Never flinch. Whenever a race is skipped, it sends a signal of confusion, duplicity or downright dumbness. It will, to paraphrase a sentiment from another context, dishearten your friends and amuse your enemies.

Which brings me back to the Indiana Chamber of Commerce: It flinched.

I'm sure some of you are all but screaming at me about now: The Chamber chose to stay neutral in the Senate race. It did not, did not, did not endorse Donnelly.

Ah, but it did.

If you have always endorsed one side in political contests then sit out one particular race, it is the same as endorsing the other side in that race. Just listen to the satisfied reaction of Donnelly and his supporters — they understand this very well. And consider the utter silence from Republican Mike Braun and his supporters — they understand it, too.

So do Chamber members, unless they truly are suffering from an attack of downright dumbness.

Why the departure from past practice? All Chamber representatives will say is that there is "good alignment" with both candidates on some issues but also "notable areas of disagreement" with each candidate. How weaselly. Such is almost always the case, so you choose the candidate closest to your goals and roll the dice.

As I said, I have my own ideas about this.

Braun has closely allied himself with President Donald Trump. The Chamber is part of the GOP establishment, and the GOP establishment detests Trump. But the Chamber is afraid to say such a thing out loud, so it retreats into supposed neutrality.

(The mutual Trump-establishment hatred is but one of the forces roiling the GOP, which is trying mightily to keep pace with the disintegration of the Democratic Party, being pulled apart by the socialist lunatic fringe. The coming crackup of America's two major parties and what might happen in the aftermath is the major under-reported story of our time, but that's another column or two or three.)

And why would the Chamber hate Trump? Hasn't he been tossing aside business-strangling regulations at a breathtaking pace, resulting in the most robust economy in decades? And doesn't the Chamber's mission statement promise to "cultivate a world-class environment which provides economic opportunity and prosperity for the people of Indiana and their enterprises"?

But perhaps you've heard the story of the pushcart operator who grew his enterprise into a department store then immediately went to the city's political leaders to demand strict regulation



of all those public-endangering pushcart operators. Could it be that among all those regulations Trump is discarding are regulations that give an advantage to the chamber's clients in their struggles against upstart competitors?

That's just me speculating, of course. I could be completely off base, totally unfair, horrendously misinterpreting the evidence.

But can I really be faulted? When there is a void to fill, the void will be filled.

Just ask any gunfighter. If you flinch, the other guy gets to draw first.

## Numbers Everyone Should Know

(Sept. 10) — I realized today that I would be sitting down to compose my 51st weekly column for *The Indiana Policy Review*, just one masterpiece away from that happy anniversary when I will have completed a whole year's worth of work.

So, since I'm sick to death of the bitter political divide that has deteriorated into outright tribalism in this country, I decided to make this piece a happily neutral one. Therefore, following (in descending order) are "Numbers Everyone Should Know but Most People Probably Don't."

*Q. What's the total wealth of the world?*

A. Depends on the definition of "wealth." If we're talking hard currency, things like cash, money in bank accounts, etc., about \$40 trillion. If we throw in things like derivatives, cryptocurrencies, real estate and unmined minerals, we're into the hundreds of trillions and probably even into the quadrillions. If we stick with "money an individual can command," so we can fairly compare people like Bill Gates and Jeff Bezos with the \$15-an-hour hamburger flipper in Seattle, the most recent reliable estimate by Credit Suisse was \$280 trillion in late 2017, which was a healthy 6 percent jump from the 2016 total. So, let's assume about the same growth for this year and say: a little north of \$290 trillion.

There are many ways to look at this number. My way, when I'm feeling pessimistic, is that the

total U.S. federal debt is now approaching 10 percent of the world's total wealth.

*Q: How many cells are there in the average human body?*

A: According to scientists' best estimation, about 37.2 trillion. But they acknowledge that such a calculation is extremely tricky, since different metrics (going by volume or weight, for example) would give widely varying results. So, let's just say between 35 and 40 trillion.

I started thinking about this number when I read a Tweet from someone calling himself a proud immigrant who was 50 percent (let's just say) Vulcan (so I won't offend anybody). I inferred that he was not so proud of the 50 percent that was something else, and I sympathized at the agony he must feel when contemplating a single cell in his body. Is that individual cell 50 percent Vulcan, or is there a 50 percent chance it is something else and therefore not welcome? How wearying it would be to repeat this self-doubt trillions of times.

*Q. How many people have ever lived?*

A. According to estimates by the Population Reference Bureau, about 108 billion, which is a great number to throw at people who say things like, "The people alive today are more than all those who lived before them" or some such nonsense.

Of course, such a calculation is as much art as science, since no demographic data exist for 99 percent of human history. And of the people who were here before air conditioning, Netflix and Big Macs, can it be said that they truly lived?

*Q. How many stars are visible in the night sky?*

A. Of the roughly septillion stars (whew) in the observable universe, only about 5,000. But since the Earth gets in the way (hemispheres, you know), cut that number in half to about 2,500. Throw in the effects of light pollution on the planet, and it's down to 1,000 or fewer in most populated areas. "Starry, Starry Night" — ha! This number will make a wonderful metaphor in your seminar speeches about not trusting everything



you see, searching for the hidden truth, what we can learn by accepting we're in an insignificant corner of the universe, etc., etc., etc. You're welcome.

*Q. How many countries are there in the world?*

A. An easy one — 194 or 195, depending on how you feel about Taiwan. Since I have nothing but contempt for all the China-appeasing weenies out there, including the United States, I'm going to go with 195. You don't like that attitude, file a complaint with the United Nations.

*Q. How many planets are there in the solar system?*

A. I'm saying this for the last time — nine. Just because you stop calling something a planet doesn't mean it isn't one. You might be interested to know that in order to demote Pluto, a drastic redefinition of "planet" was pushed through — including a requirement that it has "cleared out" its neighborhood, which should disqualify even Earth given all our nearby asteroids. And only 424 astronomers (out of some 10,000 around the globe) were allowed to vote. Typical progressive authoritarian thuggery, I say.

*Q. How many sexes are there?*

A. Just two, OK? There are men, and there are women. Anything else is just in your head. And it is "sex." If you use "gender" for anything but grammar, then you're one of those people who think sociology trumps everything, and I just can't deal with you anymore. Go find your safe space and leave me alone.

I apologize. I feel better now. Let's dial it back a bit.

*Q. How much wood would a woodchuck chuck if a woodchuck could chuck wood?*

A. According to the American Forest Foundation, a New York state wildlife expert, Richard Thomas, found that a woodchuck could (and does) chuck about 35 cubic feet of dirt in the course of digging a burrow. He reasoned that if a woodchuck could chuck wood, he would chuck an

amount equivalent to the weight of the dirt, or 700 pounds.

And, finally, a little Eastern mysticism to pull you out of your boring Western sensibilities:

*Q. How many Taoist philosophers does it take to change a light bulb?*

A. None. It is impossible for a light bulb to change its essential nature.

I just realized I have left out one important number.

*Q. How many right-of-center columnists does it take to ramble on about specious nonsense instead of addressing the real issues?*

A. Well, you know it, of course.

## Stamping Out Road Rage

(Sept. 9) — In the dog days of summer, when the news dries up even as the humidity soars, it can be tough to find a current crisis over which to obsess. So we must turn to our earnest statisticians, always ready to furnish bored journalists with a fresh batch of state-by-state comparisons around which to build a good scare story.

Here we see that Indiana is the 20th worst state when it comes to food hardships. No, it's a serious problem all right, but we're not nearly near enough to the bottom of the barrel.

Indiana, we are told, is "among the states" with the biggest spikes in deaths by drug overdose. Just "among" the worst?

Still not dire enough.

And we are in 5th place among the states "most obsessed with the Internet." Fifth is pretty good, but overdosing on screen time is pretty obscure as dangers go.

But here we have the winner: Indiana leads the nation in deaths involving road rage and aggressive driving, according to a new study. There were 77 such fatalities in 2016, the year studied, 10 percent of all traffic deaths in the state.



We're not just "among the worst" here — we are the absolute, leading-the-pack worst. That is a warning that we must act now to stop the carnage.

Some might flippantly dismiss the study, since it does not take into account how different states might define road rage and aggressive driving differently, or how seriously the various jurisdictions take the problem.

California, for example, recorded only one such death in the reporting year. One in California and 77 in Indiana — that's absurd on its face.

But that's defeatist thinking. Just because some states are blind to the problem (21 reported no road rage or aggressive driving fatalities at all) doesn't mean we don't have a problem here. The enlightened attitude of Hoosier officials means we can get a head start on coping with the emergency.

How in the world, some might be asking about now, can we possibly stop road rage and aggressive driving when we can't know ahead of time which drivers might be inclined to give in to road rage and drive aggressively?

Ah, but we can, as delving a little further into the study reveals.

Millennials, those born from 1981 to 1996, were involved in more than half of the road rage and aggressive driving crashes. Drivers from Gen X, the generation before millennials, ranked second with 21 percent. The two older generations in the study, baby boomers and the silent generation, had the fewest crashes at 8.2 and 1.7 percent, respectively.

In other words, what we suspected all along is true — the younger the driver, the more dangerous, and the older we get the better we drive. The solution seems obvious now, doesn't it?

I must pause here and insist, no matter how some critics might twist what I say, that I am not advocating Americans' cars be taken away from them. Even if that were sensible, which I think I could make a good case for, it's just not practical. There were nearly 270 million registered vehicles in America in 2016, far too many to simply get off the road.

But surely it must be acknowledged, as a first step in crafting common-sense road safety rules, that we need to find a way to keep drivers licenses out of the hands of those who simply should not have them.

For a start, the driving age should be raised to 26, which would keep the most dangerous drivers off the road. If, as Obamacare tells us, those up to age 25 aren't responsible enough to get out of their parents' houses and get their own jobs and health insurance, how can we trust them behind the wheel of a 4,000-lb. hunk of hurtling death?

Those between the ages of 26 and 30 should be allowed to drive, provisionally, as long as they have a responsible adult (i.e., one over 30) with them — in the front passenger seat, not in the back with the kids and the pets.

Drivers between the ages of 31 and 53 (a year younger than the youngest baby boomers) can get unrestricted licenses, renewable on an annual basis, as long as they complete at least 30 hours of training each year with a federally licensed safety instructor and spend 10 hours in anger management classes.

The rest of us, the safest drivers 54 and older, can have two-year licenses with only 20 hours of total instruction, as long as our cars are properly registered with the new federal agency (which includes an inspection every six months) and we have no arrests (including misdemeanors), overdue bills or complaints from neighbors on our records.

There are plenty of details that can be worked out. I'm thinking, for example, that all prospective drivers should undergo a battery of personality tests to identify their potential for aggressive-driving proclivities such as tail-gating, middle fingers, "brake-checks" and strong language.

But I will leave that to those with more time on their hands and minds better suited to such prosaic tasks. I have identified a problem and pointed to a solution that should be agreeable to all except the handful of drivers-rights nuts out there, so my work here is done for this week. ♦



# Backgrounders

## A Draft-Card Story

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



(Nov. 5) — I'm not a veteran, and therein lies a story.

I was in college during the height of the Vietnam War and all the protests that were de rigueur on college campuses in those days. I was getting sick of going to school and since I was a card-carrying member of Young Americans for Freedom, I decided it was my duty to do something more constructive than just debating left-wingers in the student lounge.

It was 1971, my year in the lottery. When my number (109; I still remember it) was called, I did some serious soul-searching and some even more serious academic reassessment and decided now was the time to take a stand.

I gave up my II-S student deferment and headed to Indianapolis on the 4:30 a.m. bus from Fort Wayne for my physical. I passed, which is exhibit number one for how desperate the Army was back then to fill the infantry ranks.

They sent me back home, which I wasn't expecting, and then I waited. And waited. And waited. No letter came.

On Dec. 31, I figured that I had somehow escaped the draft. So I proposed to my future wife and we drove to my parents' home to tell them. Waiting for me there was a letter from the draft board informing me that my new draft classification was now I-H. I-H?

I-H status essentially meant that we somehow missed you but you are still in our sights. Plan to be drafted in the next call-up.

I never got drafted and we got married. Now fast forward about 30 years. My wife was serving as a Lutheran school teacher and principal. One Veterans' Day she asked several veterans of the

congregation to come in to speak to the children. This was still while military service was not talked about, especially by veterans themselves . . . unless they were among only themselves.

She came home that night and asked me why I hadn't told her that my Dad was in D-Day. He wasn't, I replied. That's not what he just told my class, she said as the final word.

One recollection of my childhood is my Dad's photos of his destroyer escort docked in Athens and Rome. He was Sixth Fleet after all, and that was where it was based. But that was the Korean War. He was called back up from the Reserves for Korea and was on ship when I was born in 1951. My earliest photo of him and me together is at my Baptism when he was on leave to attend.

Dad never talked about The Big One, as WWII veterans call it. And for good reason. Courtesy of a bunch of grade schoolers, I now know that my Dad was part of D-Day. He served on an LST (landing ship, tank) that was in the second wave, while the German artillery was still firing.

When I was in my 60s and he was in his 90s, he finally told me how his ship took tanks and soldiers up to Omaha beach to unload them and then spent the rest of the day transporting casualties back to England. No wonder he didn't want to talk about it, and certainly to his children.

That's the way it was with the WWII veterans. They didn't want to talk about it, especially when they saw what many in this country did to and said about Vietnam veterans. Fortunately we have come a long way since then. Nearly every other pillar of American-Christian culture has been assaulted in the past decade, but there remains a healthy respect and appreciation for veterans. Just go to any sporting event or civic parade.

So what do I do to honor my Dad and his service? His service has allowed me to become a Son of the American Legion. Not only does that give me the opportunity to support veterans in a tangible way, but also to work alongside these patriots to promote Americanism and all that our country stands for.



As the preamble to the constitution of the Sons of the American Legion (SAL) states: “Proud possessors of a priceless heritage . . .” and then frames the organization’s purpose using words like democracy, freedom, justice, and Americanism. It ends with the words: “To assist in carrying on for God and Country.” I don’t want my SAL brothers to know, but I tear up every meeting when I recite this.

And I am still classified I-H; I have the draft card to prove it. If America ever gets into a major war again that requires Congress to reinstate the draft, I and thousands of other 67 year-olds will be in the front lines. Assuming of course that we don’t all die from heart attacks in basic training.

Thank you, all you veterans out there, and God Bless America.

## Amending the Constitution

(Oct. 29) — One of the strengths of American representative democracy is the requirement in most states for the voters to approve amendments to their state constitutions. This election cycle alone can boast of 37 states with 167 amendments and other initiatives, those in Florida and North Carolina getting the most press coverage and producing the most political fireworks.

A lot of money is being spent for and against these initiatives, with California (of course it is California) leading with over \$300,000,000 being spent fighting for and against that state’s initiatives, all 17 of them.

Maybe so much money needs to be spent because of the complexity of the issue or the obfuscation of the writing. Using the Flesch-Kincaid Grade Level (FKGL) scoring system for determining readability, the average 2017 ballot measure required 20 years of formal education to read and comprehend. That’s well into grad school, folks.

Meanwhile back here in Indiana, there is only one such amendment we are asked to approve or disapprove. Called the “Balanced Budget Amendment” to make plain its purpose, the text appears at first glance to be self-explanatory:

“Shall Article 10, Section 5 of the Constitution of the State of Indiana be amended to require the General Assembly to adopt balanced budgets for state government that do not exceed estimated revenues unless a supermajority of two-thirds of the members of the House of Representatives and two-thirds of the members of the Senate vote to suspend the requirement?”

Seems clear enough, but the language scores at a college graduate level by the FKGL system. So what am I missing here?

First off, why is this necessary? The Indiana Constitution in Article 10, Section 5 prohibits borrowing by the state except for “casual deficits in revenue,” whatever that means, and for such other items as paying interest on the state debt, repelling invasion, suppressing insurrection and for providing for the public defense in the event of hostilities. This doesn’t seem to present a problem since we haven’t been invaded since Confederate Gen. John Morgan raided the southeast part of the state in 1863.

Then there is the whole issue of the funding of state pension contributions, which apparently is part of the amendment but not mentioned in the ballot language. I thought Indiana, while not perfect, was among the least bad of all states for underfunding state employee pension funds. Note I said “least bad” not “good.”

Of course the General Assembly is giving itself an out by allowing this amendment to be set aside if two-thirds of both houses votes to do so. Since the amendment passed both the 2015 and 2017 legislative sessions by margins of approximately 90 percent in favor, the legislators must not see this as a significant obstacle.

Finally, it says nothing about taxes which can always be raised to balance the budget. Lifelong Hoosiers such as this writer can remember when the state gross income tax rate was raised from 2 percent to 3 percent as a “temporary” measure. It is now 3.23 percent plus another percent or two imposed by most of the counties. I seem to recall the general sales tax increasing from 2 percent to 4 percent during the first oil crisis in 1973. It is



now 7 percent plus whatever local taxing districts can manage to tack on to finance stadiums.

Or am I too cynical?

I do seem to be getting more and more that way. But let me offer just one example in defense of my attitude. The Indiana Constitution also requires that bills passed by the General Assembly “shall be confined to one subject and matters properly connected therewith.” This is routinely violated by the legislature, and the constitutionality of these multi-subject bills was challenged in a 1995 case before the Indiana Supreme Court. (In the interest of full disclosure, the plaintiff in this suit was a member of the Indiana Policy Review Foundation for which I write columns like this one.)

The Court majority ruled that the plaintiff had no standing and dismissed the case. Even the dissenting opinion, which allowed that the taxpayer has legal standing to challenge the constitutionality of government acts, essentially said it still didn’t matter in this case because the Court had already approved multi-subject bills in previous rulings.

Do you see why cynicism is so hard to suppress these days?

So what is my bottom line on this amendment? I will vote for it on Nov. 6 because it just might make for a higher speed bump in the legislature’s unrelenting trajectory toward higher and higher spending. But I won’t count on its effectiveness in controlling state spending so long as the taxpayers remain no more than geese laying golden eggs.

## A Conservative Supreme Court?

(Oct. 11) — Now that we are finally past the hyperbole, embarrassment and downright nastiness of the Kavanaugh confirmation in what used to be the venerable U. S. Senate, perhaps we can step back and take a dispassionate review of why this was so important.

First, let’s look at the results of several opinion polls that came out during the debate. Most showed that Brett Kavanaugh had the lowest positive numbers in history, well below 50 percent

favorable but still slightly better than the negative number. Then we learned that fewer than 50 percent of Americans could name even one current justice of the Supreme Court of the United States, with barely a third capable of naming the current nominee. Even so, importance of the Court polled quite high at 91 percent claiming that the Court affects their everyday lives.

Naturally, polls show that Democrats think the Court is too conservative while Republicans think it is too liberal. So what is it? Fortunately, two University of Michigan scholars can provide some insight.

Called the Martin-Quinn Score after the two researchers, the model attempts to predict future voting on major issues based on a conservative-liberal continuum that analyzes past votes going back to 1937. Without going into the math involved, mainly because I’m not sure what the “Markov chain Monte Carlo method” is, a layman can look at a very interesting graphic display in Wikipedia to get a quick sense of voting patterns.

This model, as models everywhere, must oversimplify many things to get at the one significant measure it seeks. In this case, every controversial vote was assumed to represent liberal versus conservative interests or inclinations. The net result is a moving line for each justice over time that, when viewed for the Court as a whole, will provide some level of predictability on future decisions.

Here is a list of what I found to be the most interesting insights to be gained. These are my conclusions so your mileage may vary.

The two most recent chief justices, William Rehnquist and John Roberts, moved toward the middle over time. This departed from previous chief justices such as Warren Burger, who remained conservative, and Earl Warren, who took a sharp left turn. My thought is that this is a reflection of the increasing politicization of the court that the chief justice must attempt to mitigate in order to arrive at clear majority decisions.



In the current court, Sotomayer and Ginsburg have become more liberal and their trend lines indicate a continued movement leftward. Breyer and Kaplan are not as extreme as their more liberal colleagues, but still liberal. Thomas and Alito have remained consistently conservative. Gorsuch is still too new but his 2017 voting pattern indicates moderately conservative.

It is fascinating to see how often two or sometimes three justices will vote consistently together. This suggests a personal as well as philosophical affinity between them, enough to have significant influence on their decisions. The court has been known for its collegiality, at least in the past.

Much is made of the so-called “swing justice” who casts the fifth vote on many major cases. Quinn and Martin identify which justice this has been going back to 1937. Kennedy most recently, and O’Connor and White previously, filled this role. Each tended to be moderately conservative with a few dips into the liberal side of the pool.

Finally, who have been the most extreme justices over the past 80 years? William Douglass is the clear winner, starting solidly liberal then moderating during the 1940s and finally taking a sharp left turn with Earl Warren’s assumption of the chief justice position. Douglass actually reaches the extremity of the scale, with no one reaching that level on the conservative side. Marshall, Brennan and Stevens are next in line, with liberal voting patterns similar to Sotomayer’s and Ginsburg’s today. Only Clarence Thomas and early voting from Rehnquist and Scalia can be mapped to that extremity on the conservative side of the scale.

So is the Supreme Court becoming more liberal or more conservative? Is Brett Kavanaugh’s confirmation the signal of a hard turn to the right? We’ll just have to wait and see, but the historical perspective suggests a higher level of politicization on behalf of individual judges with the all-important swing vote (Kavanaugh or perhaps Chief Justice Roberts?) remaining highly influential in the majority opinions handed down.

One thing is clear to me. The contentiousness and purely political machinations of the recent hearings can only serve to further politicize the court at the expense of its constitutional mandate for independence. John Marshall, probably the greatest chief justice ever who successfully fought off efforts to politicize the Supreme Court during its formative years, would certainly disapprove.

## A Return to County Fairs

(Oct. 5) — I suffer from nostalgia, a psychosis for which there is no known cure. My specter is the 1950s, the decade of my childhood. Other than my rose-colored memories, growing dimmer by the year, I see today only the remnants of that best of all times.

Fairs are one of them. I grew up in southern Allen County at a time when the Bluffton Street Fair in Wells County was one of the biggest events of the year. It was almost mystical in its attraction to youngsters and teens alike. I attended the township school near the county line for ninth grade, and the fair was all anyone wanted to talk about for several weeks prior and after.

I also recall vividly the congregational fair at the Lutheran church in Waynedale where we worshipped and I attended grade school. We children couldn’t wait for it, and bragged in school for weeks afterwards about how we overindulged in soda pop and ice cream.

This past month brought those memories to the fore as I attended both a church fair and a county fair with my grandchildren. I admit I am a pushover as a grandfather but I didn’t for one minute regret the money I was spending to watch an eight- and a two-year-old have pure fun.

(By the way, when did these things become so expensive? Note to self: Quit grouching about money all the time.)

The school fair at Ascension Lutheran, my family’s current church, was designed for the children to have fun and for some funds to be raised for one of the many off-budget expenditures parochial schools have these days. I was tasked with watching the two-year-old, who



played every game involving a ball multiple times. I only lost him once, but not to worry.

Our church is a throwback to the 1950s so my grandson was well-known and had joined another family. I wish our children could be that safe everywhere.

North of my home in Fort Wayne is DeKalb County, which hosts its annual fair in the fall like Bluffton does. It's called the DeKalb County Free Fair, but don't let that word "Free" mislead you. I was at least \$50 poorer when I left town, but much richer in knowing that once again I passed the grandfather test.

One nice thing about the DeKalb fair is that it takes over the entire downtown and extends to the fairgrounds just south of the central city. In spite of the number of booths and people, you don't feel crowded or unsafe. Based on an unscientific poll of the high school logo-adorned apparel being worn, fair goers were coming from most of the nearby counties as well from DeKalb itself.

I especially liked the number of games oriented toward little ones. A bowling type game only cost a quarter to play, but those quarters can add up due to the addicting nature of the game. My ball-crazy two-year-old found one where he could toss small wiffle balls at liquid-filled jars and he eventually won a goldfish for his efforts.

The rides were the attraction for the second grader and fortunately she has parents who like them as much as she. I certainly wasn't going to tempt fate on those things but then I've never been particularly courageous.

I know I can't bring back the 1950s but it's nice to know that there are small town communities like Auburn and Bluffton and Waynedale still thriving in these benighted times. And there is something special about the fall fairs that the summer ones just don't capture. I don't know what to call it but I saw it clearly reflected in the eyes of my grandchildren.

## The Other Father of our Constitution

(Sept. 13) — James Madison is generally known as the Father of the Constitution, and

rightfully so. His record of the debates at the Constitutional Convention are a historical treasure. His partnership with Alexander Hamilton and John Jay in authoring the Federalist Papers may be the most effective one in our history. Where we would we be today if they hadn't convinced enough Americans to support ratification? Not the leader of the free world, I hazard.

It is one of our great tragedies that the Madison-Hamilton alliance suffered a bitter split, one that I think rivals the more celebrated one between Thomas Jefferson and John Adams. In each case, friends and colleagues ceased working together for the greater good in favor of partisan politics. The more things change, the more they stay the same.

But it is John Adams who gets short shrift in our historiography. Partly this is due to his petulant demeanor and penchant for saying what was on his mind regardless of who was listening. Free with criticism was Adams and nobody likes people like that, especially when they all too often prove to be right.

One belief Adams propounded, and extremely politically incorrect at the time, was his outspoken opinion that the British constitution was a paragon of genius. Hyperbole perhaps, but his point had to do with the balance among the governmental branches that worked to preserve liberty. Unfortunately he ineptly began talking about this while the American War of Independence was still in progress.

What Adams meant was that Great Britain's government was structured to represent differing constituencies of social class through a healthy conflict of interests. He argued that the tripartite government of Crown, Lords and Commons imposed a balance that constrained any of these from abusing the liberty of the others.

Here is how Adams viewed this: The Commons of course represented the larger population of farmers and workers, even if imperfectly given the existence of rotten boroughs and controlled constituencies. The Lords represented an



aristocracy of both birth and obligation to service, and the Crown stood on behalf of the nation at large. This balance positively mitigated the benefits and dangers of each form of government — monarchy, rule of the one; aristocracy, rule of the few; and democracy, rule of the many.

Adams opposed a trend among the new states to establish unicameral legislatures like Pennsylvania's and figurehead executives like Virginia's. The social class interests needed to compete in order to check each other in defense of overall liberty.

The best model was one of republican government with a balance of power essential to good government, Adams wrote, one the new states should follow. One can imagine how that went down at the time.

Adams was right, though. The Massachusetts constitution, influenced by Adams and his writing, became the archetype for balance among the branches of government. Many individual state legislatures came to understand this when writing their own during the war.

Now think how that played out in the writing of our national constitution.

Reading a history of the debates at the convention is fascinating. Most school children, at least those of my generation, can recall ideas like the Virginia Plan, the New Jersey Plan, the 3/5ths Compromise and so forth. The convention was a textbook example of compromise for the common good.

Look at our current governmental structure. We have a House of Representatives elected locally and ideally focused on local needs. The Senate represents the states, even if more so back then when senators were elected by state legislatures. The President is elected by the states through the Electoral College but is expected to represent the good of the entire nation.

What we have is what Adams advocated and what the convention adopted even without his physical presence. He may not have been there in person but no one can gainsay his intellectual

presence through his influence on the delegates who were.

So as our nation celebrates this Constitution Day, we certainly should thank Madison, Hamilton and the delegates at the original convention, but let's not forget John Adams who gave us a government with a balance of powers.

## Immigrant Namesakes

*(Sept. 12)* — This column is about immigration. And about the American War for Independence. And about Indiana counties. What do these three topics have to do with each other? Quite a bit, in fact, and it isn't a stretch to see the linkages.

Leo Morris, my colleague at the Indiana Policy Review Foundation, recently wrote an op-ed piece on how the idea of legal immigration is lost in all the excessive rhetoric in our fevered political discourse these days. His column prompted me to run a very unscientific poll at the touchstone of community political opinion — the barbershop.

My barber has three customers who are naturalized U.S. citizens: one from western Europe, another from eastern Europe and the third from the Middle East. Each is outspoken with pride in his new status and immensely grateful to this nation for accepting him and his family. None will stand for being classified as a hyphenated American; they all are simply "Americans" and citizens of the greatest nation on earth where liberty is the watchword. Their characterization, but one I endorse.

Now rewind to our War for Independence. Most of us who learned U.S. history back when they used to teach it honestly in our schools can recall that several foreign military officers came to America to cast their lot with our rebellion, and at a time when the outcome was in doubt and with odds long against the rebels. The most famous of these is the Marquis de la Fayette but there were others less well known.

Just drive around the state of Indiana and note the county names. I submit the following in illustration.



A few minutes north of my home in Fort Wayne is DeKalb County, named for Baron Johann de Kalb. De Kalb was a decorated German officer who left a fortune behind to come with his protégé Lafayette to serve in the American army. He was killed at the battle of Camden while leading a division of American troops.

Continuing into the northeast corner of the state is Steuben County, named for Friedrich Steuben. Although he had a solid military background in the Prussian army, his resume was exaggerated by Benjamin Franklin to get him noticed by George Washington. Thankfully, he got that attention. He was appointed inspector general of the Continental army and used the winter at Valley Forge to turn an armed rabble into a trained military force. After Washington I hold that he was the most important military contributor to our eventual victory. He remained in the United States and died virtually penniless.

Just west of Fort Wayne is Kosciusko County, named for Polish military engineer Thaddeus Kosciusko. He served throughout the colonies building fortifications including those at West Point. He fought for Polish freedom from Russian domination both before and after his service in America. He was captured by the Russians and eventually pardoned, and then emigrated back to the United States. He was heavily influenced by Thomas Jefferson's writing on liberty.

Pulaski County in northwest Indiana is named for Polish nobleman, Kazimir Pulaski. On the losing side in one of the numerous Polish-Russian wars, he was stripped of title and property, and served time in a French debtors' prison before finding enough funds to come to America at Benjamin Franklin's instigation. He was appointed by Washington as the Continental army's first commander of cavalry. He was killed outside Charleston in American service.

Finally, I come back to Lafayette. Fayette County in southeastern Indiana is named for him and LaGrange County in northeast Indiana is called after his ancestral estate in France. His contribution to our victory is well known, but his

efforts to moderate the bloody excesses of the French Revolution are equally noteworthy. At least he died peacefully, honored here and in France.

Some may dismiss these men as soldiers of fortune, glory-seekers and outright hucksters in their promotion of fraudulent resumes. So what? Regardless of their motivation for coming here, they were all legal immigrants who pitched themselves into an unknown environment in support of what certainly looked like a losing cause. Losing cause or not, the principle of liberty was worth their risking all for.

Those who fight for liberty deserve to be honored. But I wonder how many residents of these six counties know whom they honor and why?

## Bourbon and Taxes

(Sept. 9) — I recently completed a three-day tour of the Kentucky Bourbon Trail. It was quite educational as well as introducing me to a few new labels to try now that I am back home.

Not everything I learned was blissfully enlightening however. At one of the distillery tours, the guide said that the wholesale price for its product was 60 percent federal and state taxes, 30 percent ingredients and processing, and just 10 percent for overhead and margin.

Sixty percent of the product price is taxes?

Several economic principles seem to be in play here. First, governments always find it politic to tax so-called sin items. If a significant portion of the voting public considers certain activities or consumption to be immoral or unhealthy, then politicians know that they can hit those with fairly high tax charges.

Second, this free pass on public reaction is only possible because the taxed products have inelastic demand curves. In other words, no matter what the product costs people will purchase it. Everyday essentials like gasoline and groceries can fall into this category as well.

These products are taxed not so much because they raise significant revenue but because they are



politically safe. This year's federal alcohol excise tax receipts will total about \$10 billion, not a lot by federal budget standards but "a billion here, a billion there and pretty soon you're talking real money," as former Sen. Everett Dirksen liked to say.

This hasn't always been true. In the first years of our republic, the federal government could not legally tax incomes. It had to raise revenue through import tariffs (which are back in the news again) and excise taxes, which are taxes on certain products like alcohol.

The first Secretary of the Treasury Alexander Hamilton convinced Congress to tax alcohol, which really amounted to a tax on western farmers who reduced their grain crops to liquid form for shipping to market. The Whiskey Rebellion ensued, one of the supreme ironies of our national history; we rebelled against Great Britain over taxation and immediately had to quell an internal armed rebellion over the same thing.

The current federal tax is \$13.50 per proof gallon (with exceptions for small distillers) and nearly every state adds its own excise tax, running from \$35.22 per gallon in Washington to only \$2.68 here in Indiana, thankfully near the bottom of the list. Then add every other form of taxation at each stop in the distribution channel — business property and income taxes, payroll taxes, sales taxes, liquor license fees, ad nauseum — and you soon see why a bourbon distillery claims 60 percent of its selling price is paid over to one or another governmental agency.

Here's how that works out in the real world. A recent survey of the retail cost of a bottle of popular American whiskey by state ran from \$33 in West Virginia to \$16 in New Mexico, with Indiana in the middle at \$24 — same product, a wide range of retail prices driven primarily by tax differentials.

It could be worse. In the United Kingdom where they make Scotch whisky (note there is no "e" in the Queen's English), 79 percent of the retail price is tax. Seventy-nine percent! Maggie Thatcher must be rolling over in her grave.

I wasn't a math major but it is clear to me that the first \$10 or so I pay for a bottle of whiskey goes directly into Uncle Sam's pocket, with a declining percentage as the price goes up. This tells me I need to take a principled libertarian stand and buy only expensive bourbon to deny the government the satisfaction of pocketing most of the purchase price.

My bourbon demand curve is very inelastic.

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## Lincoln's Trade Epiphany

(Oct. 24) — In discussions of international trade, the pervasive mindset is that exports are a positive entry in a country's "economic well-being" ledger, while imports are a negative entry in the ledger. In other words, exports are intrinsically "good" and imports intrinsically "bad."

Who hasn't heard that imports "destroy" jobs while exports "create" jobs? Likewise for imports being "dumped" on Americans. Ditto for imports being likened to "invading foreign armies." In international trade negotiations, countries grant import "concessions" only if their trading partners reciprocate with "concessions" of their own. That is, countries grudgingly import in order to export, not the other way around.

In my many years of teaching the essentials of international economics to university sophomores, I found that virtually all of them were afflicted with this mindset. Against this backdrop, I enjoyed asking students about what Abraham Lincoln's (who was a lifelong protectionist) northern states did to Confederate seaports during the War Between the States. Despite students' general historical illiteracy, some were able to correctly respond that the North blockaded these seaports to keep Confederates from importing goods and services.



Next question was: did this help or hinder the Confederacy's war effort?

To which the students responded:, "It hurt their war effort."

At this point the students had fallen into a glaring contradiction. To wit, if imports are harmful to a nation's economic health, then the northern states' blockade of Confederate seaports, by reducing Confederate imports, strengthened the Confederacy. Yes, that what it means. Which, in turn, suggests that Lincoln was an unwitting agent for the Confederacy! This is absurd.

Some students, probably attempting to save face, pointed out that the North's blockade also deterred Confederate exports (primarily cotton). Did this harm the Confederacy? Yes, but not because exports are intrinsically good and less of them would be harmful. Exports, by themselves, represent goods and services leaving the Confederacy. What's intrinsically beneficial about having fewer goods and services available, particularly when you're trying to fight a war?

The problem here is that the popular mindset regarding exports and imports is bogus! Rather than imports being intrinsically bad and exports intrinsically good, the truth is just the opposite. Lincoln escaped this popular mindset only once in his political career when he undermined the Confederacy by blockading its harbors. In doing so, he anticipated the late 19th century economist Henry George's observation that nations do to their citizens when peace prevails what they do to their adversaries during wartime.

None of the politicians/ commentators, together with their business/labor allies, who peddle this economic nonsense about exports and imports behaves in their personal lives as they suggest the nation posture itself with respect to the rest of the world. Indeed, their income earning activities (their exports) enable them to buy things produced by others (their imports). Hopefully, lots of imports. The more the better, in fact. Their exports — that is — their incomes, are what enable them to do this. The bottom line is that people in their private lives export in order to import.

If actions speak louder than words, we should look at what our politicians/commentators and their business-labor cohorts do when managing their own affairs, not the affairs of the nation. It demonstrates Adam Smith's insight in his 1776 classic, *The Wealth of Nations*: "What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom."

Cost of Living Indexes	Indianapolis	San Francisco
Overall	90	273
Food	92	122
Housing	74	604
Median Home Cost	\$127,700	\$1,331,100
Utilities	91	96
Transportation	100	115
Health	113	115
Miscellaneous	98	119

100=national average

## Beware the Cost-of-Living Index

(Oct. 3) — Suppose you live and work in Indianapolis. Your employer informs you that it wants to transfer you to San Francisco. One of your first concerns is likely to be: "Hey, what about my salary? The cost of living is really high out there, isn't it?" Anticipating such a reaction, your boss assures you that your salary will be bumped up based on the difference in your cost of living for the two cities. Should this allay your concern?

Subsequent coffee break, water fountain and lunch-hour conversation will assure you that it'll be a break-even move as far as your salary-based living standard is concerned. Thus, it'll all depend on your assessment of the non-monetary quality of life in the two cities. Sounds OK, doesn't it? Nevertheless, it's wrong, and at odds with the first principles of economics.

The table above presents some evidence on the difference in the cost of living in the two cities. It comes from Sperling's Best Places to Live [3] website. Note the overall cost of living in San Francisco is slightly more than triple that of Indianapolis — what you get for \$60,000 annual income in Indianapolis requires \$180,929 in San Francisco. Also note that the bulk of this large difference is attributable to the cost of housing in the two cities. Housing is 8.162 times more costly



in San Francisco, while food, for example, is only 1.326 times more costly.

So, we assume: a salary of \$60,000 in Indianapolis, Indiana, should increase to \$180,929 in San Francisco, California.

More important, and the crux of our argument, is that relative prices of the items change with a move to San Francisco. To see the importance of this, let's confine discussion to two items in your budget — housing and food. While the example is straightforward, it contains some subtleties that might require putting on our “thinking caps.” A pencil and paper might help, too.

To keep the numbers simple, if the Indianapolis price of a unit of housing is \$5 per unit (square feet, for example), then its San Francisco price would be \$40.81 ( $\$5 \times 8.162$ ). Likewise for food: if the Indianapolis price is \$1 per unit, its San Francisco price would be \$1.32 ( $\$1 \times 1.326$ ).

Each time you purchase a unit of housing in Indianapolis (for \$5) you gave up the opportunity of having five units of food (\$1 each); and each time you purchased a unit of food you give up the opportunity of buying 0.20 units of housing.

These relative prices are different, big time, in San Francisco. Now, each time you purchase a unit of housing you give up 30.9 units of food; and each time you purchase a unit of food you give up an opportunity of obtaining 0.03 units of housing. Housing is relatively more costly in San Francisco, 30.9 units of food versus five units of food in Indianapolis. Food, on the other hand, is relatively cheaper in San Francisco, 0.03 units of housing vs. 0.20 units of housing.

A foundational principle of economics is that when relative prices change, people change their behavior. If not, school's out and economics ceases to exist as a field of study. Accordingly, when you arrive in San Francisco, you can be expected to substitute away from housing (fewer square feet, for example) toward food (more expensive cuts of meat, for example). Not because you like housing less, mind you, but because it now costs more. Similarly, you buy more food, not

because you like it more, but because it now costs less.

Since you have the opportunity to maintain your Indianapolis consumption pattern, but choose not to, we can say that your salary-related living standard in San Francisco must be — has to be — higher. Alternatively, your Indianapolis standard of living could be maintained in San Francisco with a smaller increase in your salary. That is, to less than \$180,929. Don't tell your boss.

What if some of your Indianapolis colleagues, with the same Indianapolis salary as yours, are also going to be transferred. Two types of consumption patterns stand out:

First, is the case of those whose Indianapolis consumption pattern has less housing and more food than you. Relative to you, a salary bump to \$180,929 will be more than enough for them to match their Indianapolis consumption bundle of food and housing. Moreover, like you, the change in relative prices will induce them to tilt their consumption pattern toward food and away from housing. They gain for two reasons. Like you, these folks should not tell their boss.

Second, those whose Indianapolis consumption pattern is skewed toward more housing compared with yourself, even with the salary bump to \$180,929 will leave them unable to buy what they bought for \$60,000 in Indianapolis. While they can also substitute away from housing toward food, the net effect on their living standard is uncertain. Anything can happen. That any would break even, as your “counselors” suggest, would be fortuitous at best.

The bottom line in all this is that uniformly adjusting salaries upward by the measured change in the cost of living in order to preserve pre-transfer living standards is virtually impossible. It'll depend in pre-transfer consumption patterns and people's willingness to substitute in response to relative price changes. Nevertheless, there is an aura of precision about it that makes it sound “scientific” to the ignorati. ♦



# ‘To End All Wars’

*Eight and half million soldiers were killed and 21 million were wounded. Britain lost 722,000 men, including 57,000 on July 1, 1916 — almost half of its troops in the Somme Offensive. France lost 1.4 million, including 300,000 in a one-month period — and overall, 50 percent of its men between 20-32 years old. Russia lost 1.5 million, mostly in a six-month period. Germany lost more than two million, including one-third of its men between 19-22 years old.*

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## World War I

(Nov. 11) — November 11th (11/11) at 11 a.m. was the 100th anniversary of the armistice with Germany that ended World War I. At the time, it was considered “the war to end all wars.” It was soon replaced in the public imagination by an even larger war. Still, World War I was important both for what happened in the war and what came from it.

Like most people, I know little about it. But I have remedied this to some extent by reading Adam Hochschild’s excellent book, “To End All Wars.”

Statistics about the war’s carnage are staggering. Hochschild reports that 8.5 million soldiers were killed and 21 million were wounded. Britain lost 722,000 men, including 57,000 on July 1, 1916 — almost half of its troops in the Somme Offensive. France lost 1.4 million, including 300,000 in a one-month period — and overall, 50 percent of its men between 20-32 years old. Russia lost 1.5 million, mostly in a six-month period. Germany lost more than two million, including one-third of its men between 19-22 years old.

Civilians arguably had it worse. Aside from war-time deprivations, civilian war deaths are estimated at about 20 million, including the Turkish genocide of the Armenians and the Russian Revolution. The War also led to the Great Influenza of 1918 when about 50 million died. (The epidemic started at an army base in Kansas and was brought to Europe by American soldiers.) If you include these deaths, World War I was more deadly — in absolute numbers and especially in terms of percentages — than World War II.

The war featured important changes in how warfare was conducted. Some weapons were new and effective — most notably, barbed wire, poison gas and flame-throwers. Tanks and airplanes were new to war, but largely ineffective until the end. However, their emergence pointed to their prominence in wars to come.

Some existing weapons gained influence. Naval warfare was more pronounced. For example, German U-boats sank more than 5,000 merchant ships. Firepower grew tremendously, as soldiers expended 700 million rounds of artillery and mortar. In particular, machine guns had become more effective.

This led to greater “trench warfare” (475 miles on the front lines), given the level terrain of the most relevant battlefields and the strength of defensive lines bolstered by machine guns. (The “Christmas Truce” is a strange and famous moment when soldiers from both sides left their trenches to celebrate Christmas together.)

One aspect of warfare was repeatedly and grossly overrated. Hochschild notes that the British and French kept expecting cavalry to play a key role — as it had in the past. Instead, its most pivotal role was in the military’s over estimations about its limited importance.

Once in the war, German leaders believed they would defeat Belgium and France in six weeks. From there, they planned to turn on the “real enemy,” Russia. But the Belgians blew up bridges and roads, slowing down the Germans, giving the French more time to prepare and the British more



time to jump in. The Germans got within 23 miles of Paris in September 1914, but wouldn't get any closer.

World War I also triggered the Russian Revolution. The sacking of the Czar's regime worried European governments. They feared the same sort of uprising, especially given the pain of the war. World War I also directly destroyed or dramatically reduced five empires: the Austro-Hungarian, Ottoman, Russian, German and British. And the poor resolution of World War I famously led to World War II.

Hochschild explains how the assassination of Archduke Ferdinand and his wife set off the War. The Austro-Hungarians were "looking for any possible excuse to invade, dismantle and partition Serbia." But by the end of the war, almost all parties would regret their decisions to enter the battlefield.

A burgeoning passion for peace is perhaps the most surprising part of Hochschild's book. For example, about 20,000 men refused the draft in Britain. He details the battle behind the scenes — between war propaganda and the peace movement. Each side had its famous proponents — most notably, Rudyard Kipling (pro-war) and Bertrand Russell (anti-war) — as the debate played out in public.

In our times, when the GOP has mostly walked away from non-interventionism and most Democrats have dropped opposition to military intervention as a key tenet, perhaps Hochschild's reminder about this public policy debate is the most important lesson to remember from World War I.

## The Korean War

(Sept. 4) — I hadn't read anything about the Korean War and I've thoroughly enjoyed David Halberstam's work on baseball and culture ("Summer of '49" and "October 1964"). So I was glad to read his book on "the forgotten war."

"The Coldest Winter" at 661 pages was a bit of a slog, and I skimmed in places. But it was immensely helpful for understanding the war's

primary causes, key battles, main characters and the implications of our failures in Korea.

In his epilogue, Halberstam traces the origins of this book to an interview with Fred Ladd during his research for *The Best and the Brightest* — on the failures of the Vietnam War (659-660). After a decade of writing and 43 years after the interview that planted the seed, Halberstam finally completed the book in 2007. (Sadly, this was his final book. He died at age 73 in a car accident on the way to an interview for his next book — again, on baseball.)

## The Forgotten War

I should probably start with an apology and an explanation. If you're familiar with the Korean War, my review of Halberstam's book may be somewhere between old news and reinventing the wheel. But I've never read anything substantial about it — and I'm not nearly alone. Why has it received so little attention?

The Korean War should be a big deal in the American memory. It lasted three years (June 1950 — July 1953); it occurred near the outset of the Cold War; it involved Russia, Japan, China, and what would become Taiwan; it featured the best decision and worst antics of Douglas MacArthur's famed career; it resulted in 33,000 dead and 105,000 wounded Americans (1.2 million dead when you include the Koreans and the Chinese); and it led inexorably to the disaster in Vietnam (page 4).

But from the beginning, its place in history has been diminished. Truman labeled it a "police action" rather than a "war," not wanting to ramp up the temperature of the Cold War (2). This greatly upset the soldiers — then and afterwards, harming their legacy. Of course, maybe we'd remember it differently if the outcome had been a lot better. Halberstam notes that it "was a grinding, limited war." After the first nine months, the "action" certainly didn't rise to the level of WWII excitement. It was not a "great national war of unifying singular purpose"; it was



a “puzzling, gray, very distant conflict . . . seemingly without hope or resolution.” (2)

It didn’t divide us — and thus haunt us — like Vietnam. It didn’t receive ample television coverage; the news was still largely black-and-white. Elie Wiesel said the opposite of love is not hate but indifference. And indifference was the standard response here — at least for those not in the battle. Most folks back home were enjoying the consumer boom of the 1950s. In contrast, aside for a few brief ecstatic moments, the news from Korea “was almost always so grim.” (4-5)

The upshot: the Korean War was “orphaned by history” (p. 2). Halberstam went into a public library in Florida in 2004. He found 88 books on the Vietnam War and only four on the Korean War. No popular movies have been made about the Korean War. Its only significant pop-culture reference is the TV show *M\*A\*S\*H* — a series set in Korea, but ultimately about Vietnam, at a time when one couldn’t criticize Vietnam directly. (Halberstam notes that the shaggy haircuts in *M\*A\*S\*H* tell us that the show was really about Vietnam, since crew cuts were still required in Korea.)

Korea’s seeming obscurity was a problem from the outset. First, it was considered a backwater in terms of foreign policy. Halberstam’s second sentence fingers Secretary of State Dean Acheson with “a colossal gaffe” (p. 1), by leaving South Korea out of America’s Asian defense perimeter. Second, Douglas MacArthur was busy running post-war Japan as its governor. He did “an admirable job of modernizing Japan” (p. 62). But he was not particularly concerned with the military there. He gave Korea even less attention, saying that it was a State Department issue (60-61). Third, when conflict began in Korea, most experts worried that it was merely a Soviet feint to disguise a larger and more important move in the budding Cold War.

Beyond inattention to Korea, America’s military had declined at a surprising and debilitating rate. Halberstam provides many reasons for this: a desire to return to a peacetime

mindset post-WWII (and post-Great Depression — it’d been a tough 16 years); being ill-at-ease with its new world-power role; an over-dependence on the nuclear option, imagining that it displaced the need for conventional military resources (142, 149); and the fiscal conservatism of Truman who didn’t want to continue paying so much for a military. Military spending fell from \$91 billion to \$10-11 billion and Truman wanted to get it down to \$6-7 billion (p. 177). As the war proceeded, spending would eventually rise to \$55 billion (p. 201).

This caused all sorts of trouble — directly and indirectly. The troops were poorly armed and poorly prepared. When trouble came, the lack of preparation and the resulting reluctance to enter the war necessarily led to charges of “appeasement” (p. 90). In light of the weak, early European approach to the Nazis and concerns about Communist aggression, many people reasonably believed that a strong response was ideal. Halberstam also argues that its ripple effects extended well beyond the war — that Korea “would poison American politics” and result in “deeply flawed” policy toward Asia and ultimately Vietnam.

Because of the Korean War, Truman took a beating in domestic politics. History has rescued his reputation and elevated the merit of his choices, but it’s gone too far. Truman was famous for insisting that “the buck stops here.” As such, he bears the blame for the poor preparation in the run-up to the War (138) and especially in failing to deal appropriately with Gen. Douglas MacArthur.

One can still have sympathy for Truman. He was “dealing with a war he did not want, in a part of the world his national security people had not thought important, and relying from the start on a commander in the field whom he did not like, and who in turn did not respect him. The stars were not aligned from the start” (p. 102). But an objective history must find his approach to the military and the war to be far less than ideal.



### Key Players on the World Stage: Rhee, Kim, Stalin, and Mao

Halberstam focuses considerable attention on the relevant world leaders. The president of South Korea (SK), Syngman Rhee, is largely described as a figurehead and a puppet ( 65-68). His ascension to power was a function of circumstances — the right man at the right time, given that he was in America when things were going poorly in Korea before WWII. His leadership was unimpressive; his troops were ill-prepared and ineffective. At least, relative to his American sponsors, the North Korean belligerents, and their Chinese accomplices, Rhee was largely a non-factor.

The leader of North Korea (NK), Kim Il Sung, was a much larger player — as the primary instigator of hostilities. Although Kim exaggerated his role, he had been a key guerrilla leader in the war against Japanese occupation (p. 74). He had been installed by the Soviets and was loaded with help from Russian generals, but during the war, almost all of his assistance came from the Chinese. He “was somewhat of a contradiction, a fierce nationalist who was the creation of an imperial power,” (p. 71) He was not charismatic, but he was a true believer in Communism and his own right to power. Long after the USSR had fallen and China had compromised, “Kim remained the last great Stalinist in power: rigid, doctrinaire, inflexible, a man who believed all the old truths even as so many of them had turned out to be false.” (p. 77)

Stalin gets some play (p. 346) as a foil to Mao and as someone who was trying to stir the pot behind the scenes. Stalin held the stronger hand and played it (p. 361), treating Mao like a peon ( 352-354) and repeatedly breaking promises to support China’s effort in Korea (p. 360). (Halberstam tells a wild story about Mao returning the favor later, holding a meeting with Khrushchev in a swimming pool, forcing him to wear a life preserver since he couldn’t swim. [p. 352])

Coming into the Korean War, Mao and the Communists had driven out the Nationalist forces

of Chiang Kai-Shek, forcing him to Taiwan. Stalin’s quiet machinations and Chinese success versus Chiang and America allowed Mao to become as a man of unprecedented power in China and for China to emerge as a world power (p. 633). Of course, from there, things get increasingly brutal for China under Mao — the “Great Leap Forward” (p. 634), staggering persecution, and Stalin-like purges of his “enemies” — or those who became known as “enemies of the people.” (p. 636)

MacArthur believed that China would stay out of the Korean theater, leading him to be aggressive in pushing north. But Mao had other ideas. He “believed it was good for the new China and necessary for the future of the revolution, both domestically and internationally.” (p. 338) Mao believed in “a single strand of history and in (himself) as its principal figure — in effect, serving as history’s man . . . powerful stuff.” ( 338-339)

“Epic revolutions probably demand someone with a supreme, invincible sense of self, a belief in the price that others men have to pay for the good of their vision . . . rationalize great suffering for the good of the cause . . . no boundaries, no restraints . . . what began as an all-consuming vision became almost inevitably a great nightmare as well.” (p. 339)

### Pride and Prejudice

One recurring theme is that the leaders grossly overestimated their military prowess and underestimated their enemies (p. 631). Kim wanted to rule the entire country and imagined that his troops would be welcomed by the South. He overestimated his military strength; he thought North Korea would be victorious in three weeks (p. 1). He was fooled by his early dominance on the battlefield — before U.S. troops stiffened at Pusan, received reinforcements, and were eventually relieved by the invasion at Inchon. “Kim was still talking victory — while the Chinese were increasingly sure that he had already been defeated.” (p. 168)



Second, after Inchon in September, MacArthur and company confidently expected to be done by Christmas (p. 367). Troops sent from Japan were told to “pack their summer dress uniforms — for the victory parade that was soon to come in Seoul” (p. 145). The Joint Chiefs thought about replacing MacArthur with Matt Ridgway but thought Korea would be short and were worried about USSR efforts elsewhere in the world (p. 153).

Third, with Mao’s “surprise” attack and early sweeping success, he imagined that they would easily drive the Americans off the Korean Peninsula, leading to strategic mistakes in overextending his troops (p. 507). And then after the war, his success in Korea led him to a great leap backward for “the people.”

Eventually, each side was sobered a bit by failure — and with Ridgway in charge, the War settled into its long, slow, grinding phase. But over and over again, hubris had caused bad decisions and devastating consequences.

One key reason for the preeminence of pride was that these leaders used power and fear to control things — and then had sycophants who sucked up to them. When you scare everybody and then you surround yourself with yes-men, you quickly move from pride to self-deceit. As M. Scott Peck notes in “The People of the Lie,” when you start lying to others and then lying to yourself, it’s quite difficult to recover. Once you’re divorced from reality and you set up barriers for people to bring you back to reality, only exceedingly harsh realities have a chance to turn you around.

It was worst in Communist systems, where the leaders controlled the mechanisms of power far more completely. “Bad news tended not to filter back . . . (it was) sanitized step by step” (p. 306). But America had its own burden here. MacArthur was a legend; he was on the cover of *Time* magazine for the seventh time, immediately after North Korea first attacked (p. 103). Halberstam quotes Gen. Joseph Stilwell who noted that MacArthur got his first star in 1918 and was thus a general for 30+ years: “30 years of people playing up to him and kissing his ass, and doing what he

wants. That’s not good for anyone” (p. 104). When Truman didn’t deal forcefully with MacArthur early on — and when he failed to prepare America militarily, especially in Asia — his lack of courage and passivity were at the crux of the genesis of our problems in Korea.

Another contributing factor was the racism that was prevalent into the mid-20th century, given evolution, pseudo-science, and Progressive ideology. The Chinese looked down on the Koreans. The Russians looked down on the Chinese. Most relevant, many American leaders looked down on all of the Asians. Racism starts in ignorance, dances with pride, and causes all sorts of damage.

### Key Events and Battles

Halberstam’s book is not fully chronological, but it’s easy to follow the key events of the war. Let me provide an overview to give you a mental picture.

- From the 38th Parallel (the pre-war and post-war border between North Korea and South Korea, approximately dividing the peninsula in half), the North invaded the South in June 1950. The South troops were routed and a handful of heroic South Korean and American soldiers held on at the “Pusan Perimeter” (the southeast corner of the peninsula), trying to avoid another Dunkirk.
- The UN got involved with “resolutions” — and on the ground, predominantly American troops and material to bolster the defense. Then MacArthur invaded northwest of Pusan with a bold amphibious landing at Inchon in mid-September. From there, the Americans quickly routed the North Koreans and pushed them past the 38th Parallel.
- With victories in hand, the Americans confidently continued north with plans to stop at the Chinese border. But the Chinese sent hundreds of thousands of troops into the mountains of northern North Korea, waiting in ambush. When they struck in late October, they routed the Americans and quickly pushed them



back — all the way past the South Korean capital of Seoul in January.

- With more troops and the emergence of Matthew Ridgway as the top general, the Americans again pushed north of the 38th Parallel, where the war bogged down for its final two years.

The surprise amphibious landing at Inchon was the key moment in the war — for what was accomplished there, but also for where it led MacArthur and the American effort. Inchon “broke the spirit of the North Korean military and opened all of North Korea to his forces” (311). The invasion was “a brilliant, daring gamble . . . MacArthur at his best: audacious, original, unpredictable . . .” (293) Halberstam compares it to his “deft campaign in the Pacific” in WWII — “vast island-hopping distances accomplished with minimal casualties, he struck more often than not islands that were not Japanese strongpoints.” (294)

To pull off Inchon, MacArthur had to be immensely persuasive with the other commanders, convincing them that the plan was worth the risks (299). He compared the move to James Wolfe’s bold charge up the cliffs at Quebec — the pivotal battle of the French-Indian War in 1763 (299). But the success at Inchon would also lead MacArthur to imagine that such gambles would always pay off handsomely. Instead, his overconfidence and terrible strategic decisions led to disaster just a month later.

Once the Americans were off the ropes at Pusan and pushing the North Koreans north, the question was where to stop. The 38th Parallel was the original border, but it was new and arbitrary, having just been established by the Russians and Americans after WWII — “almost as an afterthought, the division done in the most casual way at the last minute at the Pentagon.” (62)

Moreover, shouldn’t the North Koreans be punished for their aggression? Would failure to push north be seen as appeasement or weakness that would be exploited by the Chinese or the Russians? Wouldn’t it be smarter for diplomatic

ends to go past the original line and then negotiate back? Or thinking big picture: If the Chinese were defeated, would this open the door for the Nationalist Chinese of Chiang Kai-Shek to regain control of the mainland from Mao and the Communists?

Once you go past the 38th Parallel, how far do you go? The two basic choices were to take all of North Korea, pushing to the Yalu River at the Chinese border — or to capture the North Korean capital of Pyongyang and find an easily defensible line north of there. Going further north was problematic. It is a mountainous and largely uninhabited wilderness, with tougher weather, rougher terrain and increasingly tenuous supply lines. And the country broadens out considerably as one goes north (383). If the Chinese entered North Korea at all, this would be an indefensible line and a horrible decision.

MacArthur decided to go to the Yalu and even encouraged soldiers to “piss in the river” (390). But things “went south” soon after — metaphorically and literally. It was “a combination of the Second Crusade, Napoleon’s march on Moscow and Bataan . . . a monstrous error. Even if we battle to the Yalu at a great cost and by mastering logistic obstacles . . . we would be further out on a limb with no chance of extrication.” (406)

MacArthur was betting (heavily) that the Chinese would not enter the war — even though diplomatic channels and troop sightings provided clear warnings. It was “not so much a strategy as a bet . . . [and] the bet had been called” (403). His gamble also included a low assessment of the Chinese if they did enter. In part, this was connected to his recent history (victory over Japan in WWII and the triumph at Inchon), his inflated sense of his knowledge of “the oriental mind” (369-372), and a then-all-too-common racism. (One irony here is Chinese and Japanese racism toward Korea as inferior. “Korea was a small proud country that had the misfortune to lie in the path of three infinitely larger, stronger, more ambitious powers — China, Japan and



Russia. Each of them wanted to use it either as an offensive base from which to assault one or the others or as a defensive shield to negate the possible aggressive designs of the other two” [63]).

So, MacArthur’s successes led to big trouble. Inchon and the subsequent weeks were so successful that “the appetite for a larger victory had been whetted . . . The more successful the U.S. was in the South, the harder it was to set limits going north. Anyone who tried to limit the offensive into the North would be labeled an appeaser” (323), MacArthur wanted the glory of a bigger victory and would have been happy for a bigger war with China — for the glory and the opportunity to reestablish Chiang Kai-Shek. So, he over extended his troops and stumbled into a huge Chinese ambush.

The results of the Chinese counterattack were quick and devastating. Halberstam quotes Frank Gibney: “Inchon was the most expensive victory we ever won because it led to the complete deification of MacArthur and the terrible, terrible defeats that happened next.” (332) All told, the retreat “was the greatest defeat suffered by the American military since the Battle of Bull Run in the Civil War.” (471)

Elements of the retreat were particularly brutal, especially what came to be known as “The Gauntlet” (451ff). Troops were retreating through narrow valleys with the Chinese holding the high ground. The large American weapons and equipment became an impediment. If the Chinese could disable a large vehicle, it created “fish in a barrel.” The most famous battle from this phase of the war is the Marine heroics in breaking out of the Chosin Reservoir area — “certainly one of the great moments in the Corps’ history” (431), the result of “great individual courage and exceptional small-unit leadership.” (468)

On top of the defeat and the hubris that led to it, MacArthur aggressively tried to blame everybody else (440). But he could not evade responsibility effectively. Truman sent Matthew Ridgway to Korea — in essence, supplanting

MacArthur from the most powerful position.

Ridgway turned things around — completing the fast-moving phases of the war — in pushing the Chinese back across the 38th Parallel. The bulk of the U.S. renaissance occurred with three key battles in February 1951. Halberstam spends much time on the battles at Twin Tunnels, Wonju, and Chipyoungni (all of Part 9: chs. 38-47). These defeats were “devastating” to the Chinese logistically and psychologically, with “grievous casualties” of “frontline” troops who had been forced to flee (587).

Once they reached the stalemate, it was still difficult to end the war — with battles, diplomacy, and politics dragging things out for another two years. There were “cruel costly battles” (including “Pork Chop Hill”) with “few breakthroughs” and no “turn-of-the-tide victory” (624). One of the key problems was that many Chinese prisoners did not want to return to China. (625) The two Koreas were forced to recognize each others’ legitimacy. Americans also had to come to terms with a stalemate as a conclusion — and American politics had to express its distaste for Truman and the Democrats in the 1952 election. Finally, in late July 1953, the sides reached a truce.

### Key Players in the U.S. Military

Dean Acheson plays a huge role in the book. Halberstam is rough on him — probably combined with his criticisms of Acheson about the Vietnam War. Halberstam points to Acheson’s racism, pseudo-science and classism — and thus, his failure to understand Korea and Vietnam (186). He pokes at Acheson for his defense of Alger Hiss, particularly in such a difficult historical moment (188). Still, Halberstam notes that Acheson faced tremendous challenges — “as tumultuous a tour as any secretary of state ever endured, perhaps the single most difficult four-year stretch in the country’s history in terms of its foreign policy.” From Chiang to Mao, from the Soviets’ first atomic weapon to the Korean War, it was a tough time to be king or one of his lieutenants (187).



Walton “Johnnie” Walker was a prominent but relatively unsung general. He was in charge on the ground during the Pusan Perimeter defense and did a terrific job during the dark early days of the conflict. (Halberstam also devotes a big chunk of space to a Lieutenant Beahler who did vital work during this time, including going against bad orders from a superior [270-276, 279]). For those seven weeks, Walker “was nothing less than a remarkable, fearless commander, doing almost everything right” (254). And yet, he was “the forgotten commander of the forgotten war” (255). He was not one of MacArthur’s favorites, so he was overlooked in favor of generals like Ned Almond (who Halberstam crushes). Walker is also pivotal in an ironic way: his death in a car accident (486) led to the emergence of Matt Ridgway as the top general on the ground in Korea. (MacArthur formally gave the Eighth Army to Ridgway when he arrived on Dec. 26 [491, 494]).

Ridgway had been on the rise since WWII. In fact, some military leaders wanted to keep him out of Korea because it might slow down his rise in the military ranks. But now he was definitely needed in Korea. “If ever an American officer was perfectly suited for a particular moment in American military history . . . to take over the shambles of a dysfunctional Eighth Army.” (487)

Halberstam points to four key moments in Ridgway’s career: talking superiors out of an air assault on Rome in 1943; leading the airborne assault on France for D-Day; helping French forces who were trapped in Vietnam in 1954; and reinvigorating of the troops in Korea (489). The Rome story was most impressive — as he challenged but failed to initially persuade his superiors. He then sent a deputy on “a daring mission behind German lines to meet with the Italians and recon the situation” (489), verifying his concerns and carrying the argument. Halberstam concludes that Ridgway was “someone whose courage away from the battlefield was the same as that on it.” (490)

Ridgway’s leadership style was more conducive than MacArthur’s to modern times. He was amazing in terms of logistics — working through the bureaucracy and private manufacturing to get bazookas produced, creating a “pre-FedEx super-supply system” (491). He was constantly on the ground in Korea (498), where MacArthur never made an appearance (11). He emphasized intel (499), where MacArthur has downplayed it and employed Charles Willoughby to use it for political purposes (54, 378-279, 382).

One of the ironies of the forgotten war is that its best general is overlooked because he took over in a phase when Americans were turning away from the conflict. But he was revered by those who fought there. Omar Bradley said of him that “his brilliant, driving, uncompromising leadership would turn the battle like no other general’s in our military history.” (492)

Halberstam spends most of his time on MacArthur. He describes his WWII heroics (121-122, 294). After the war, he was worshipped by the Japanese and many Americans. Like many Americans, he wanted Nationalist China to be victorious over Mao and hoped for a bigger war in Korea that might led to that outcome. But Chiang and his troops were mostly worthless, leading to Mao’s triumph in 1949 (238-239, 241, 243).

MacArthur’s tremendous ego, his ironic willingness to defy authority, his vision for a greater war and Chiang’s victory in China, and his own presidential ambitions led to a simmering long-distance war with Truman. This put Truman in a tough spot, but his acquiescence led to the debacle in Korea from start to finish (134, 137, 365, Pt 10, 621-623).

Halberstam discusses MacArthur’s father and his exceedingly impressive Army career (105-113). Ironically, MacArthur was supplanted politically by Robert Taft among “conservative” Republicans — as MacArthur’s father had been sacked in the military realm by Taft’s father, President William Howard Taft (621). (On a side note, of the 30 people who have “laid in state” at the U.S. Capitol, the Tafts are the only father-son combination.)



Politically, Truman and the Democrats were in a difficult position. Years of ruling, through immensely challenging times — along with an unpopular war, a popular general who opposed the president, and powerful political symbols such as the prospects of appeasement in the face of Communism — made voters eager for something different. The GOP had been unable to take full advantage until 1952. The GOP gained many seats in the House in 1946, but then Truman upset Dewey after his lackluster campaign in 1948 (207-213). Democratic woes worsened along with prospects in Korea and Sen. McCarthy's Red Scare paid some dividends leading into Eisenhower's victory (173, 192, 647-656).

Halberstam provides a hopeful ending to his book: South Korea's amazing post-war political and economic success — and the tentative return of Korean War veterans to the site of so much angst and grief (641-645). At the end of the day, one wonders how things would have gone without this troubling war — or if the war had been prosecuted differently.

But in the end, life is amazingly good for the South Koreans — and immense gratitude should go to the Americans who fought for them in the Korean War. ♦

## Why Property Rights Matter: Prosperity, Stability, Freedom

**THE SOVIET REVOLUTION** promised the poor that it would throw out the ruling class and in its place create a government controlled by the people. There would be decent housing, jobs, and food enough for all. All would be equal. The wealthy would be banished and their riches shared throughout the land. The Communists promised “freedom” to the masses.

Of course the opposite occurred because the Communists were simply using the frustrations and emotions of the oppressed to win their favor. Throughout its history, the Soviet government excused its every action under the banner of equality for all. There were no property rights, no freedom of enterprise, and no protections of individual actions. Instead, the Soviet government enforced redistribution of wealth schemes, confiscating homes from the rich and middle class. Many times it forced owners to share the homes with multiple families, destroying the right of ownership and control. Eventually, with no one responsible for the upkeep, the properties fell into disrepair.

As Soviet economic policies eliminated the profit motive from the market, the incentive to produce was eliminated. Everyone, producer and non-producer alike, was reduced to an identical government handout. This is what the Soviets called equality. Soon the producers learned they could produce less, yet still get their government stipend. As a result, the shelves of the stores were rendered bare and, eventually, the economy collapsed and society sank into despair.

— Tom DeWeese, *Why Property Rights Matter*, 2018



# The Franke Bookshelf

## Hayek Versus Keynes

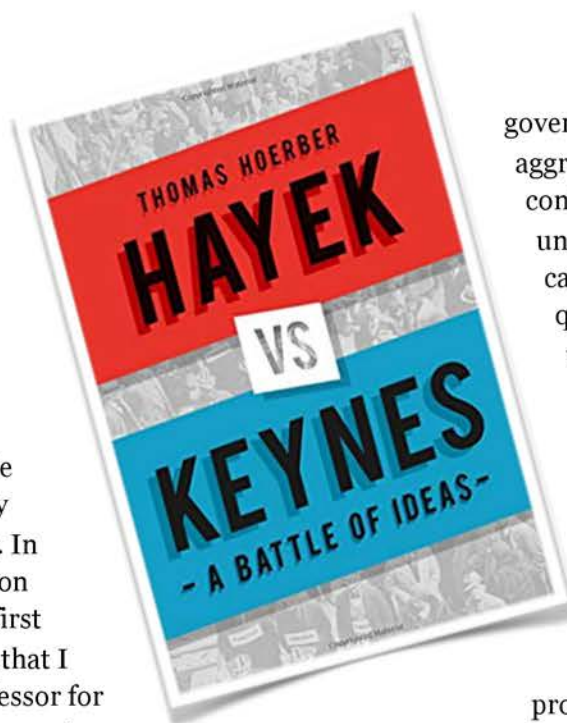
As an undergraduate I attended a newly opened state university campus with a very small economics department. In fact I was one of just three econ majors in that department's first graduating class. This meant that I frequently had the same professor for two or even three courses. One such was an openly avowed Marxist who told us his bias but then qualified it by saying he would teach the textbook straight up.

One day after class, he called me aside and said, "You realize that the two of us are the only ones here who don't buy this Keynesian crap." I'm pretty sure he didn't use the word crap.

I was a fan of Milton Friedman in those days, and still am. It was due partly to his placing freedom at the top of the ideological hierarchy and then constructing economic theories and policy prescriptions that advanced rather than retarded freedom. I guess I was a monetarist simply because there was no other label available.

Through the writings of the Intercollegiate Press Institute and the Foundation for Economic Education, I was slowly learning about the Austrian school and its resurrection of classical economics as an alternative to Keynes. It was Friedrich Hayek's theme of freedom that linked him and the Austrians in my youthful mind to Friedman.

But it was nearly impossible to get past Keynes in college economics courses in those days, and maybe still is. Keynesian Paul Samuelson wrote the best-selling introductory textbook and advanced classes pushed the macroeconomic analysis tools that proved the efficacy of



government stimulation of aggregate demand through controlling interest rates and undertaking deficit spending. I can probably still draw the four quadrant Keynesian models using IS and LM curves, but that's nothing to brag about.

It is this fundamental argument that is the topic of Thomas Hoerber's "Hayek Vs. Keynes: A Battle of Ideas" (Reaktion Books, 2017). Hoerber, not an economist but a French professor of European studies,

sets up these two economic giants and their schools of thought as the fulcrum across which today's problems can pivot.

He relies heavily on Hayek's Road to Serfdom and Keynes' General Theory of Employment, Interest and Money to get at their core philosophies and how these informed their policy prescriptions. The book is a walk-through of these two works but arranged thematically so as to finish with a discussion of Europe today.

Each of these two giants wrote in response to the what he saw as the economic catastrophe of his time: Keynes and the Great Depression, and Hayek and the rise of fascist/communist totalitarian regimes. It is no wonder that Keynes saw government as the answer to economic theories that didn't seem to work anymore while Hayek saw the loss of individual freedom spiraling downward to poverty and misery. It was essentially the contemporary argument of equality over against freedom; equal opportunity or equal results.

The differences in approach are fundamental. Keynes focused on demand; Hayek on supply. Keynes thought freedom came through full employment; Hayek argued freedom and free markets produced prosperity harking back to Adam Smith's invisible hand that can't be fully explained but works nonetheless.



Hoerber gives full treatment to Hayek's differentiation of the objective and the subjective aspects of economics. Economists look to the objective or measurable, leading to today's excessive reliance on the quantifiable and complex mathematical models. Economic actors, and that includes we consumers, know what we subjectively see and react accordingly. This brings to mind Ronald Reagan's quip about economists being people who see something happen in the real world and immediately wonder if it would also work in theory.

While Keynes saw government as a force for good, providing economic prosperity through its not so invisible hand, Hayek saw that as the literal road to serfdom. He rightly saw where Western social democrats would end up, focusing on positive rights (right to health care, livable wages, etc.) as opposed to a classical leftist focus on negative rights (protection from governmental usurpation of natural rights).

Hoerber does make explicit that today's quasi-socialists in Europe and their American disciples are comfortable with private ownership of the means of production and even with profits, so long as one doesn't work toward profit maximization. Some profit is OK but someone (read: government) should limit it. If you want to see what happens when this philosophy is taken to its logical extreme, read *Wages of Destruction* by Adam Tooze to learn how Weimar and Nazi Germany subordinated capitalism and capitalists to the common good, at least as they defined it. (Warning: It goes into excruciating detail and even a college economics prof will find it tough going. You have to like graphs.) The irony is that even Karl Marx recognized that capitalism was foundational to democratic freedom.

Here's Hayek's question in response: If the government controls more than 50 percent of the economy, how much freedom can exist? As a point of reference, the United States hovers around 40 percent. When I was an undergraduate, it was frequently mooted that 40

percent represented the point of confiscatory taxation.

While many would call Hayek heartless due to his unshakable trust in markets, Hoerber states that Hayek believed in Christian charity as the appropriate means of alleviating human suffering. During the George W. Bush administration, this was mocked as compassionate conservatism by both left and right. But consider Keynes' alternative, as Hoerber demands. Nominal, not real, wages matter so Keynes sees no negatives to inflating the currency to give the appearance of wage increases while purchasing power declines. He is probably right in terms of public reaction, especially given the economic ignorance of today's media, but long term the piper must be paid. Of course, Keynes famously said that in the long term we will all be dead, which is probably what politicians count on.

It is in the notion of international arrangements, specifically the European Union, that Hoerber lands squarely back on the Keynesian side. He tries to argue for Hayek's support for what the EU purports to be, a stabilizing hand across a largely integrated economy, but he has to admit that Hayek saw economic integration possible only after political unification, at least at the level of ultra-sovereign agreement of principles. The EU, of course, developed precisely in the opposite manner, one of increasing economic integration with political unification playing catch up.

Classical economics runs into an insurmountable wall when globalization leaves no new markets for expansion, Hoerber believes, and he thinks we are there now. It is the EU in his opinion that represents this new stasis where supranational control becomes the playground for Keynesian economics.

Hoerber sometimes caricatures classical economics and Hayek's fundamental trust of the market. He sees both the Great Depression and the 2007 financial crisis as caused by capitalistic greed unfettered by Hayek's market. While he sympathizes with Hayek's call for maximum



freedom, he just doesn't believe it can be achieved by the classical leftist system.

Meanwhile, we are still arguing these positions today, as Hoerber points out. In my more evil moments I can't help but ask my Keynesian and socialist friends, who are always demanding more government control of nearly everything, if they are happy to hand over their wage rate and health care decisions to Donald Trump. Q.E.D.

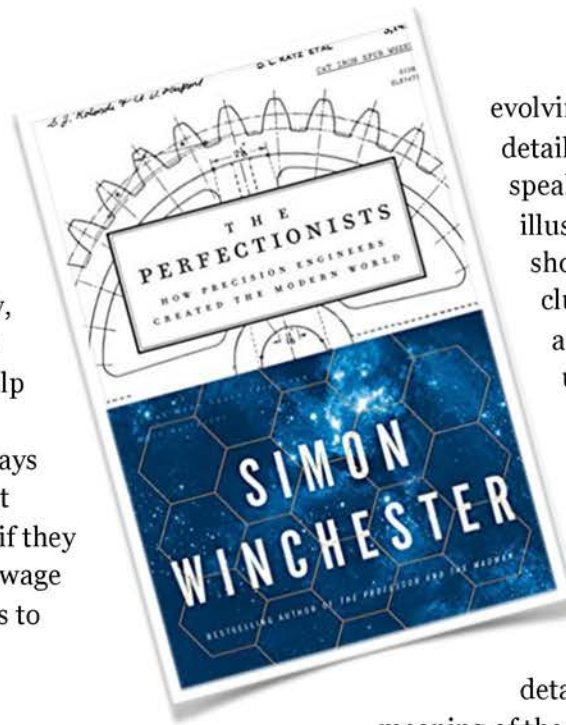
### The Perfectionists

Simon Winchester is one of my favorite authors, although I am not exactly sure why. He writes about topics at the same time both mundane and obscure, to none of which I had ever given thought prior to reading his books. He can get excruciating technical in his explanations, far beyond my level of understanding.

Still, his books are interesting. Previous ones told the stories of the development of the Oxford English Dictionary, the mapping of the geologic formations underlying the island of Great Britain and, my favorite, the key inventions that made America great.

"The Perfectionists: How Precision Engineers Created the Modern World" (Harper, 2018) takes the reader on a journey beginning with gunsmithing in the Age of Reason through sub-atomic timekeeping in today's world. He applies a clever approach to classifying each chapter with the level of precision achieved at that time, beginning with one-tenth of an inch and ending with a decimal that has 34 zeros in front of the one. I haven't the slightest idea how to say that number out loud, nor would I want to.

He leads off with a precise definition of precision, pun intended, by differentiating it from accuracy. He calls out the Latin root of each word. Precision comes from a root meaning slicing off,



evolving to mean minuteness and detail. Accuracy's Latin antecedent speaks to care and attention. He illustrates this by using a cluster of shots at a target. If the shots are clustered tightly together, they are precise but not accurate unless they are all in the bullseye. If in the bullseye but not tightly clustered, they are accurate but not precise.

Clear enough?

For a non-technical mind like mine, the goal is to not get lost in the engineering

detail but focus instead on the meaning of the advancing capability of measurement in product development. Think forest, not trees. The forest here is that precision has ceased being something measured by human beings and now is measured by machines designed to do that to unfathomable levels.

Increasing product safety and reliability is just one of the benefits our culture has enjoyed through this. Take jet engines as an example of this, a thing we all want to work right every time. He cites a near disaster in 2010 when a passenger plane engine actually came apart in the air, due not to imprecision but to inaccuracy in one of the machine tools used in construction. It measured everything precisely but had been just slightly miscalculated upon setup, making it deadly inaccurate.

He ends with a discussion of how time has become the measure of all things. Even the meter is defined now by the time krypton (yes, krypton) takes for its wavelength to do something or other beyond my ken.

Winchester wonders if this will hold true in outer space. So have we advanced to the point of irrelevance in our ability to measure? I surely can't answer that question and, quite frankly, would prefer to not give it another thought.

But read more Winchester I will. At the end of the day, I am more enlightened and more



confused by his writing, perhaps reflecting my intellectual differentiation between precision and accuracy.

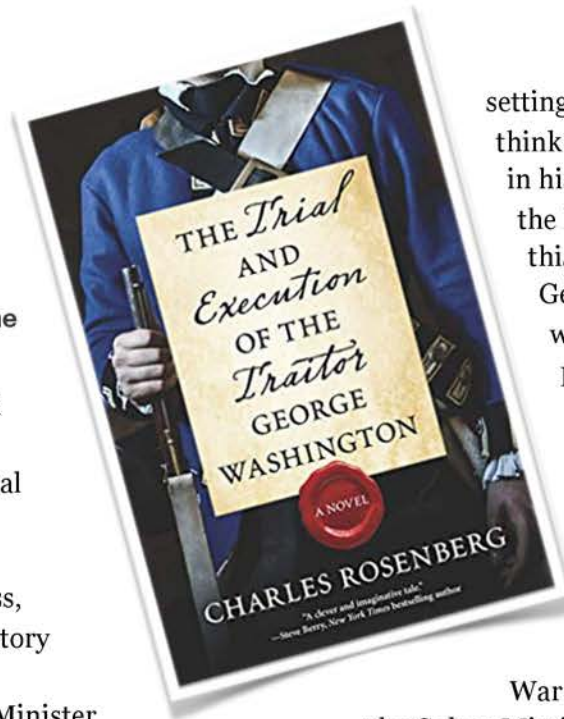
### The Trial and Execution of the Traitor George Washington

For this quarter's featured historical fiction, I submit Charles Rosenberg's "The Trial and Execution of the Traitor George Washington: A Novel" (Hanover Square Press, 2018). It is a counterfactual story about a British secret agent dispatched by British Prime Minister Lord North to kidnap Washington and bring him back to London to stand trial for treason.

The book is divided into three parts. The first is the kidnapping and escape from America by the British agent and his prisoner and reads like a typical thriller. The second focuses on the political negotiations between Lord North and a fictitious American ambassador to achieve an end to the war with Washington's captivity as a bargaining chip. Lord North is pictured quite accurately as between the proverbial rock and hard place as he desperately wants to end the war without granting full independence. Some sympathy for the somewhat inept politician is evoked.

The final third of the book focuses on the actual trial. The account of the supposed trial provides a good layman's definition of treason under English law going back to the days of Edward III and William III, one that we carried forward into Article III, Section III of our Constitution. Treason is carefully defined so as to prevent its use for purely political purposes, such as numerous British monarchs had done under a legal construct named effective treason.

I could pick a few nits with several of Rosenberg's historical references and allusions, but overall he does a good job of getting both the



setting and the characters right. I think he is somewhat anachronistic in his description of the power of the king over against Parliament at this point in history, understating George III's ability to get his way with his ministry.

I won't give away the ending other than to hint that Rosenberg must have been influenced by on particular Victorian novelist.

### Short Takes

On two occasions the Cold War almost went nuclear. The first, the Cuban Missile Crisis, has received increased attention in the past few years as Soviet documents became available. The second, the Able Archer/Project RYAN events of 1983, is now also getting analyzed as to what did and almost did happen. Marc Ambinder in his **"The Brink: President Reagan and the Nuclear War Scare of 1983"** (Simon & Schuster, 2018) tells the story, eventually, but only after going through extensive background explanations of how the American and Soviet nuclear response systems work. Ambinder is at best a reluctant Reagan fan and he blames much of the crisis on Reagan's rhetoric such as his "Evil Empire" and "Ash Heap of History" speeches. On the positive side of the ledger, he does credit a naturally optimistic Reagan with a firmly held religious faith and an absolute determination to prevent nuclear war, the Armageddon of Biblical apocalyptic writings. The Soviets don't come out as pure peace lovers either as he assigns blame to a rising paranoia in Moscow as Andropov nears death and the KGB increases intelligence designed to effectively prove America's first strike intent. The advertising for the book declares it is written in Tom Clancy style, blending technical detail with thriller-like prose. It unfortunately shares one other trait with Clancy, and that is it takes way too long in getting to the climax. (For a comprehensive history of the



Reagan administration's strategic arms policy, see Jay Winik's **"On the Brink: The Dramatic, Behind-the-Scenes Saga of the Reagan Era and the Men and Women Who Won the Cold War."**)

The technological, political and marketing fight between Thomas Edison and George Westinghouse over whose idea, and whose company, would win the electrical service war is fascinating reading. **"The Last Days of Night"** (Random House, 2016) by Graham Moore tells the story in historical novel format narrated by the Westinghouse's young attorney Paul Ravath, a real life character best known for establishing a successful New York law firm. Moore makes some historical adjustments to benefit the suspense, all of which he documents at the end. Readers will likely find all the characters despicable but with a "we're all friends now" ending as Westinghouse's alternating current technology wins out.

I have a fascination with Aaron Burr, an unhealthy one no doubt. Perhaps the most talented of our Founding Fathers and certainly the most flawed one, he is only remembered for the three huge mistakes he made: not conceding the 1800 presidential election to his running mate Thomas Jefferson, killing Alexander Hamilton in a one-sided duel, and apparently fomenting rebellion among the westerners against the United States government. It is this last political misstep that is the focus of R. Kent Newmyer's **"The Treason Trial of Aaron Burr: Law, Politics, and the Character Wars of the New Nation"** (Cambridge University Press, 2012). Part legal treatise, part constitutional study and part courtroom thriller, the book's primarily villain is not Burr but Jefferson, who declared Burr a traitor and confiscated his property all before any grand jury indictment let alone conviction. The book won't make you like Burr more but you will undoubtedly like Jefferson less as he plays fast and loose with the separation of powers and independence of the courts to carry out a political vendetta. Newmyer's hero is John Marshal who

presided over the two trials in his role as circuit judge and who proved both deft and impartial in his rulings, so much so that he was contemporaneously damned by both sides.

While all the folderol was taking place over the Kavanaugh nomination, I read **"The Founding Fathers Guide to the Constitution"** (Regnery History, 2013) by Brion McClanahan. The author dispenses with modern day debates between strict constructionists and living document types in favor of extensive quoting of the Founding Fathers during the Constitutional Convention and the state ratifying conventions. His thesis is that the words mean what these men meant them to mean. Not surprisingly he comes down for strict interpretation and argues that much of what the federal government (or general government to use its contemporary name) has done over the years is unconstitutional. Much of the book is devoted to the powers reserved to the states by the document's authors and all but ignored now. He is even more exorcised by the imperial presidency. His discussions of the necessary and proper clause, the full faith and credit clause, and the supremacy clause are thought provoking. Highly recommended.

**"Lincoln's Last Trial: The Murder Case that Propelled Him to the Presidency"** (Hanover Square Press, 2018) by Dan Abrams and David Fisher is near verbatim record of a 1859 murder trial as told from the perspective of a court reporter adept at an early version of shorthand transcription. Lincoln was one of several defense attorneys representing a young man who killed another in a barroom brawl that erupted over past grievances. One learns through this young reporter's eyes how Lincoln craftily prepared his case, handled witnesses and brilliantly summed up his client's argument for self-defense so that the jury returned a verdict of not guilty. This book is recommended for anyone interested in learning more about the pre-White House Lincoln and especially to legal historians interested in seeing American jurisprudence in its formative years.



I became an avid reader quite young. One of my favorite childhood series offered historical novels entitled “We Were There with . . .” One of these told the story of Ethan Allen and the Green Mountain Boys who captured Fort Ticonderoga on Lake Champlain in the first year of our War of Independence. I finally read an “adult” version of this story, **“Those Turbulent Sons of Freedom: Ethan Allen’s Green Mountain Boys and the American Revolution”** (Simon & Schuster, 2018) by Christopher S. Wren. While the story focuses mainly on the war period, Wren informs us that these sons of freedom began their war in the decade prior to the shooting one as they tried to become independent of New York. They even flirted in 1780 with aligning with the British crown in return for a promise of independent province status, this after the Continental Congress refused to grant Vermont status as the 14th state.

Statehood was achieved in 1791 along with Kentucky, which kept the slave/free ratio intact, a harbinger of the turbulence that was to come. Who is the father of modern capitalism? First to

mind come the great economists of the Enlightenment such as Adam Smith. Greg Steinmetz offers a different perspective in **“The Greatest Man Who Ever Lived: The Life and Times of Jacob Fugger”** (Simon & Schuster, 2015). He argues that Fugger, banker to the Habsburg dynasty around the time of the Reformation, can claim this title since he practiced what we know as capitalism today by focusing on lending as an investment tool to accumulate wealth. He began by trading ready cash to impecunious nobles in exchange for leases on their mines. Adopting double-entry bookkeeping to track his financial activity, he left what might have been the first true balance sheet in history at his death. His net worth was 2,000,000 florins at a time when 50,000 florins was considered extreme wealth. He used his money lending to influence politics, a predecessor to such future bankers as Nathan Rothschild and J. P. Morgan. Perhaps his greatest contribution was his successful campaign to convince the Church that charging reasonable interest to offset risk was not usury. — *Mark Franke*

## Discrimination and Disparities

**THE DICTATE** about group equality nullifies rather than enhances the principle of human equality. A nation dedicated to the proposition that all behaviors and cultures are to be regarded as equal forecloses the prospect of justified pride in order to banish the possibility of self-reproach. If their behaviors and cultures lead some groups to different levels than others, there must be endless, fevered efforts to keep everyone at the same level, as t(he New York mayor’s) idea that proportional results are the sole criterion defining a fair process. This conception of equality sets it against, and demands that it prevail against, freedom. Constant state interventions will be needed to minimize the consequences, good and bad, of individuals’ choices, habits and dispositions. For the sake of group equality, the disciplined, responsible, and ambitious will be penalized so that those who can’t or won’t manifest these qualities are rewarded. The result, concludes Thomas Sowell in his series of luminous books, written over the course of a long and very American life, will be an ever less free and democratic nation that will be hard to sustain and impossible to admire.

— *William Voeqeli, Claremont Review of Books, summer 2018*





Thomas Hoepker, Sept. 11, 2001

## The Outstater

### Let's Give Supremacy a Chance

(Nov. 12) — Listening to the acceptance speeches after a harrowing midterm election, was it clear what the winners thought had been won?

Some seemed to have counted the votes in their heads and concluded that the number represented fellow citizens who had astutely assessed character, intelligence and experience and had wisely chosen him or her specifically to be their “leader,” whatever they imagine that to mean in a democracy-driven constitutional republic.

The political economist Jude Wanniski deflated such puffery in his 1978 masterpiece, “The Way the World Works.” Voters, he said, go into the booth looking for, say, a chicken. The choice, however, turns out to be a vulture and a snake. It is not much of an achievement that your vulture costume looks more like a chicken than does your opponent’s snake costume.

Others winners, more calculating, gathered their staffs to pour over the vote totals for what the results might say about their political future — a more certain path to higher office, perhaps, or a compromise in stance, a nod to a political faction, and so on. For such politicians, every election is as H.L. Mencken described it, “an advance auction of stolen goods.”

Whether the reaction to last night's results was self-congratulatory or tactical, it missed the essence of what created our supreme nation and people.

Did I say supreme? Yes, there were those whose campaign carefully avoided the word. It was thought to imply rejection of mankind's global destiny. And it was of course to be eschewed in any of its hyphenated constructions.

Yet, the word must be said aloud, especially after a national election portending historic division. It is what will unite us. For America, like it or not, is founded on the hope that it (we) would become supreme — all of us.

But weren't the founders all men? Weren't they all white? Doesn't that make us a nation of white supremacists and misogynist?

Quite the opposite; read the Declaration of Independence. It has to do with the determination that only the individual, any individual, is supreme. No leader, depraved or saintly, however elected or anointed, is allowed to change that.

Nonetheless, for decades now, election by election, we have been veering off that course. Just today the newly reelected Indiana Secretary of State mailed out a letter regarding Form 48725 (business entity report) blithely congratulating owners for being “granted the authority” to stay in business.

Again, our society — at least at one time — protected citizens and their property from their rulers with laws and traditions dating back to Alfred the Great and the 7th century. Samuel Adams may have had that in mind when he gave context to the newly minted American democratic franchise:

“Let each citizen remember at the moment he is offering his vote that he is not making a present or a compliment to please an individual — or at least that he ought not so to do; but that he is executing one of the most solemn trusts in human society for which he is accountable to God and his country.”



Maybe it's just me, but that didn't come through in the speeches last night.

## The Surreal Mr. Brees

(Oct. 10) — It was the briefest of things. The viewer thought about pinching himself to see whether it had been a dream, a particularly sweet one.

The referees had stopped play during the Monday Night game, and it wasn't to penalize one or another of the teams for a violation of an inscrutable pass-interference rule. Nor was it for one of the commercial breaks that stretches 11 minutes of actual play action into more than three hours of inane pageantry.

It was in recognition, however fleeting, that a quarterback had passed for more yards than anyone in history, all without taking a knee to protest issues about which he hadn't a clue, or doing a silly dance, or holding up a fist in defiance of everything that had made his bloated salary possible, or even to star in one of those insipid civic-goodness videos for the utterly corrupt National Football League.

Rather, the quarterback, a second-round pick, a short, middle-aged rather slow white guy, had minded his own business for 18 seasons to amass more than 72,000 yards despite the heroic but mostly futile efforts of hordes of monster defensive tackles, superhuman corner backs, draconian officiating, front-office management and hurricane Katrina.

On completing the record-setting pass, and this is the surreal part, the quarterback removed his helmet, pointed a finger in recognition of the hometown fans and went to the sideline to kiss his

first and only wife who was his Purdue sweetheart and hug their three smiling children — yes, believe it or not, a nuclear family.

Then the whistle blew and everything returned to normal.

## Inequality Understood

*"I sit with Shakespeare and he winces not. Across the color line I move arm-in-arm with Balzac and Dumas; I summon Aristotle and Aurelius and what soul I will, and they come graciously with no scorn nor condescension." — W.E.B. DuBois*

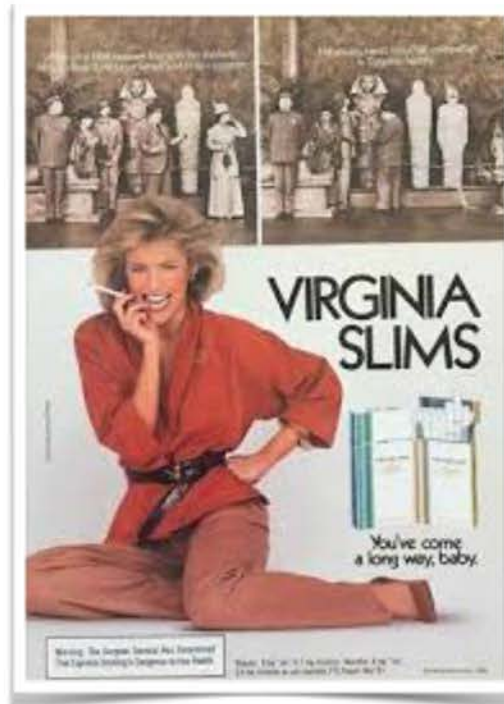
(Sept. 30) — If you see no difference between equality of results and equality of opportunity, this essay will make no sense. It's about the idiocy of diversity for diversity's sake.

In 1977, some of us in journalism were impressed with a widely circulated editorial commending the genius of American diversity. Coming at the tail end of the civil-rights movement, it was the first any of us had read expressing the concept in entirely economic terms.

The issue came up after a Japanese diplomat outrageously commented that the best place to build automobiles in the U.S. was in a place with a low percentage of blacks. The editorial's counter argument

seems obvious today: That the U.S. economy leads the world exactly because of the value we place on individual merit, regardless of ancestry or superficial attributes.

It quoted Dr. Thomas Sowell's "Race and Economics," published the year before. The young and relatively unknown economist argued that prejudices carry their own penalty in the form of a





constricted work force, higher labor costs and narrow skill sets. No government commands were needed; a free market punishes irrelevant bias.

American diversity was to be desired, the editorial continued, because it contributed to our pool of talent and productivity, and that was understood to be more important than any cultural, culinary and artistic contribution.

Readers at the time also understood what the editorial was not saying, that is, diversity should be pursued out of some idealized sense of social justice, that the workplace should be balanced precisely and numerically regardless of merit and by whatever category that political fashion dictated.

The writer of the editorial would have thought that absurd. And so it is today 40 years later, utterly absurd but now very fashionable.

Last week, the black opinion editor at the Indianapolis Star wrote a column lauding the black director of diversity at the Indianapolis Police Department. The two of them, understandably, want persons like themselves recruited and promoted at a faster pace. “Everyone Agrees Diversity Is Important; So Why Hasn’t It Happened Yet?” the headline read.

The implication, of course, is that prejudice is to blame. Whether or not that is true, notice that equality of results is now the goal — a virtue in itself, considered a simple matter with which “everyone” can agree. Easy-peasy.

We will want to pause here and assess the costs of such a profound shift in the zeitgeist.

That has been done for us by Heather Mac Donald, author of the just-released “Diversity Delusion.” She reminds us that whether we like it or not such a goal unavoidably dilutes or even excludes merit and accountability. In campus group think, Individual excellence becomes secondary to skin pigment and gender identification.

Mac Donald warns that our radicalized universities have been pumping out social warriors for two or three generations in numbers large enough to portend historic political division

(she suggests the possibility of civil war). These are full-fledged adults now, some of which (the Indy Star and her friend at the police department) are in positions of great influence.

“The characteristic academic traits of our time are: narcissism, an obsession with victimhood and a relentless determination to reduce the stunning complexity of the past to the shallow categories of identity and class politics,” Mac Donald writes. “Sitting atop an entire civilization of aesthetic wonders, the contemporary academic wants only to study oppression, preferably his own, defined reductively according to gonads and melanin.”

Here in Indiana the fashion-setter is the Indiana University School of Law, one of the most leftist plats of academic real estate in the nation. Its graduates fill the seats on our legislative and judicial bodies, if that tells you anything about what’s wrong with local government.

Nor are the hard sciences exempt, the funding for which has become subject to diversity requirements. Let us hope that Mitch Daniels is keeping Purdue safe, but a grant from the National Science Foundation to the Texas A&M Aerospace Engineering Department states its purpose is studying how to “remediate microaggressions and implicit bias” in engineering classes. Think about that the next time you drive over a bridge.

At Berkeley, the home court for this sort of thing, an introductory chemistry course sums it up. The course features “culturally sensitive pedagogy,” the idea for which is to “disrupt the racialized and gendered construct of scientific brilliance.” The instructors reject the idea that science means getting “all the right answers.” All students, it is said, are “scientifically brilliant.” Coursework is done in teams and the scientific language of chemistry is avoided.

Such bad thinking is addictive. That’s because it makes us feel good; it makes difficult subjects look easy and unavoidable absolutes seem avoidable.



Yet, we are addicted to a thought process that assumes the world owes everyone opportunities and results. Some of them, the ones who check the right boxes on various forms and applications, are infantilized as well. They are taught to focus on their supposed victimhood and little else. They are graduate complainers, expert only at identifying anything that makes them feel bad.

A few years before Dr. Sowell first challenged this addiction, the famed Leo Burnett advertising agency of Chicago launched one of its most brilliant campaigns. It was for the first cigarette brand marketed specifically to women. The slogan, “You’ve Come a Long Way, Baby,” was wrapped in a women’s liberation theme.

The ads featured an old-time black-and-white photograph of repressed women smokers and contrasted it with a colorful portrait of a vibrant and fashionable New Woman, one magically free of oppression, one who could proudly and equally smoke herself to death.

Well, we’ve all come a long way now — and similarly, in the wrong direction.

### Lawyers at War

(Sept. 9) — It’s always a ways off but this Veterans Day let’s vow to use the distinction “hero” with more precision. The mass media has gotten into the habit of assigning it to all dead veterans, preferably ones outside the conservative sphere.

Reading such a hero’s recent obituary, I took down the family military medals from a box on my book shelf. The more recent veterans who did not see combat received more medals than those who actually fought. I counted them.

One of the World War II veterans, a man who as a boy traveled by horse and buggy, was among the first to land a plane on an aircraft carrier at

night. He also was one of the first to survive a catapult failure, which dumped him into the Pacific Ocean and beneath the props of his carrier.

A medal? “No,” was his response, “the Navy doesn’t give you a medal for losing an airplane.” Another’s bomber was shot down in Europe. Wounded, he spent two years in a German prisoner of war camp. Same response.

They give medals for less than that now — much less. Have you ever noticed that Douglas MacArthur didn’t wear medals. Know that David Petraeus could barely walk from the weight of them.

For contrast, note that the Indian Army awards its version of a medal of honor only to those soldiers who have performed a feat of bravery previously thought physically impossible. I was given a medal in Vietnam for merely being in the general area where a single mortar shell landed. I may have been asleep in my bunk at the time.

So, even in its measure of heroism the country



*Mad Jack Churchill, far left welding his Claybeg broadsword.*

seems confused. This Veterans’ Day we are sure to be in an Orwellian struggle to even understand what “war” means or what “colluding” with an “enemy” involves. We are, alas, lawyers at war.

Indeed, during the Obama administration Daniel Henninger of the Wall Street Journal reported that there were 10,000 lawyers in the Department of Defense. “No one goes to war in this country until those Defense lawyers — plus lawyers at the Justice Department and White



House — define in detail the parameters of battle,” he observed.

In the interest of getting back to a historically true definition of heroism, I again propose a standard, one developed without any legal input whatsoever. It is in the person of British Lt. Col. John “Mad Jack” Churchill.

Churchill, in command of a World War II beach landing against a German garrison, did not bother negotiating flyover rights to strike the enemy unexpectedly from the sky.

He leapt from his landing craft as the ramp was being lowered playing “March of the Cameron Men” on his bagpipes before tossing a grenade

and running into battle wielding a Scottish Claybeg broadsword (shown on the previous page during a training mission).

Later, Churchill with the help of a corporal would capture a German observation post, taking 42 prisoners, including an intact mortar squad, perhaps with the refrain from his bagpipe tune being sung at full voice:

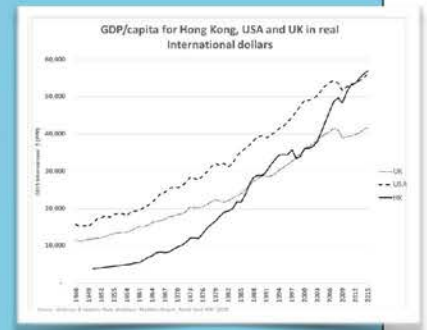
*The moon has arisen, it shines on that path,  
Now trod by the gallant and true;  
High, high are their hopes, for their chieftain hath said*

*That whatever men dare they can do.*

That goes in the box with those old medals. — tcl

## Sir Cowperthwaite: An Architect of Prosperity

**AT THE END** of the Second World War, Hong Kong lived up to its description as “the barren island.” It had few natural resources, its trade and infrastructure lay in tatters, its small manufacturing base had been destroyed and its income per capita was less than a quarter of its mother country, Britain. As a British colony it fell to a small number of civil servants to confront these difficult challenges, largely alone. But by the time of the handover of Hong Kong to China in 1997, it was one of the most prosperous nations on Earth. By 2015 its GDP per capita was over 40 percent higher than Britain's. How did that happen? Around the world, post-war governments were turning to industrial planning, Keynesian deficits and high inflation to stimulate their economies. How much did the civil servants in Hong Kong adopt from this emerging global consensus? Virtually nothing. They rejected the idea that governments should play an active role in industrial planning — instead believing in the ability of entrepreneurs to find the best opportunities. They rejected the idea of spending more than the government raised in taxes — instead aiming to keep a year's spending as a reserve. They rejected the idea of high taxes — instead keeping taxes low, believing that private investment would earn high returns, and expand the longterm tax base. This strategy was created and implemented by no more than a handful of men over a 55-year period. Perhaps the most important of them all was John Cowperthwaite, who ran the trade and industry department after the war and then spent 20 years as deputy and then actual Financial Secretary before his retirement in 1971. He, more than anyone, shaped the economic policies of Hong Kong for the quarter century after the war and set the stage for a remarkable economic expansion. His resolve was tested constantly over his period in office, and it was only due to his determination, independence and intellectual rigor that he was not diverted from the path in which he believed so strongly. You are encouraged to examine the man behind the story, and the successful economic policies that he and others crafted with the people of Hong Kong.







*"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