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WOMEN,
WORK & WAGES
McGOWAN, p. 37

Social Capital: How It Is Created

Indiana is among those state seeing a decline in civil engagement in the public square; it's a trend we would be wise to reverse.

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



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The Thursday Lunch

Stay Strong, Boy Scouts; We're Going to Need You

"On my honor I will do my best to do my duty to God and my country and to obey the Scout Law; to help other people at all times; to keep myself physically strong, mentally awake and morally straight." — The Boy Scout Oath

(Dec. 26) — Talk that the Boy Scouts of America (BSA) is considering bankruptcy doesn't seem to register with the public as a bad thing, or at least something that should be marked as another signpost in our societal descent. Nobody took a knee in protest, no mobs formed in front of whatever bank is holding the errant notes signed to pay legal fees resulting from challenges to its policies.

That may be because the Boy Scouts some time ago gave up their raison de existence and thereby our sympathy. If "boy" doesn't really mean "boy" then what exactly does "boy scout" mean? We don't know anymore. The columnist Cal Thomas recently broke down the group's oath, which has become a matter of contention:

"On my honor? In today's twisted thinking, how should honor be defined and by whom? Duty to God? What about the atheist? What does 'best' mean and doesn't that discriminate against boys who can't live up to such a standard? Physically strong? Doesn't that mean that the physically weak might feel excluded? And then we have the most offensive of all, at least by ever-shifting standards of what constitutes morality. Scouts are to be 'morally straight.' According to whose morals? And what does 'straight' mean?"

Yet, this must be the moment when the BSA has a choice, when it can stand strong on its

marvelous oath, hold its ground until the crazed social-justice warriors sweep by. The result might be a smaller organization but a proud one with its mission intact.

So far, however, the leadership has backpedaled, mollified, postured, compromised, appeased and finally pled no contest, all on the advice of the best and most expensive counsel. Nobody seems concerned that if the BSA were to be existentially altered we would have a national tragedy — for each of us, boys, girls or whatever, scouts or not.

There is an empirical measure of the damage being done. Dr. Maryann O. Keating, writing in this issue of the journal cites a survey conducted by Harris Interactive for the BSA in 2005, before the implosion. From her paper:

"Men with scouting backgrounds were more likely than those with no scouting background to place greater importance on measures of good

citizenship. This was especially true of men who were scouts for five or more years."

There is no doubt that some today not only observe such a trend without lament but

applaud a less righteous scout profile. We can do with fewer insufferable young prigs helping little old ladies across our streets, they seem to be saying.

We, being insufferable *old* prigs, disagree. The BSA in its 100 sum years has demonstrated an astonishing ability to build character and self-reliance in its young members — specifically to be trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, brave, clean and reverent.

There may be societies in the world so hip they don't need social capital of that sort, so advanced they can throw away such an organization.

Ours, though, is not one of them, not even close. — *tcl*

Cover photograph courtesy of the Boy Scouts of America, "Be One with the Wild" campaign, Ogilvy & Mather, Atlanta, November 2012.

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Social Capital: How It Is Created

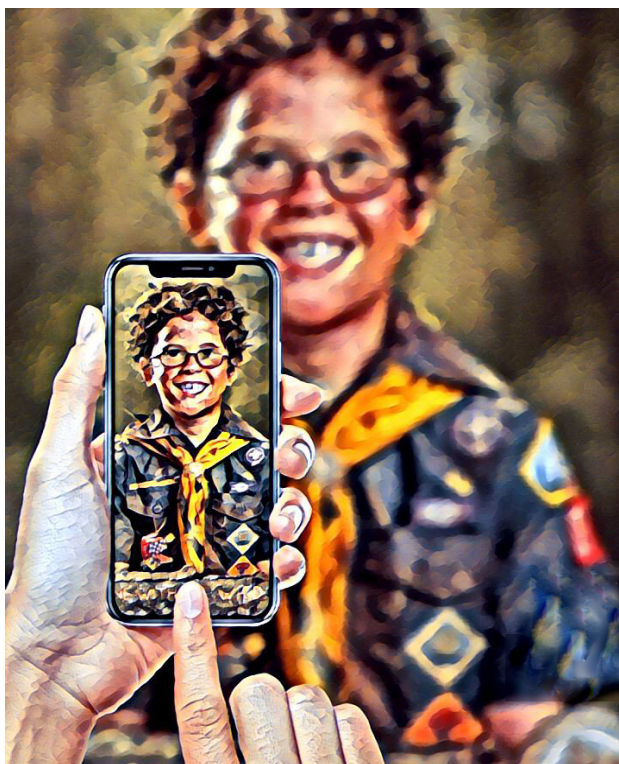
Is the ability to work together to achieve common goals, referred to as social capital, at risk in the United States? Political philosophers, including Robert Putnam and

Francis Fukuyama, conclude that from the mid-sixties through the mid-nineties social capital in the United States declined. Their work raises several questions. What exactly is meant by the term social capital? How is it created and destroyed? Does the perceived great disruption in the social environment extend into the 21st century?

Maryann O. Keating, Ph.D., a resident of South Bend and an adjunct scholar of the Indiana Policy Review Foundation, is co-author of "Microeconomics for Public Managers," Wiley/Blackwell. Her paper was funded in part with a grant from the Dekko Foundation.



(Oct. 15) — Social capital, essential for a functioning democracy, is a subset of human capital. It is acquired through practice with private organizations in the public square. It is, therefore, important to understand factors inhibiting the formation of social capital and its



LISA BARNUM

potential in providing positive benefits for society in general.

The public square has both a figurative and literal meaning. It can be a street corner, a park, a sidewalk, a bulletin board, a blog, a break-room at work, a play-ground, a quad on a university campus, or an actual public square where people step up on soap boxes and say their piece.

Putnam, an American political scientist best known for his books "Bowling Alone" and "Our Kids"

believes that the performance of government and other social institutions are powerfully influenced by citizen engagement in the public square. He, along with other social scientists, labels the capabilities fostered by such engagement as social capital, the capacity for groups to form and pursue shared objectives (Putnam, 2000 and 2015).

Social philosophers, not just friends casually expressing nostalgia for the past, are quite concerned about the interrelated issues of social capital, civil society, trust and social norms. They identify these as the central issues affecting contemporary democracies. Civil society was thought to be an essential condition for the transition to stable democracy in Eastern Europe, but recent focus has been on the decline in social capital in economically advanced countries, including the United States.

We analyze here how the perceived decline in social capital in the United States is associated with the ability to work towards common objectives. To determine if social capital in America is declining, we examine the amounts of time residents spend in voluntary and social

activities. Our primary concerns are those factors disrupting the formation of and participation in private organizations, a hallmark of American culture.

Some readers may object to the appropriation of economic terms, such as The Great Depression and Capital Stock (machinery, tools, equipment and technical know-how), to describe social issues. However, economists have a long history in trying to maintain free enterprise in the public square, and some of these skills transfer well in understanding civil society.

I. Introduction

Characteristics of ‘The Great Decline’

Charles Murray identifies numerous symptoms of “The Great Disruption” in social capital in the United States. These include adolescent suicides and homicides, drug use, incarcerations, decreased attachment to employment, decaying neighborhoods, declining academic performance, reduced social mobility, out-of-wedlock births and family breakdown (Coming Apart). It is naïve to think that these problems are recent developments and, with optimal policy and resources, can be completely eliminated. However, sociologists, economists, policy makers and educators warn that recent trends present obstacles to human development, for those most vulnerable, as well as a serious threat to democracy.

In the 1950s and early 1960s, family cohesion in the United States and Western Europe improved as did fertility rates; therefore disruptions in social patterns, particularly increases in homicide and divorce rates, were late in being recognized. As the incidence of divorce, single-parent families and out-of-wedlock births increased, the definition of the family was stretched to include virtually any type of household, whether or not it included a mother, father and their biological children. The late Sen. Daniel Patrick Moynihan called the dismissal of the downward decline in social indicators as “defining deviancy down.”

Any concern about tight bonds between fathers, mothers and children was overshadowed by the belief that government, community and income transfers could substitute for kinship. As time passed, it became more difficult to ignore that children are anywhere from 10 to over 100 times more likely to suffer abuse at the hands of substitutes rather than natural parents (Fukuyama, 408).

An important social function across virtually all human cultures, particularly those in which paternal authority is lacking, is the need to control the aggression of young males. Male initiation ceremonies that occur in tribal, fraternal and military organizations are just one of the means in which older males socialize younger ones into the rules of their respective societies (Fukujama, 408). Less recognized is the need for young women to be mentored in managing a household, an undervalued skill.

The decline in educational achievement of American primary and secondary students over the past two generations has been widely documented. There are many causes for this decline. However, the Coleman Report of the 1960s has indicated that the single factor that can be reliably correlated with educational achievement is not per-capita spending on education, standards, curriculum, computers in the classroom, teacher training, vouchers or any of the other panaceas offered up as public policy solutions, but rather parents’ involvement in their children’s education (Fukuyama, 410). Parents actually may be quite concerned but lack a social network and options to assist them in directing their children towards academic proficiency, careers and the good life.

One option that could increase parental involvement in children’s education is school choice. However, even with the increased availability of vouchers, enrollment in private elementary schools continues to decline. In 1958, the number of school-aged American children attending a private elementary school reached 15 percent. In the mid-1970s, the number had fallen

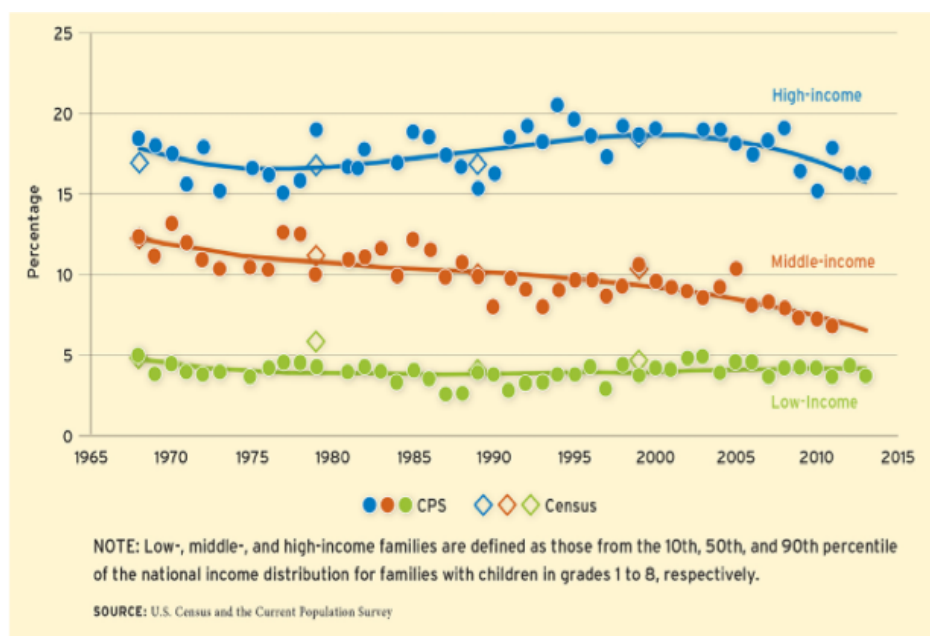
to 10 percent, and in 2015, 9 percent (Murnane, Reardon, Mbekeani, Lamb). Figure 1 indicates that this decline is not a low-income phenomenon. From 1968 to 2013, the proportion of children from middle-income families enrolled in private elementary schools declined by almost half.

Declining social capital is neither a public school phenomenon nor is it one affecting only low-income sectors in the United States. There are excellent public schools and many low-income families have been able to avoid social disruption. However, some analysts continue to insist that income transfers and more public funds for education from pre-K through graduate school are solutions.

By the mid-nineties, it became obvious that these were not the solution to declining social capital. The arrow of causality may run from family issues to society but it does not necessarily go from low income to pathological social breakdown. However, Charles Murray and others do identify and associate a syndrome of issues characterizing low-income households and social dysfunction. He shows how households living in affluent districts have been able to immunize themselves from The Great Disruption. Murray's insight is simple but powerful: the need for honesty in explaining how affluent families protect themselves from social dysfunction by adopting certain behaviors (*Coming Apart*). Better yet might be to increase opportunities in the public square so that all households, regardless of income, discover and learn how to avoid dysfunctional behaviors.

We start with the assumption that diminishing social capital affects U.S. residents in general, regardless of income. Specifically, we

Figure 1. Private Elementary-School Enrollment Rates in the U.S.



examine the role of private organizations, referred to as intermediaries or not-for-profits, in creating social capital.

The Concept of Social Capital

Social capital is the existence of a certain set of informal values, norms of behavior and skills shared among members of a group permitting cooperation between them regardless of socio-economic characteristics. Social capital can be directed towards harmful ends, but, for now, we define social capital as the learned ability of individuals to engage socially and work within organizations to pursue common objectives.

Fixed capital, in economic terms, is a stock; investment and depreciation are flows. Following through with this analogy, the stock of social capital at any point in time is fixed but may be augmented or diminished by changing norms, institutions and behaviors. The Great Disruption for some represents the loss of transcendental religious beliefs maintaining the social order. Without religious sanctions or another code of ethics-sustaining traditional attachments and responsibilities, the stock of social capital declines.

The concept of externalities, a term borrowed from economics, describes positive benefits accruing to all from the stock of social capital. A positive externality, for example, are the benefits, financial or aesthetic, received by everyone in a neighborhood when one neighbor improves or maintains their property. Similarly, there are costless benefits received by everyone in a community in which individuals, for the most part, proceed honestly and honor contracts.

Social capital, therefore, refers to capabilities embodied in individuals and employed by choice or habit to benefit society as a whole. In this sense, social capital is a subset of human capital, not merely an amorphous substance floating around in the atmosphere of certain communities. Conventional human capital — education and skills — are acquired independently from cooperative skills. However, merely to maintain a present stock of social capital, groups of individuals must choose to participate and accept the norms and objectives of a particular organization. Technological know-how is embedded both in devices, such as computers, but also in the individuals who have learned to use them. Similarly, social capital is embedded both in people and in organizations. Formal organizations matter.

The Northeast Regional Center for Rural Development at Penn State University publishes an on-line measure attempting to quantify social capital in every county in the United States. The first variable used in creating this Social Capital Index combines a county's total number of organizations divided by that county's population. Organizations are classified by the industry as being religious, civic, business, political, professional, labor or recreational. This variable, using principal component analysis, is aggregated with three other variables: voter turnout, the census response rate and the number of not-for-profit organizations. These four factors are standardized to have a mean of zero, and the composite is presented as the Index of Social Capital

(Rupasingha, Goetz and Freshwater.)

Appendix Table: Indiana County-Level Measure of Social Capital lists indices for each county in Indiana in 2014.

The Social Capital Index average for all U.S. counties is approximately zero; the average for Indiana is slightly lower (-.41). For the country as a whole, we note that index values tend to be associated with counties with fewer residents. Indiana counties on average in 2014 had fewer residents (71,716) than U.S. counties as a whole (102,428). However, the average of organizations per capita for Indiana (1.40) exceeds the national average (1.38). Indiana counties show a lower voting rate in 2014 (58 percent) than U.S. counties as a whole (67 percent), but they had a higher average for responding to the 2010 Census (79 percent) than U.S. counties as a whole (70 percent).

It is interesting to note that the sign of correlation coefficient between Social Capital Index scores and population growth is negative (-.33 for Indiana). It is indeed plausible that increases in population stress the existing stock of social capital, as measured by this index. However, it may also be the case that people voting with their feet prefer communities with social capital embodied in persons.

This particular index assumes that social capital is mostly embodied in organizations and certain forms of civic behavior. Our approach is broader, viewing social capital as embodied both in organizations and in people. Organizations and people institutionalize cultural norms reflecting the priorities of a particular society.

What difference does it make if social capital is diminishing? Well, there are a few practical considerations. For example, enormous public resources are needed to pick up the slack when individuals do not follow through on their responsibilities. Furthermore, if a critical mass of individuals fails to follow social norms, the government, in order to maintain order, becomes more coercive and intrusive. Constitutional democracy and markets function only when they

can live off several centuries of accumulated social capital.

Norms and Cultural Values

When economists refer to the production function for goods and services, they quantify how many hours of labor and how much invested capital it takes to deliver, for example, a hamburger at McDonald's. There are lively discussions at economic conferences about where the technology to grow national output is embedded: Is it in the device itself or in the person using the device? It is not surprising that social philosophers believe that societies characterized by strong families, safe communities and overall well-being are a function of the norms embedded in their members. These norms reflect the priorities and what it is that a particular culture values. How are the norms required for effective organizations inculcated in individuals?

In the United States, an individual's credit score is used to determine a person's estimated creditworthiness (the probability that he or she will repay a debt). This allows financial institutions to evaluate the risk of a client becoming insolvent. A similar score is being developed in China but it is much more encompassing.

Beijing is working on a "social credit" system scheduled to become obligatory starting in 2020. The State Council is creating an enormous database on a wide range of activities of individual citizens. This will allow authorities to then evaluate "trustworthiness" and to discriminate between those who are more or less "virtuous" (DeMaeyer). Such a measure, even in the face of declining social capital, is not an acceptable option in the United States. A democratic free-enterprise system, however, depends on large numbers of residents voluntarily choosing to act in ways that maintain existing social capital.

Philosopher Alasdair MacIntyre refers to those traits necessary for first imagining and then

cultivating better communities as virtues.

Individuals cannot grow from totally dependent infants to relative independence without exercising certain virtues and the mean for practicing virtue requires sustained assistance from others. The socio-political community exists, according to MacIntyre, to foster cooperative reasoning about common goals. Through such engagement, an individual rationally comes to terms with his or her aspirations and limitations. The public spaces through which a genuine common good can be debated and nourished are on a scale below that of the nation-state and certainly that of a "global community."

MacIntyre indicates, that to sustain any role in society, individuals need opportunities to practice virtue. He defines "practice" as any form of cooperative human activity through which desirable outcomes result as individuals acquire skills needed to achieve excellence. He recognizes that these outcomes may result in prizes, prestige, status or income, but he focusses on the internal qualities, including virtue, acquired by those who participate in these activities. A "practice" involves standards of excellence and obedience to rules, ruling out self-judging one's own performance.

MacIntyre states that outcomes derived from individuals striving and cooperating to achieve excellence in art, athletics, homemaking, farming, governance, etc., benefit the whole community (1984, 187-191). The goal of having a large number of intermediaries in the public square is related to MacIntyre's work. When opportunities to practice cooperative skills are restricted, the stock of social capital declines.

The pursuit of virtue emphasizes human interdependence and the common good; In MacIntyre's thinking, we depend on associations to supply our deficiencies and thus reach the perfection of our essentially and intensely social nature. The more intense the association, the better we can develop ourselves (Horvath). Not all social philosophers agree with MacIntyre. They do not disagree that society may be following a path

to prosperous decadence, and they do not dismiss the positive influence of virtuous behavior. However, they suggest that a more realistic approach is a return to a liberal order based on the ideas of the Enlightenment. To simplify, the liberal agenda (“liberal” in the 18th-century use of the word) is one based on formal social contracts among rational individuals.

Bringing the discussion down to a more practical level, what specific widely held norms assist organizations in contributing to social capital? Examples include truth-telling, the meeting of obligations and reciprocity, norms considered critical to the development of Western capitalism. There is, however, a significant literature on how norms facilitating economic growth conflict with those associated with social capital. It blames corporations for the disruption of families, localities and loyalties. Such arguments suggest that capitalism ultimately undermines itself by creating an elite hostile to the work ethic or by deemphasizing norms necessary for any cooperative activity.

MacIntyre deemphasizes competition, pitting the individual against the group. Other social philosophers have reservations with MacIntyre concerning the pursuit of virtue for personal growth rather than for the sake of eternal destiny. They object as well to the sublimation of particular goals and responsibilities for an undefined common good. They have no objection, however, to a community with vibrant organizations in the public square trying to reconcile conflicting interests (Meilander).

Admittedly, there are trade-offs between economic and social goals, but it is difficult to believe that there is any inherent contradiction between the virtues or norms embedded in individuals to cooperate in the marketplace, in social intermediaries or in government.

Trust and Collective Action

Francis Fukuyama, an American political scientist and economist, wrote on declining social capital over three decades from 1965 through

1995; it is worthwhile to consider his insights at length. He describes how game-theory literature and simulations have been employed to study the emergence of spontaneously generated informal norms regulating behavior. Simulations of people interacting with one another support the idea, not fully accepted by Fukuyama, that norms simply arise out of self-interested interactions. Thus, norms do not have to be mandated through law or formal institutions (Tanner Lectures on Human Values, 1997).

The concept of spontaneous social capital creation may be attributed to the work of the economist, Ronald Coase, who believed that self-interested interactions of individuals do not need to be mandated through law or formal institutions. People negatively impacted by the behavior of others have a rational incentive to organize and buy off those offending them. Similarly, with English common law in mind, Hayek argued that social norms are generally not legislated through a formal political process, but are rather the result of the repeated interactions of individuals seeking to achieve common aims.

Fukuyama is willing to consider that social cooperation may be hard-wired into the genetic structure of humans. Thus, through repeated interactions with one another, people may be able to achieve a state of satisfactory co-operation. However, he poses the question, “How, given the fact that there are strong cultural and biological impulses toward cooperative behavior, does it come about that cooperation often breaks down?”

Historically, Fukuyama points out that norms originated someplace beyond communities in which they came to be applied. Most major religions were imported and, at times, forcibly imposed. Christianity, Buddhism and Islam all originated outside the societies in which they achieved their greatest influence. This contradicts the idea that norms evolve spontaneously within an area due to repeated interactions.

Human beings, according to Fukuyama, have both a natural tendency to cooperate and to disrupt. In the past, norms were transmitted to

subsequent generations through a complex process of socialization ranging from family to formal education. In the modern world, ideas cross political and cultural borders quite readily and become a basis for group affiliation. Increased exposure to global media and on-line social networks takes much less effort than participating in formal organizations and may facilitate adaptation to newer norms of behavior within a short period.

According to Fukuyama, a radius of trust” rather than repeated interactions in organizations, may be more important in facilitating human transactions based on shared norms and values.

If any benefits accrue to society at large, they result more as a types of positive externalities than any collective action that the group seeks to achieve. Effective cooperative action, either desirable or undesirable, depends on widely held and practiced by a large percentage of the population A functioning civic society is characterized by a certain level of trust conducive to non-family collective decision-making (Fukuyama, 428-431).

Social capital has indeed been disappearing in some sectors of society while increasing in others. Therefore, it is difficult to accept that social capital has been declining across the board in the United States or other developed countries. What can be argued is that its distribution is changing. Fukujama is pessimistic about whether or not we are moving spontaneously towards generally accepted new norms regarding, for example, gender relations to serve as a socially optimal substitute for the socialization of children.

Broad cultural changes and values, it is generally believed, are responsible for the present social crisis. Two very important changes during the early postwar period that account for many of the phenomena constituting the Great Disruption. The first involved advances in medical technology (i.e., birth control and abortion), and the second was the movement of women into the paid labor force with earnings that increased their incomes relative to men.

The significance of birth control was not that it lowered fertility, since fertility had been on the decline in many societies before the widespread availability of birth control or abortion. (Fukujama, 418). Indeed, if the effect of birth control is to reduce the number of unwanted pregnancies, it is difficult to explain why it was accompanied by a rise in the rate of abortions, or why the use of birth control is positively correlated with out-of-wedlock births in most economically advanced countries. The main impact of the sexual revolution appears to have lowered the perceived risk in sexual relations and dramatically changed male behavior. The growth in male irresponsibility reinforced the female drive for independence and thereby reduced the incidence of two-parent families.

Fukuyama concludes that declining levels of social capital in the United States are essentially a result of the extent to which Western societies prize individualism and how American culture denigrates the importance of virtually all inherited social duties and obligations (401-405).

On a positive note, Fukuyama suggests that one of the most important sources of social capital in a postindustrial economy is professional education. It is through a learning process whereby engineers, doctors, lawyers, accountants or architects not only are trained in their field of specialty but are also socialized to obey certain behavioral norms concerning professional standards. We agree with Fukuyama about professional training but we do not accept that this behavior need be reserved for a professional elite. May it not also be learned and practiced on the assembly line and by plumbers and childcare workers?

The Dropout Cohort

Robert Putnam, like Fukujama, has written extensively on the erosion of social capital in the United States. However, Putnam initially focused on organizations and declining participation. At all levels of education, and among both men and women, the United States experienced a drop of

roughly one-quarter in group membership from 1974 to the mid-nineties, about the time Putnam's book, *Bowling Alone*, was published. Membership decline affected all sorts of groups, from sports clubs to professional associations, from discussion groups to labor unions. Church attendance fell by 15 percent during the 1960s, and by the mid-nineties amounted to roughly 30 percent in the United States (Putnam, 1995, 666).

Putnam identified declining American participation in organizations as a factor in the erosion of social capital but was unable to pinpoint its cause. Particularly frustrating to him was that, contrary to the fact that all evidence suggests that education boosts civic awareness, educational levels were rising throughout the studied period. Therefore, he proceeded, like a detective in a mystery novel, to list and evaluate factors potentially associated with the decline. His list is presented in Table 1 below.

Table 1. Possible Explanations for the Erosion of Social Capital

1. Time Pressure
2. Economic Hard Times
3. Residential Mobility
4. Suburbanization
5. Movement of Women Into the Labor Force
6. Disruption of Marriage and Family Ties
7. Changes in Structure of the American Economy
8. Disillusion With Government and the Cultural Revolution
9. The Growth of the Welfare State
10. The Civil Rights Movement
11. Television, Electronics and Other Technological Change

One by one, Putnam eliminated most of the factors in Table 1 as important suspects for causing the decline in social capital. Rates of residential mobility were remarkably constant over the period he studied. Evidence strongly suggests that long hours on the job are not

associated with less social involvement in civic life, and declines in engagement are somewhat greater among the affluent segments of the American public (1995, 669). Putnam is inclined to dismiss the effect of big government and the welfare state, a point with which we will take exception later in this analysis.

Putnam found that rates of association do not differ greatly between large cities, suburbs, smaller cities and rural areas. Furthermore, he dismisses the hypothesis that whites withdrew from community organizations during the Civil Rights Era by showing graphically that racial differences in association membership are not large. The erosion in membership has affected all races, membership decline being essentially identical among whites who favor segregation, whites who opposed it and blacks in general (1995, 673).

Although the absolute declines in joining are approximately equivalent among men and women, Putnam found the relative declines to be somewhat greater for women. Surprisingly, women working outside the home are members of slightly more voluntary organizations than other women (1995, 670). Divorce, per Putnam, is not a major cause of the membership decline but to some degree may be a consequence, not the cause, of lower social capital (1995, 671). Controlling for education, age, race and so on, single people — both men and women, divorced, separated and never-married — are significantly less trusting and less engaged in civic organizations than married people.

Putnam found age to be the notable exception for a uniform demographic decline in social participation. Older people, in his research, participate more in formal organizations than young people. Older Americans vote at a higher rate, read newspapers more frequently and engage in more civic activities.

At first, Putnam was inclined to attribute the rise in participation with age to a life-cycle pattern. However, between 1972 and 1994, as various generations moved through time,

membership levels more often fell than rose. He wondered if this could be a “period effect,” a sign of the times. However, he concludes that a “generational effect” offers a better explanation. Successive generations with divergent outlooks enter and leave the populations, and each generation has a certain propensity to participate.

Cohort analysis better explains the “generational effect,” but unfortunately this involves more unknowns than equations (1995, 674). Knowing where what occurred, and when a particular generation was young does offer clues. Men and women, born in the late 1920s and early 1930s joined, trusted, voted and read newspapers at a rate higher than other cohorts over a period of 40 years. Controlling for educational disparities, members of this generation were twice as likely to belong to civic associations as those born in the late 1960s.

Putnam’s asks why it took researchers so long to recognize this generational effect. It was not until the 1960s, 1970s and 1980s that the decline in attendance and volunteer lists for PTA meetings, Masonic lodges, the Red Cross, Boy Scouts, polling stations and the church became conspicuous. As the older attached generation hit their stride and became dominant, the “post-civic” cohort participated less.

Increases in divorce and percentages of mothers working away from home peaked only after childhood for Putnam’s “post-civic” cohort growing up in the fifties.

The introduction and dominance of television viewing is the only factor Putnam found to be consistent with the timing of this generation. Newspaper reading is associated with high social capital, TV viewing with low social capital. We detect a soft technological determinism in Putnam’s conclusion in which he attributes a fragmenting effect on society and culture to changes in communication technology (1995, 680).

Although Putnam and Fukuyama differ in methodology, Putnam’s conclusion is quite similar

to that of Fukuyama, who attributes massive shifts in norms and values to the media, as well as to global trends and travel.

Is it possible that social platforms, such as Facebook, LinkedIn, Skype, etc., could have a profound two-way effect on the generation raised in recent decades? At this point, it would be premature to speculate if, on net, social media is reversing the negative trend in social capital or is contributing to its further decline.

Much of the debate over Putnam’s research concerns his use of organizational attachment to assess an across-the-board decline in social capital over two generations. Critics suggest that the distribution of social capital may be more significant than the overall level. We, however, support Putnam’s emphasis on organizational participation. Using a computer analogy, social capital, embodied in persons (users), to be effective must be practiced in the public square in organizations (hardware). In the next section we try to determine if Putnam’s participation effect extends and affects social capital formation in the first two decades of the 21st century.

Declining Participation in Voluntary, Civic and Religious Organizations

Given the relative abundance of data, it would be relatively easy to measure increased-decreased rates in homicides, assaults, rapes, burglaries, suicides and addictions to support or refute the assumption of declining social capital. The difficulty is that social deviance is a negative measure of social capital and ignores distribution. A high incidence of social capital, widely distributed across the United States, coexists with pockets of extreme social pathology. We propose that a better indicator of how the overall stock of social capital is in the process of increasing or decreasing is represented by the amount of time people voluntarily choose to engage in social activities.

The American Time Use Survey (ATUS) measures the amount of time people, throughout the country, spend doing various activities, such

Table 2. The American Time Use Survey (ATUS) of Adult American Participation in Religious, Civic and Volunteer Activities and in Caring for Other Adults. (Source of Data: United States Department of Labor, Bureau of Labor Statistics.)

Activity Type	Percent participating on an avg day - Age 15 years and above (2017)	Slope of the Linear Trend Line 2004 - 2017	Slope Statistically Significant*
Religious and spiritual activities	9.3	positive	yes
Religious and spiritual activities, Men	6.8	positive	yes
Religious and spiritual activities, Women	11.7	positive	yes
Attending religious services	4.1	negative	yes
Attending religious services, Men	3.5	negative	yes
Attending religious services, Women	4.7	negative	yes
Participation in religious practices	5.5	positive	yes
Participation in religious practices, Men	3.6	positive	yes
Participation in religious practices, Women	7.2	positive	yes
Volunteering (organizational and civic activities)	6.1	negative	yes
Volunteering (organizational and civic activities), Men	4.5	negative	yes
Volunteering (organizational and civic activities), Women	7.6	negative	yes
Volunteer activities	6.0	negative	yes
Volunteer activities, Men	4.4	negative	yes
Volunteer activities, Women	7.4	negative	no
Administrative and support activities (volunteering)	2.3	negative	no
Administrative and support activities (volunteering), Men	1.4	negative	no
Administrative and support activities (volunteering), Women	3.1	negative	no
Social service and care activities (volunteering)	1.8	negative	no
Social service and care activities (volunteering), Men	1.2	negative	yes
Social service and care activities (volunteering), Women	2.5	positive	no
Indoor and outdoor maintenance, building, and cleanup activities (volunteering)	0.4	negative	no
Indoor and outdoor maintenance, building, and cleanup activities (volunteering), Men	0.4	negative	yes
Indoor and outdoor maintenance, building, and cleanup activities (volunteering), Women	0.3	negative	no
Participating in performance and cultural activities (volunteering)	0.5	0	no
Participating in performance and cultural activities (volunteering), Men	0.5	positive	no
Participating in performance and cultural activities (volunteering), Women	0.5	negative	no
Attending meetings, conferences, and training (volunteering)	0.7	negative	no
Attending meetings, conferences, and training (volunteering), Men	0.5	negative	no
Attending meetings, conferences, and training (volunteering), Women	0.9	0	no
Civic obligations and participation	0.1	0	no
Civic obligations and participation, Men	0.1	0	no
Civic obligations and participation, Women	0.2	positive	no
Travel related to organizational, civic, and religious activities	7.6	negative	yes
Travel related to organizational, civic, and religious activities, Men	6.3	negative	yes
Travel related to organizational, civic, and religious activities, Women	8.8	negative	yes
Caring for and helping household adults	6.0	positive	no
Caring for and helping household adults, Men	5.5	negative	no
Caring for and helping household adults, Women	6.5	positive	no
Caring for household adults	2.5	positive	no
Caring for household adults, Men	2.0	positive	yes
Caring for household adults, Women	2.9	positive	no
Physical care for household adults	1.7	positive	yes
Physical care for household adults, Men	1.5	positive	no
Physical care for household adults, Women	1.8	positive	no
Helping household adults	4.0	negative	no
Helping household adults, Men	3.8	negative	yes
Helping household adults, Women	4.3	negative	no
Caring for and helping nonhousehold adults	7.2	negative	yes
Caring for and helping nonhousehold adults, Men	6.3	negative	yes
Caring for and helping nonhousehold adults, Women	8.1	negative	yes
Caring for nonhousehold adults	0.7	negative	no
Caring for nonhousehold adults, Men	0.5	negative	yes
Caring for nonhousehold adults, Women	1.0	negative	yes
Helping nonhousehold adults	6.9	negative	no
Helping nonhousehold adults, Men	6.1	negative	no
Helping nonhousehold adults, Women	7.6	negative	yes

* P value = 0.05 or less

as paid work, childcare, volunteering and socializing. ATUS data are collected via telephone interviews. Respondents receive an advance letter and pamphlet explaining the purpose of the ATUS and notifying them of the day they will be called. The main part of the ATUS interview is a 24-hour time diary, starting at 4 a.m. the previous day and ending at 4 a.m. on the interview day. The participation percentages for activities, relevant to our study, are presented in Table 2. They represent annual averages on any given day of the week for the civilian non-institutional population's age 15 and over.

Table 2 lends support to Putnam's work through the mid-1990s on declining social capital, defined here as potential benefits created when people exercise their ability to voluntarily work together to achieve common objectives. From 2003 through 2017, Americans, both men and women, in general, reduced their participation in voluntary and civic activities. For most activities, the trend line over the period was negative and statistically significant. There is some indication that men on average increased their participation in cultural and women in social service activities, but these trends are not statistically significant.

Americans report that time spent in all religious and spiritual activities is increasing, but this is associated with a negative trend in time spent in attendance at formal religious services. Although the data, present in Table 2, is the average for any day of the week, the statistically significant trend for both men and women attending formal religious services is negative. Organized activities hold less value for Americans than in previous times.

If Americans are traveling less to participate in organized activities, what are they doing with their time? To study this, we hypothesized, given demographics, that they may be spending more time caring and assisting adult household and non-household members. Indeed, the percentage of men caring for household adults is increasing and statistically significant, but it remains a small percentage (2 percent in 2017). On the other

hand, 8.1 percent of American women and 6.3 percent of American men on an average day report caring for and helping non-household adults. However, the trend in amount of actual time spent daily in caring for non-household adults is negative and significant both for both men and women. The random American Time Use Survey of Americans indicates that there is a persistent decline in activities particularly associated with the formation of social capital.

II. Expecting More of Civic Society Through Social Intermediaries

Embedding Social Capital in Platoons, a Sense of Belonging in the Public Square

Fraternal organizations represent just one type of social intermediary but one especially associated with building social capital. Until the early 20th century, mutual aid provided by such organizations was a cornerstone of social capital formation for approximately a third of American households. These organizations offered health and burial benefits and some established orphanages, hospitals, job exchanges, homes for the elderly and scholarship programs.

These non-governmental organizations dedicated themselves to the advancement of mutualism, self-reliance, business training, thrift, leadership skills, self-government, self-control and moral character.

Social capital is created when such values, practiced and transmitted through organizations, build consensus and allow for collective decision-making to cut across seemingly intractable divisions like race, sex and income. (Beito).

The high degree of social capital characterized by fraternal societies demonstrates a certain level of trust in how individuals relate to one another. However, organizations in and of themselves matter. Private organizations, including schools, social service agencies and clubs, are not a sufficient condition for the maintenance of social capital but they matter because they are the

means for practicing non-family collective decision-making.

Family fills most of the gap between work and state, but participation in clubs, in church, mosque or temple and other informal associations creates lives that are meaningful, self-actualizing and fun. Individuals, according to Edmund Burke and other social philosophers benefit from belonging to a platoon, a link between family and society. Individuals develop personally, professionally and socially within a network of intermediary organizations. Our lives and the lives of others are enriched by this participation. Isolation, freely chosen, is fine but, in general, the lives of those lacking social ties, regardless of income, is somewhat grim and impoverished. Of course, individuals are motivated to join clubs and cooperate with agencies offering service to improve their personal well-being. However, through this association, a catalytic effect results in positive externalities, byproducts benefitting society in general.

The space between state and family is sometimes referred to as the public square. Social capital cannot be realized if the public square is empty of voluntary associations. The distinction between norms, institutions and formal organizations assists in understanding the process whereby social capital is formed.

Democracy and the Freedom of Association

To maintain order, a government often provides incentives for residents to develop institutions or ways of behaving, and these, when supported by cultural norms, craft and form organizations.

North, Wallis and Weingast, in their work on institutional economics, explain how an orderly society requires both institutions and organizations. Norms, in their understanding, are informal reflecting a shared culture holding common beliefs about the world. Institutions are the “rules of the game,” the patterns of interaction that govern and constrain the relationships

among individuals. Institutions include formal rules, written laws and a means of enforcement. The critical question is what types of institutions can survive given people’s changing beliefs and behavior (North et al., 8). Most agree that, in their lifetimes, informal norms and shared beliefs have been in a state of constant flux.

Organizations consist of individuals pursuing a mix of common and individual goals. Organizations coordinate their members’ actions; therefore, an organization’s actions are more than the sum of the actions of the individuals who belong to it. In other words, corporations, unions and garden clubs form to realize the goals of members, who would not have been able to achieve their objectives acting alone. However, through this process, organizations uniting social capital embedded in individuals and institutions, have the potential to create a public good benefitting society as a whole.

The ultimate cost of a complete breakdown in social capital is widespread violence. There are two options that governments have to maintain order. In the first option, rulers promote a limited-access society ordered through a hierarchy of personal relationships among powerful individuals. Because certain privileges are limited to this elite, members of the dominant coalition cooperate rather than fight among themselves. The elite coalition realizes that violence will reduce their special advantages. Therefore, each member of the coalition has an incentive to maintain order. Personal relationships among this elite dominate both the region’s political and social base. People outside the dominant coalition have only limited access to organizations, privileges, valuable resources and activities.

In the second option for maintaining order, open-access societies, emerging in 19 century United States and elsewhere, rely to a significant extent on impersonal characteristics and merit to grant entrance to important positions and institutions. Both limited- and open-access society may consist of public and private organizations,

but in limited-access societies, as the saying goes, it is not what you know but who you know. In an open-access society, on the other hand, entrance to civil service and universities is based on impersonal criteria rather than parentage or position in society.

How fundamental to democratic government are open access and the liberty to establish competing organizations? If “democracy” is a social system responding to citizen interests and self-correcting over time, then it requires more than elections and a written constitution (North et al.). Democracies do not produce social capital by fiat. They require open access to political, economic and social organizations, including a free press. When institutional norms are embedded in constitutional protections, open access and competing organizations greatly reduce illegitimate uses of violence. The resilience of democracies to cope with change and systemic shocks requires that individuals retain the skill and habit of creating private economic and social organizations at will. In the public square of such democracies, we observe open entry to new organizations, competition between them and the free movement of individuals into and out of them.

One of the striking insights of institutional economists’ study of organizations is that open-access organizations, both for-profit and not-for-profit, are impersonal and continue to exist independently of their founders and original members. Survivability, along with the rule of law and control over police and military coercion, ensure a wide range of public services. Large-scale social-insurance programs are missing in closed-access societies operated by an entrenched elite. In open-access impersonal societies, poverty-reduction programs use impersonal and observable means-testing criteria; driver’s licenses are issued to those who meet an age requirement and pass a competency test. In other words, a person does not have to bow down to self-serving politicians to gain access to needed public services. There is a great value to living in

Table 3. A Survey of Former Participants: How 4-H Participation Affected Personal Development

Statement	n	M*	SD	Rank
<i>Developing personal pride in achievements and progress</i>	165	6.19	1.08	1
<i>Enjoying recreation, leisure, companionship, fun</i>	164	6.00	1.14	2
<i>Developing self-esteem/self confidence</i>	164	5.96	1.22	3
<i>Setting and working to achieve personal goals</i>	165	5.81	1.20	4
<i>Building group interaction skills</i>	164	5.68	1.32	5
<i>Acquiring skills for leadership</i>	163	5.61	1.65	6
<i>Developing decision-making skills</i>	163	5.60	1.29	7
<i>Learning skills for judging, evaluating, and assessing</i>	163	5.59	1.60	8
<i>Acquiring teamwork skills</i>	163	5.58	1.40	9
<i>Building leadership skills</i>	163	5.58	1.67	10
<i>Developing problem solving skills</i>	163	5.50	1.24	11
<i>Learning meeting management skills/ democratic procedures</i>	164	5.41	1.68	12
<i>Acquiring skills necessary for employment</i>	163	5.19	1.60	13
<i>Practicing good habits of health, fitness, and safety</i>	164	4.89	1.60	14
<i>Learning money management</i>	165	4.74	1.69	15
<i>Acquiring and developing good nutritional practices</i>	164	4.68	1.70	16
<i>Learning business management skills and techniques</i>	163	4.60	1.61	17
<i>Developing entrepreneurial skills</i>	162	4.59	1.84	18

**Mean response computed on a scale 1(no contribution) to 7(great contribution)*

Source: Rama B. Radhakrishna and Megan Sinasky, *4-H Experiences Contributing to Leadership and Personal Development of 4-H Alumni*, *Journal of Extension*, December 2005, Volume 43, Number 6. www.joe.org.

an impersonal meritocracy. By freely associating with a variety of private organizations, an individual can maintain a genuine sense of belonging to a particular nation as a whole.

Democracy, as compared with dictatorship, requires skill in collective decision-making developed by the natural right of individuals to

freely associate without government approval. Democracy has been called a muscle needing some exercise. Intermediaries assist in building democratic strengths at a community level and ultimately hold those in charge responsible.

Free-enterprise firms allocate energy and resources to maintain the freedom to operate and seek profit independent of government interference. Those advocating for minimum government argue that the government should not try to produce goods that can better be provided in private markets. Therefore, the distinction between private goods and public goods is critical in understanding social capital formation. States specialize in providing public goods, not available or under-produced by for-profit firms. Two examples of public goods are police protection and national defense. Excluding non-paying members from the benefits of public goods, once provided, is impossible or costly. Often missing from this discussion is the issue of quasi-public goods and services, containing both public and private components. Private intermediaries exist because they offer services that provide internal personal benefits to members and public benefits, referred to as positive externalities, to society at large.

We are confident that not-for-profit organizations create both private and public value because people are willing to pay membership dues, and many others are willing to sponsor, volunteer and donate to intermediaries. Also, in some instances, government contracts with private agencies to deliver services. One justification for the non-tax status of private intermediaries is their role in producing social capital.

Linking Organizations with Social Capital Formation

Variance in the level of cooperation, participation, social interaction and trust are traits used to differentiate between societies exhibiting various degrees of social capital. A deep sense of civic and cooperative behavior is a

cultural trait transmitted from generation to generation. Cultural traits may be considered informal institutions interacting with formal institutions like laws and regulations, which in turn influence organizational behavior (Alesina and Giuliano). Therefore, focusing on organizations is relevant because social learning is transmitted not only between parents to children or peer to peer, but also through extended family, neighbors and other non-family members associated with educational, religious and other cultural and athletic activities.

There are studies linking the effects of organizational participation on social capital. Here, we present two limited self-sponsored studies. In both cases, a survey of former participants is used to determine if the purported objectives of the organizations were realized. The objectives of both organizations, dealing with children and adolescents, are interpreted as attempts to contribute over the long run to the stock of social capital.

4-H, a public-private partnership, is one of the leading youth clubs across the United States. Pennsylvania State University's Department of Agriculture and Extension Services cooperated in a survey, reported on in Table 3. Researchers examined the contribution of 4-H experiences on leadership and personal development of 4-H alumni in Pennsylvania.

A total of 168 out of a random sample of 289 4-H alumni responded to a mail survey. Respondents, 74 percent female, had participated in 4-H an average of 8.5 years. The authors of the study conclude that self-reported 4-H experiences greatly contributed to respondents developing group interaction, leadership and decision-making skills.

Boy Scouts of America, as 4-H, commissioned a survey of former members. Harris Interactive conducted the survey and report, *Values of Americans: A Study of Ethics and Character*, in order to examine the ethics and character of Americans, both young and old, and to compare

changes in norms over time and to assess one organization's long-term influence on behavior.

Values of Americans comprises two distinct but interrelated surveys: one of adult men and women and the other with males and females in 4th through 12th grade. The adult survey was administered via telephone to a random sample of 1,524 U.S. adults aged 18 and older. The youth survey consists of a paper survey distributed to a random sample of 1,714 youth attending public, private and parochial schools across the United States.

A subset of the Boy Scouts of America study dealing with men and boys, permits comparisons in values between 1995 and 2005. As compared with the 1995 survey, fewer men responding to the 2005 survey placed high importance on showing concern for their neighbors' property, keeping their property clean and tidy, or attending religious services regularly. Measures of ethical beliefs also declined. Fewer men agreed that being honest with everyone pays off and that preserving our environment for future generations is very important. Fewer men thought it wrong under all circumstances to smoke marijuana, and slightly more reported smoking this drug. American values related to ethical behaviors varied according to the perceived degree of the offense. Respondents to the later survey continued to indicate strong opposition to the illicit use of hard drugs such as heroin or LSD but held more lenient views on taking office supplies for personal use or for speeding. Women were not included in the earlier survey, but in 2005 were more strongly opposed to unethical behavior than men.

Youth respondents appear to value honesty and ethical behavior. Most would not participate in dishonest or destructive acts, and few reported participating in acts such as carrying a gun to school, using hard drugs such as LSD or shoplifting. However, like adults, they tend to participate in dishonest or unethical acts that they feel carry fewer consequences or that have higher peer pressure, such as cheating on homework or

tests and drinking alcohol. Almost one in five youth participated in binge drinking or fighting. It should also be noted that participating in these destructive or unethical behaviors increased with age. Comparing youth in 1995 to youth in 2005 reveal some encouraging trends. Fewer youth today reported shoplifting, cheating on homework, carrying a gun to school, or being a member of a gang.

Figure 2 presents the perceptions of men in general and former scouts concerning certain behaviors. Men with scouting backgrounds were more likely than those with no scouting background to place greater importance on measures of good citizenship. This was especially true of men who were scouts for five or more years. Men who were scouts believed that voting in every election, showing concern for your neighbor's property, keeping one's property clean and tidy and staying physically fit are essential to good citizenship. Men with scouting backgrounds also gave greater importance to attending church or religious services regularly, financially supporting religious organizations, participating in youth-related organizations, taking part in charitable organizations and volunteering time in the community.

Both studies indicate that formal intermediaries stand willing and able to assist Americans in stemming the tide of decreased social capital. Organizations, characterized by internal hierarchy, a division of labor, status and functional distinctions, contribute to social capital. This raises the question of why Americans appear to have lost faith in organizations and are continuing to reduce their participation.

Not All Intermediaries Contribute to Social Capital

Intermediaries are instruments created by stakeholders uniting for a common purpose. They support individuals in distress, in dealing with uncertainty or merely in the pursuit of happiness. Trust between friends, neighbors and acquaintances is mortar between the bricks,

consisting of civic associations, religious institutions, athletic teams and miscellaneous volunteer activities. These private intermediaries create social capital if they manage to avoid internal and external pitfalls.

In less affluent neighborhoods, social networks, according to Putnam in *Our Kids*, are much more likely to transmit social dysfunction than provide solutions. Even churches, often the last surviving community organizations, are vulnerable to adverse neighborhood influences (Putnam, 2006). This criticism of private intermediaries must be seriously addressed. Why have private intermediaries, including those sponsored by churches, not been able to shield themselves from the dysfunction present in their social and cultural environment?

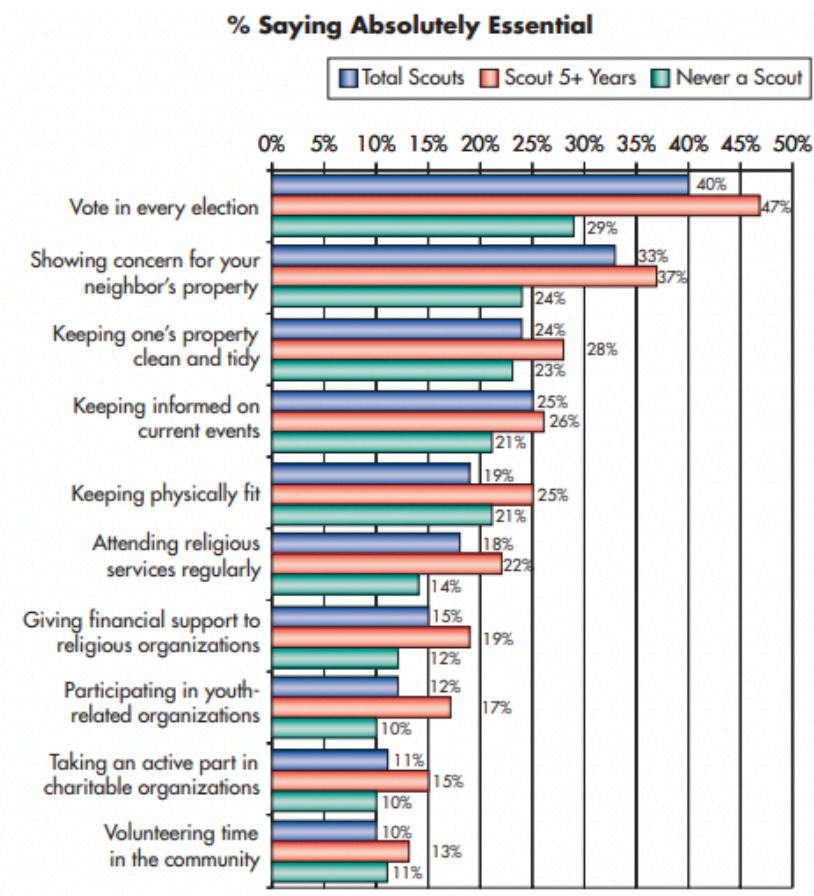
“Negative internalities” is a concept useful in analyzing organizational dysfunction from within. Negative externalities, on the other hand, deals with the transmission of social dysfunction beyond the organization.

Negative internalities studies how internal organization is distorted by improperly aligned incentives. Social capital is created when incentives are aligned to ensure that administrators, employees, clients and other stakeholders do not use influence, assertiveness, or self-deception to advance the personal interests of one individual or a subset of stakeholders.

The fact that managers in the for-profit sector operate in their self-interest and that of stockholders is fully acknowledged and tolerated if done legally. Consciously pursuing what is in one’s interest but contrary to the goals of a public agency or private intermediary is corrupting and unethical. It is the greatest evil when a social service industry purports to act in

trust for clients. Social service agencies, unlike commercial firms, can survive indefinitely, even when unresponsive to clients and incapable of moving toward consistent objectives. Measures of

Figure 2. Behaviors that American Adult Males Surveyed Indicate as being Essential



Base: 595 men who were Scouts as youth; 248 men who were Scouts 5+ years; 410 non-Scouts.

Source: *Values of Americans: A Study of Ethics and Character*, Harris Interactive Report Produced by Boy Scouts of America Youth and Family Research Center, May 2005. <https://filestore.scouting.org/filestore/marketing/pdf/02-849.pdf>

output, quality and effectiveness are hard to define in the not-for-profit sector and feedback from clients is often lacking or unreliable.

Lacking a strong link between price and quality, non-market agencies can assume internal procedures and practices lacking a clear or reliable connection with the ostensible public

purpose for which the agencies were intended to serve (Wolf, 117).

Intermediaries have revenue streams other than direct payments received from clients; thus, the list of potential negative internalities is endless. If any one source of revenue is threatened, an intermediary may opt to offer commercial services unrelated to its primary mission. An endowment can be used to increase or guarantee employee salaries rather than provide social services. To maintain a revenue source, resources can be shifted internally to meet targets and indicators, not necessarily associated with good service. Consequently, when social services are provided cooperatively through private intermediaries, donors, administrators, professionals and staff need to be on the same page, so to speak, concerning the values and rules of exchange.

When private organizations produce negative externalities, the deep cultural bonds extending to society at large are threatened. One of the most important cultural bonds is generalized trust toward others, i.e. how people respond to those they do not know personally. Not every private intermediary creates generalized trust extending to society at large.

Negative externalities arise in certain instances when the degree of internal cohesiveness is high, but the organization is focused on goals contrary to the wellbeing of society as a whole. Such organizations decrease the degree to which members trust outsiders and work effectively with them. Highly disciplined, well-organized groups sharing strong common values are capable of highly coordinated collective action, and yet function as a social liability.

Certain private organizations, effectively using their social capital, transmit negative externalities; at worst, they actively breed distrust, intolerance, or even hatred for and violence toward outsiders (Fukuyama, 431).

Criminal organizations, gangs and various self-regarding ethnic and racial organizations score high in internal trust and can be quite effective in

achieving their collective goals. However, a society characterized by a large number of such organizations is at risk. In these situations, there is no substitute for effective laws protecting core values and institutions. At times, effective policing is necessary to quell violence and harm to society at large from organizations transmitting social dysfunction.

It is important to realize that social capital is created when individuals cooperate to achieve common objectives. Social capital, embedded in people and organizations, is a type of know-how that is essentially neutral with respect to society at large. Thus, organizations employing social capital have the potential to transmit both negative and positive externalities.

Social dysfunction leads some to argue that social capital does not exist. They believe that the interests and values of individuals are too much at odds with a voluntary functioning collective outside a small network of family and kin. Indeed, when members of various groups are combined in experimental studies, participants are more willing to share and cooperate with in-group members than out-group members.

The solution to the conflicting goals of private organizations and society at large depends on how individuals choose their affiliations. In the process of acquiring social capital, individuals become aware of what they must contribute to receive the benefits of belonging to a particular organization. The hope is that individuals will choose to participate in socially beneficial activities and that organizations with which they affiliate learn to coexist with other groups in society.

It is unrealistic to assume that persons associated with not-for-profit organizations consistently pursue mission objectives or use social capital to benefit society at large. An organization, social club or social agency that has been co-opted and functions as a cooperative for its staff, fails both its members and clients. In addition, effective organizations may direct their accumulated social capital in directions that are harmful to society at large. These are not

infrequent occurrences. However, negative internalities are tolerated in a free society because constant feedback loops are expected to drive dysfunctional organizations ultimately to self-correct rather than forfeit financial and member support. The multiple objectives of stakeholder groups make cross-monitoring likely, as measures are put in place to keep an organization on tract. Negative externalities, on the other hand, present political and legal challenges.

III. Reawakening a Vibrant Civic Sector

The image of unmotivated millennials playing computer games rather than attending class, holding a job, or forming families may not be fair or accurate. Like homeschooling and home births, their behavior could represent a least bad alternative rather than a lack of trust in existing institutions. The long-term net effects of social media and “sharing” platforms may have a positive effect on social capital. Meanwhile, Fukuyama’s concern with networks of trust, Putnam’s observations on declining participation, and Murray’s pinpointing of social dysfunction are serious issues if social capital, the capacity to work together to achieve common objectives, continues to decline.

In *Our Kids: The American Dream in Crisis*, Robert Putnam describes Kensington, a dangerous neighborhood in Philadelphia. Adults living there recall childhoods oriented around a local recreation club, a skating rink, parks and public pools, sports teams and social dancing sponsored by fraternal organizations and the city’s department of recreation. Presently, crime is pervasive; police no longer walk the beat, and people keep to themselves (2015, 200). Kensington’s degeneration is associated with increased single parenting, joblessness and detachment from religious and other institutions.

Contrary to a romanticized image of close-knit communal life among the poor, better-educated Americans have wider and deeper social networks or are better able to compensate for their lack.

Lower-class Americans, per Putnam, tend to be socially isolated from extended family and neighbors (2015, 207). Community resources for children have become less public, forcing parents to rely more heavily on private provision. Furthermore, high school students who cannot afford user fees are subject to exclusion from extracurricular activities (2015, 226).

Tocqueville saw the ever-present danger in a democratic society that certain groups would gain the power to take away from people the faculty of modifying their lot. This would result in dependence on an inflexible providence or a feeling of blind fatality (Thomas, 565). We see in the United States a growing underclass living in non-communities with few functional social organizations.

We hypothesize that declining social capital and dependence on government are not exclusively lower-income phenomena. Higher income families can afford to purchase private services for their children minimizing the negative consequences of drugs and other misadventures. This does not dismiss, however, their need as well for social connectedness, a factor in achieving one’s goals regardless of income (Putnam, 2015, 210). It is important to emphasize that social capital formation is less an issue of social networking (who you know) but rather one of embedding social capabilities through active participation.

Middle-income as well as less-affluent life becomes increasingly perilous without institutional, fraternal and extended family support. Ordinary people, isolated and feeling hemmed in by circumstances, become less competent or confident in making choices about their children’s discipline, diet, education and healthcare. Even the rich are tightly yoked. They anxiously schedule and train their children for the mad meritocratic climb up the greasy pole of success as defined by growing public bureaucracies. Meanwhile, the government sector grows, and private social services and opportunities decline (Reno, 5).

Social isolation is exacerbated in the shrinking social space between families and government, resulting in a loss of trust and increased dependency on bureaucracies and government. Unlike medical care and schooling, social capital is not easily purchased but is acquired through family, neighborhood and other activities. Admittedly, social capital can be accumulated through paid employment, but corporations do not hire those lacking marketable skills. Social capital, embedded in people through effective participation in organizations, is the key to overcoming isolation and building a healthier social environment. There are few substitutes for engagement in cooperative activities insisting on some degree of reciprocity. Such private organizations are important to the American way of life. Could it be that present institutional arrangements channel individuals away from these activities? Or, is it the case that the private benefits of participation are not worth the cost?

From Passivity to Self-Reliance

The historian, David Beito, studied five fraternal societies thriving around the turn of the 20th century. All members of the Independent Order of Saint Luke and the United Order of True Reformers were black. The Loyal Order of Moose, an exclusively male society, emphasized sickness and burial benefits. The Security Benefit Association (originally the Knights and Ladies of Security) offered membership to men and women on equal terms. The Ladies of the Maccabees, an all-white, all-female society, provided health benefits including surgical care.

Each of these organizations, according to Beito, advocated self-reliance, a hallmark of fraternalism. Fraternity was the primary benefit for each member. However, members were expected to be economically self-reliant and to gain proficiency in the arts of cooperation and leadership. The personal formative benefits included self-discipline and personal success, but such qualities were tempered with civility. A vigilant watch was maintained over those who

endangered the harmony of the lodge by indulging in personal attacks. To achieve harmony and widen the applicant pool, non-partisan membership was preferred. All five societies prohibited income and class distinctions. Better educated and more affluent members were more likely to be leaders, but it was not unusual for a “modest workingman” to direct meetings attended by employers who were co-members.

Although the objectives of these different societies were expressed in nearly identical terminology, interpretation and application of mission diverged. Each found creative ways to customize such ideals as thrift, self-reliance and self-government to suit the special needs and interests of members. For example, the United Order of True Reformers and the Independent Order of Saint Luke created programs to advance the standing of the black community.

By the 1930s, fraternal societies had entered a period of decline from which they never recovered. Beito’s analysis of the decline is helpful in pinpointing a parallel decline in social capital. Like Putnam, he attributes some of the change to the lure of newer forms of entertainment, such as radio and movies. However, he concludes that the decline was essentially due to a transformation from mutual aid to merely offering insurance policies and recreational facilities.

Why did this transformation occur? Beito argues that three important changes constrained the functioning of fraternal societies. First, the medical profession launched a campaign against medical services by imposing manifold sanctions, including denial of licenses, against doctors who accepted contracts from fraternal organizations. Second, the first three decades of the 20th century brought a rapid and unprecedented expansion in government-provided welfare.

Finally, legislation enacted during World War II exempted employer-provided fringe benefits, including health insurance, from income tax. Workers’ identities became more closely identified with their jobs and incentives to

purchase health insurance through non-governmental organizations was undermined.

The old relationships of voluntary reciprocity and autonomy slowly gave way to paternalistic dependency on corporations and government. This led to passivity in one dimension and organized advocacy on the other. When individuals become passive, civic society withers except for groups advocating increased public services. Unfortunately, we may have reached a point in which it has become prohibitively expensive to provide increased social services, perceived and promised as legal rights. In Jane Jacobs's classic work, *The Death and Life of Great American Cities*, she explained that the dense social networks that existed in older, mixed-use urban neighborhoods were far more responsible for cleanliness, the absence of street crime and other quality-of-life measures than were formal institutional factors like police protection (Fukuyama, 377).

Moral hazard, understood by those in the insurance industry, is helpful in understanding a decline in social capital. Moral hazard refers to a likelihood of a person failing to comply with expected behavior as contracted. Moral hazard, in the context of social services, exists when inappropriate incentives cause clients to shift their behavior to maintain eligibility, adversely affecting the allocation of resources to those truly in need due to circumstances beyond their control. When moral hazard exists on a large scale, it transmits negative externalities or harm to third parties beyond the client-agency relationship.

Organizations are adversely affected by moral hazard when striving or expected to assume all costs for student learning, to offer unlimited care and counseling, and, in other words, to ensure that the recipient no longer needs to strive to the extent he or she is capable. The client-recipient feels little responsibility in becoming a contributing part of the system or to assist in preserving a particular culture. In other words, recipients have no other purpose than to be

passive receivers of whatever minimum amount of service it is that agencies are willing to provide to maintain their sources of revenue.

Individuals, in distress or merely seeking education, recreation or other services, are often treated in ways inconsistent with their capacities as human beings or their ability to act purposefully on their behalf. Their application or desire for services is seen as due to personal incompetence or to being a victim of circumstances. Thus, those offering services overreach in attempting to direct the lives of clients. Clients in need of short-term, focused assistance available only through a monopolistic provider are faced with the choice of forgoing service or permitting their capabilities to assume personal responsibility atrophy. In these instances, intermediaries become facilitators of behavior detrimental to clients, organizations and society as a whole.

Clients should not permit themselves to be perceived as dependents reducible to rat-like responses to stimuli. However, they need reminders that membership and service are not without costs to someone. If possible, service must be earned through a willingness to cooperate with treatment or organizational procedures. Intermediate institutions require the ability to firmly resist domination by clients or other stakeholders who seek to use them as instruments for their purposes. We are suggesting that social capital is optimally created when organizations and their member-clients view the process as a cooperative in which each of the primary stakeholders have voice and standing.

Social services for Americans have increasingly become characterized by impersonal bureaucracies funded by tax revenue. Eligibility depends not on any reciprocal or participatory activity but rather on a growing list of perceived rights. Organizations focus not on clients but professional grantsmanship and government policy. We do not intend to minimize the benefits provided in distributing benefits to those in

distress. However, social capital formation requires a different approach.

Over time, it is possible that informal institutions and formal institutions will evolve to handle changing norms and priorities. However, at this point, it is unknown how long this will take and what mechanisms will be put in place to create social capital to deal with present social crises. Meanwhile, the goal should be to forge a social equilibrium through a multitude of private intermediaries. This framework is consistent with democratic government in a pluralistic society. In the virtual space, located between family and state, individuals can voluntarily cooperate to deal with uncertainty, distress and the pursuit of happiness. America has relied on high schools and colleges to provide an all-inclusive package of academic, social, aesthetic, athletic and other experiences. As teens and young adults reduce or postpone on-site attendance at these institutions, substitute organizations are needed for social capital formation.

Organizations from universities to engineering, accounting and architectural firms generally do not try to manage their professional staffs through detailed bureaucratic work rules and standard operating procedures. Such workers are usually trusted to be self-managing by internalizing professional standards. Professional education is consequently a major source of social capital in any advanced, postindustrial society and provides the basis for decentralized, flat organization. Authority does not disappear in a flat or networked organization; rather, it is internalized in a way that permits self-organization and self-management (Fukujama, 446). There is no reason, however, to assume that professionals hold a patent on co-operative skills. Social capital can be embedded in any group of individuals free and willing to associate with each other to achieve a common goal. Such activities include associations for single parents, setting up childcare co-operatives, organizing stamp collecting and model railroad clubs and providing enrichment activities for elders.

Both client and club members assume the risk of an uncertain outcome, and, therefore, stand as the ultimate judge of their needs. Concerning formal education and social services, in particular, vulnerable clients submit themselves to a process with an uncertain outcome. Is cooperative participation realistic regarding delivering professional care? Certain recipients, particularly children and the seriously mentally and physically impaired, are unable to evaluate the quality or appropriateness of a given service. They depend on highly trained professionals and organizations to act in trust for them. The trust factor is one, if not the primary, reason explaining the need for private intermediaries (Hansmann).

Individuals confront a variety of providers vying for clientele. For the benefit of themselves and those for whom they advocate, clients assume the responsibility of differentiating between contenders each with their own bias. A consistent norm in American culture is to default to the standing of parents, who need not pass a competency test, to make decisions for their children.

The expectation is that individuals formed with values embedded in them by family and culture will choose well. However, freedom is not free, and outcomes are not guaranteed. In deciding between social, medical and educational providers, clients pay for information on quality either by observing the experience of others or by a willingness to pay fees ensuring accreditation by independent standard-setting organizations. Social networks reduce the search costs of acquiring information and assist clients in choosing the best fit for their particular needs. Through this process, persons gain capabilities and realize that no government agency or private intermediary can eliminate uncertainty.

Clients are capable of self-direction, and free will is not merely an illusion, a myth to be discarded. Personal responsibility has been diminished within institutions and in public policy (Machan). Hopelessness about the meaning of life, a breakdown in the social-institutional

framework and increased emotional fragility in coping with uncertainty are some of the negative consequences resulting from lower expectations about the ability of individuals to choose well. If we are seriously concerned about declining social capital, we will evaluate every policy regarding how much choice and responsibility is reserved for individuals or, when appropriate, personal agents who act on their behalf.

The Private Advantage

With increasing percentages of children growing up in single-parent households, the government has intervened to mitigate and, some would argue, facilitate shifting norms. The state has not been successful in performing the socialization functions traditionally played by other smaller-scale social groups, and attempts to do so come at a great economic cost.

When individuals associate freely, the norms of personal liberty and agency are embodied in institutions set on the foundation of strong property rights, freedom of association, freedom of religion, a free press and limits on government. The spontaneous result is a civil society consisting of a network of social providers located in the public space between government and families. On a micro level, each particular intermediary is a voluntary cooperative effort on the part of stakeholders to realize a perceived mission. The goal of such nonprofit organizations is to be effective.

Much of the work of free-market economists focuses on for-profit firms, competition and efficiency. However, Friedrich Hayek, noted economic theorist and Nobel Prize recipient, actually attributes much of his work in market economics to Lord Acton and Tocqueville, both known for their acute insights into society as a whole. Hayek reminds us that society is far more complex than many realize (*The Road to Serfdom*). Expertise in education, in maintaining physical and emotional health and in alleviating human distress is dispersed among millions of individuals. Profit-seeking corporations are just a

subset of non-government organizations in need of liberty to achieve their goals. The task of social science is to demonstrate how little is known by those who imagine they can design the good life for customers, clients or hobbyists. Otherwise, good intentions backfire with unintended consequences.

In a free society, people band together to collectively provide each other with social services, unavailable in the marketplace. This fact does not determine how or in what sectors services should be delivered. Health, educational, fraternal and support services can be delivered in a corporate for-profit setting, in a non-profit institution, or by government. Observing the pervasive unintended and sometimes tragic consequences of educational, medical and welfare policies, it is puzzling as to why, in modern culturally diverse affluent societies, the government is chosen as the final and, at times, the only deliverer of social services.

Privately sponsored and subsidized intermediaries cannot guarantee outcomes but do much to assist individuals and families given the inevitable uncertainties of the human condition. Examples are private schools, charitable organizations, women's care centers, the Salvation Army, the YMCA, Boy and Girls' Clubs, homeless and prisoner release shelters, soup kitchens, etc., along with fraternal organizations such as the Knights of Columbus, Shriners, Habitat, Doctors Without Borders, Alcoholics Anonymous, Elks, Parents without Partners, etc. It is essential to contrast the effectiveness of what can initially be perceived as a hodgepodge of diverse intermediaries with a monopolistic government provider of social services trapped in a quagmire and unable to change course.

Certainly, government social agencies operating in stable, culturally homogeneous societies are effective and less likely to be harmful. However, pluralistic societies are characterized by significant migration, less extended family support and economic disruption. Sub-groups assign a different weighting to valid social

customs and objectives. The greater the likelihood of sub-groups holding different values or experiencing distress, the greater the need for a variety of social intermediaries flexible enough to address personal contingencies and avoid social chaos. Government bureaucracies, particularly in pluralistic societies, have high transaction costs associated with changing mid-stream from one option to another.

Attempting to solve social problems through collective political action is complicated because cultural values are deeply embedded in diverse groups and alterable, if at all, only slowly and at the margin (Schuck, 374). Government policy goals are set from outside and often far removed from agencies delivering services and are therefore twice removed from the priorities and aspirations of client-recipients. This is not necessarily a criticism of government policy, accountable to taxpayers subsidizing its services. Rather, it is recognizing the inadequacy of tools available to the government in determining value for individuals with different priorities over a range of services.

The amount of benefits produced by social intermediaries is difficult to assess. Therefore, we often default to a single inadequate measure, i.e., the number of inputs used. Average time allocated per case by social workers, elementary school class size, research papers published and clients served per professional is, at best, only remote proxies for the "real" or final intended output of social intermediaries.

Also, the quality of service offered is elusive. This is because, first, contributors constrain organizations with multiple mandates and, secondly, information, automatically transmitted by consumer behavior in profit-seeking firms, is lacking. Consider, for example, adoption services, foster homes, retirement communities and schools. Generally, a client does not pay the full cost, donors do not personally experience the service, and others act in trust for recipients unable to choose between services. Consider, as well, the almost impossible task of determining

whether the "quality" of these programs is "better" or "worse" now than before a policy change. Whenever a single agency is providing service, effectiveness is at risk (Wolf Jr., 113).

An individual's perception of having experienced social support, as compared with specialized treatment, is associated with better adjustment to stressful events over a lifetime (Costa and Kahn 2010). Those who are physically or mentally unable to cope tend to be socially isolated; therefore, it is difficult to establish a causal link between social networks and well-being. Undoubtedly, however, easy access to numerous private intermediaries increases the likelihood of caregiver contact with those unable to maintain social ties. A diversity of organizations offers more opportunities for caregivers to develop administrative capabilities and flexibility in targeting services.

Cost-benefit analysis is the best tool available to assess the worthiness of a government or cooperative effort, yet it is inadequate in assessing harm to those adversely affected or unable to realize benefits (Levy and Peart, 669). In Cost-Benefit Analysis (CBA), all individual goals are collapsed into one goal. For example, the goal of state subsidies to higher education in CBA is reduced to measuring future earnings and potential tax revenue that equal or exceed taxpayer costs. Organizational goals are often unspecified or override individual goals, not to mention the goals of those never attending university. Social programs can meet the cost-benefit criterion yet fail to address deep cultural and social needs.

The inability of government assemblies to carry out what seems to be a clear mandate in providing social services inevitably creates dissatisfaction with democratic institutions. Dissatisfaction with government lends itself erroneously to the belief that politics can be avoided by placing decisions in the hand of experts, permanent officials, or independent, autonomous bodies (Hayek, 65). In the United States, the implementation of the Common Core

for 12-K education and Affordable Care in medicine are two examples of popular discontent with government's ability to deliver services and the hope, versus experience, that experts on the federal level will succeed.

Given disillusionment with federal services, delegation to a local authority is a rightly considered option. Often, however, irreconcilable differences on what and how services should be provided cannot be resolved by general rules but only by the discretion of some local authority using the force of law to make arbitrary decisions. This necessarily requires that government act in full knowledge of harmful or redistributive effects to certain groups.

Consequently, in response to constituent complaints, officials, not teachers, social workers, or clients assume more and more discretion. "Fair" or "reasonable" government provision depends unrealistically on nothing short of complete knowledge of the value of satisfying every want of every person or group (Hayek, 81).

Private intermediaries choose to target a particular level of provision, subject to available resources. Public agencies are expected to meet all needs, an impossible task. Thus, services are denied, reduced or misallocated. Interest groups act strategically to redirect services to themselves. Residents relocate rather than be taxed for services they do not value. Those who cannot move are trapped into dependent relationships with monopolistic suppliers. Understandably, a lack of trust in institutions, or confidence in our abilities to change them, leads to resentment and social disruptions.

More research is needed to test the relationship of social isolation when social services are delivered through government agencies as compared with private intermediaries. Meanwhile, we should recognize the need to refocus attention on giving individuals, particularly clients in need of social services, a sense of belonging. This requires processing needs as close to the source as possible and effectively

utilizing the widely dispersed skills, lying dormant in our respective disciplines and traditions.

Avoiding Organizational Failure

For many Americans today, there are fewer and fewer enduring loves, demanding loyalties and cultural ties. Fewer people live where they were born. Families are less stable. Individuals become self-absorbed. This all takes place against a background of perpetual critiquing of institutions. Families are not seen as refuges in a cruel world, but rather places of psychological distress. Organized religion is considered fantasy, and patriotism foolish (Reno, 5). Restoring trust in intermediaries can be an uphill battle in this environment.

Given the pedophilia crisis in the Catholic Church, deaths due to hazing in college fraternities and other egregious examples of abuse, it would be naïve to assume that private agencies are somehow exempt from the failure associated with state agencies. They are not. Criminal behavior and co-optation by employees, administrative perks, careerism, bureaucratic bloat, rent-seeking, voting paradoxes, inappropriate measures of effectiveness and indifference to clients are found in all types of formal organizations, including clubs and agencies claiming to provide social and educational services.

The issue is that opportunities for building social capital are not found in large bureaucracies or professionally operated foundations. Nor are they found in "mailing list" organizations such as the Association of Retired Persons or the Sierra Club. These organizations are designed for people with common sympathies but not social connectedness. Members of "mailing list" organizations contribute yearly dues, receive a newsletter, but have little reason for cooperating with one another on issues unrelated to advocating for benefits. Nominal membership and social media platforms, however valuable, are not perfect substitutes for participation in member-

controlled rather than corporately administered organizations.

However, even in smaller organizations, activities not closely associated with an organization's primary mission reduce effectiveness. This occurs when undue tolerance is given members or staff to use a parent organization as a platform for pet projects. This, in turn, creates pop-up intermediaries, at times facilitated by crowd-funding on the Internet. In some instances, the primary asset of the pop-up is the goodwill of the sponsoring intermediary with which it is identified. Unrelated activities can create social benefits, but tensions between revenue sources decrease the total public goods that would have been produced by faithfulness to mission. Primary mission matters.

Private institutions create social value by encouraging beneficial internal rules of an exchange not by positioning the organization externally to gain an advantage (Vernon Smith). The process of establishing rules of exchange within an organization is the mechanism for building social capital. The ability to predict and count on associates' behavior creates trust. Of course, administrative mandates and decision rules about procedures, necessarily, suppress individual freedom. However, given private space in the public square, individuals are free to create new organizations, exit from existing ones, attempt to get their particular views adopted, or simply acquiesce.

A constant interchange of thought, experience, valuable feedback and the recognized possibility of substantial benefits from cooperation can substitute for a common shared world view. The probability of agreement on a particular course of action necessarily decreases as the scope of the organization is extended, and optimal size needs to be considered regarding the type of service being provided. In any organization, when individuals disagree, practical unanimity or a substantial majority is needed in deciding how to proceed, at times in full knowledge that some stakeholders may be negatively affected. Those

working in the field of social services are a contentious lot, but generally aware that common effort breaks down when opinions about what should be done approach the number of participants.

Clubs, corporations and, political organizations are often based on informal networks, and thus are associated with nepotism, favoritism, intolerance, inbreeding and nontransparent personalist arrangements. It is impossible to ignore the self-preserving instincts of human behavior. Indeed, markets and commercial transactions probably emerged through social exchange between family, friends and associates to survive (Vernon Smith). In augmenting social capital through private but formal associations, individuals can learn to value contracts, rules of order, constitutions and mission statements, to become trustworthy, and to better judge who and what to trust.

Institutions, church or state-sponsored that lose their identities and foster dependency do not advance individual development or a culture conducive to a free society. Private intermediaries, unlike government bureaucracies, can be designed to assist individuals, in unique immediate circumstances. However, individuals and families must be free to move between a variety of differentiated providers suitable to their age and other social and economic characteristics. No longer trapped into a dependent intrusive relationship with the state or malevolent family members, they are free to select from a basket of social services.

Many private organizations are perceived as being operated for and by an "inner-circle" and designed to exclude. If this is the case, the entry of new and innovation in established intermediaries could be fostered. Institutional sponsors, confident in their unique mission, must be allowed to accept the risk of new programs tailored to a new clientele. Closing out initiatives is self-defeating regarding people's development and, at times, an organization's mission. Financial loss aside, any potential harm from well-vetted

programs consistent with a mission is due, as always, to individual weaknesses. Private organizations do not have immunity from wrongful hiring, but ineffective regulations and fear of lawsuits should not impose unnecessary obstacles for social innovators and voluntary participants.

Vigilance on the part of sponsors and donors along with the constant interchange of thought help in arresting negative internalities. Sponsors can insist on benchmarking service quality; benchmarking is a process of identifying, understanding and adopting effective practices from anywhere in the world.

Analyzing superior performance in furthering mission, rather than pursuing the objectives of particular stakeholders, is the best means of learning what works and what doesn't. This permits an organization to self-correct and change course. Are there any fail-safe procedures to keep private intermediaries on track regarding institutional mission? There are no good substitutes for maintaining choice between providers. And, whenever possible, it is best to subsidize clients rather than institutions delivering services.

A pleas for more private organizations in itself fails to address the present loss of faith in institutions, social fragmentation and moral breakdown. One can argue, however, for a shared American vision that is decentralized, offering people options and a stake in national institutions.

Through a bottoms-up approach, individuals learn how to co-operate to achieve personal and collective goals, and thus provide for themselves what centralized government can only do less effectively at a greater cost.

The private institutional sector, lacking a steady stream of tax revenue, is subject to the free entry and exit of social service providers. And this is good. Unless a private institution's services are valued enough to be voluntarily paid for or subsidized by donors, it will and should cease to exist.

Avoiding Government Failure

Government in the United States plays a significant role in assisting private organizations through direct and indirect financial subsidies. It does this by exempting foundations, charities, religious institutions, small clubs and social service providers from taxes. Also, donations to certain qualifying organizations earn tax deductions and credits. In addition, private organizations often are the beneficiaries of government grants, subsidized loans and vouchers.

With public financing comes accountability to taxpayers along with government oversight to ensure that the social capital created by not-for-profit activities is directed in ways consistent with the national interest. The justification underlying taxpayer support is that private organizations are producing quasi-public services with positive externalities. The implicit assumption is that financial support is not to organizations but rather for the services and activities they provide and sponsor. As such, users of these services are expected to function as active rather than passive participants in return to all stakeholders offering support.

In the first decade of the 21st century, the private intermediary sector grew faster than the government and business sectors with respect to the number of people employed and wages paid. Why then do we suggest that private provision is at risk? Foundations and large national and international organization are not particularly threatened. However, organizations delivering social services, like schools, adoption services, and other social agencies are quite vulnerable. In direct competition with the government, private providers are more numerous than large foundations and public charities, but in general, each receives less revenue and holds fewer assets than large foundations and public charities. On the demand side, the expansion of perceived rights has focused the energies of a population on advocating for increased government benefits. On the supply side, civil society is not promoted

because it interferes with what politicians want to promise or promote (Taranto).

Most at risk and least understood is the decline in time spent participating in small organizations and clubs engaging in athletic, cultural and other recreational activities. Such organizations have a comparative advantage in creating social capital. In the United Kingdom and Australia underutilized government buildings are sold or leased to private clubs to foster such activities. A culture of trust cannot be sustained unless people are free to form, directly control and patronize private intermediaries. Holding aside the options of media distractions and the complications of modern lives, why are American adults not exercising their freedom to participate in organized activities?

The major challenge in the social sciences is that the best-developed theories cannot fully account for human preferences and behavior in how they allocate their time and efforts. One hypothesis is that individuals no longer think that there is any personal value associated with participating in organized activities. It may be that their expectations are too high, or their preliminary experiences with organizations are unfulfilling. Meetings, directed by professional staff often with a political or fundraising agenda, crowd out any personal reason for attending.

However, to seriously address the decline in social capital it is necessary to address the government's failure in protecting the public square through which social capital is created. To understand this failure, consider four extreme examples of how government could eliminate some, in not all, private organizations from the public square.

First, private social intermediaries, defined here to include schools, hospitals, service agencies, fraternal and particular interest organizations may be banned and declared illegal. Nonetheless, private initiatives persist, even in tyrannical regimes, under which they are prohibited, effectively controlled, or driven underground. High levels of social distrust, crime

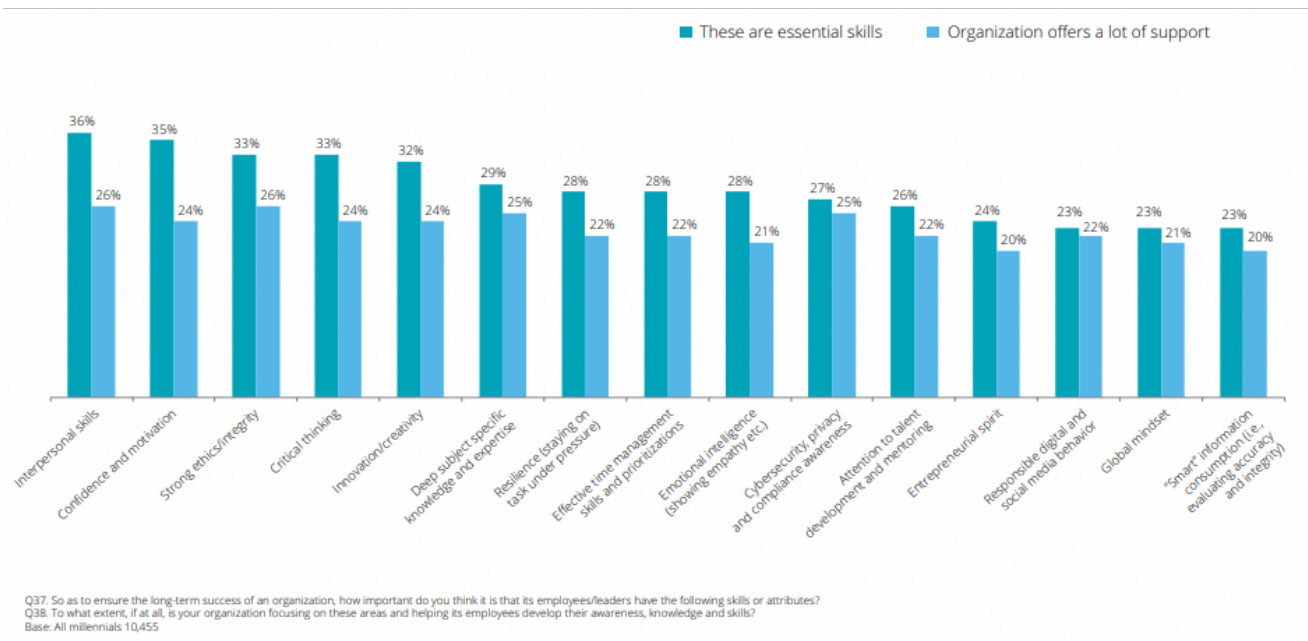
and public corruption result when government bans the formation of private organizations. Therefore, in societies such as ours where intermediaries are tolerated or even encouraged, diligence is required to preserve the right of association.

Second, a government could stop providing public goods for which it hold sovereignty. These include the protection of constitutional rights, police protection, national defense and other public works not provided or inadequately provided by any other sector. Unless government maintains a safe environment with legal protections, a civil society offering positive externalities cannot thrive.

Third, the government could be biased in its treatment of organizations and attempt to micro-manage them. In these cases, organizations, private in name only, forfeit traditional sponsors and voluntary donations of time and treasure.

Fourth, government regulations can increase costs for smaller organizations to the extent that only large bureaucratic private organizations can survive. When a government agency proposes rules and regulations, that become as binding as law, a private organization must allow for a process of public and judicial review. These are costly measures, and, in the interim, create uncertainty and a potential loss of funding. The viability of any organization, public or private, is threatened when the per capita cost of providing a service exceeds the per capita payment. To fill the revenue gap, these organizations have an incentive to disband or pursue commercial activities to subsidize their primary mission.

The millennium cohort appears to be a more socially active and connected generation than that of boomers and those that followed. The 2018 Deloitte Millennial Survey is based on the views of 10,455 college-educated, full-time employees located in various countries born between January 1983 and December 1994. Figure 3 indicates that over 70 percent of millennials find that their employers fail to support their desire to gain interpersonal skills, confidence and ethics-

Figure 3. Millennials Indicate a Lack of Support for Self-directed Learning versus Formal Training

Source: Figure 22, 2018, Deloitte Millennial Survey, p. 24. <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html> Accessed: September 24, 2018.

integrity. If these young people want to make a difference, they need not wait for employers to provide such opportunities. They could volunteer with, participate in and create new not-for-profit private organizations.

We welcome this younger generation to dream big dreams and envision a public square filled with for-profit coffee shops, restaurants, galleries and a range of entrepreneurial activities. In this space, private schools, medical facilities, religious institutions and social agencies co-exist with publicly sponsored ones. Children, the elderly and those in between, protected by the rule of law and civil authorities, cross paths as they go from music lessons to exercise classes, from scouting to square dancing, from great book clubs to fly-fishing. Whatever their primary occupation, the personal lives of millennials, initiating and assuming responsibilities for such private activities, will be enriched. In the process, they will experience the gamut of organizational

complexity dealing with internalities and externalities, both positive and negative. That is how social capital is created. ♦

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Appendix Table (continued): Indiana County-Level Measure of Social Capital

COUNTY	POPULATION 2014	TOTAL RELIGIOUS, CIVIC, BUSINESS, POLITICAL, PROFESSIONAL, LABOR, AND RECREATIONAL ORGANIZATIONS PER CAPITA	PERCENTAGE VOTING IN 2012 ELECTION	PERCENTAGE RESPONDING TO THE 2010 CENSUS	NUMBER OF NONPROFIT ORGANIZATIONS 2014	SOCIAL CAPITAL INDEX 2014	PERCENTAGE INCREASE IN POPULATION 2005-2014
Hamilton County, IN	303278	0.95	68%	85%	1317	-0.64	25%
Hancock County, IN	71963	1.13	63%	83%	300	-0.69	15%
Harrison County, IN	39238	0.99	58%	80%	218	-0.77	8%
Hendricks County, IN	156083	0.86	66%	85%	507	-1.00	23%
Henry County, IN	49072	1.47	62%	79%	235	-0.31	4%
Howard County, IN	82693	1.63	58%	81%	422	-0.28	-2%
Huntington County, IN	36686	1.77	62%	79%	229	0.23	-3%
Jackson County, IN	43803	1.44	57%	80%	282	-0.27	4%
Jasper County, IN	33464	1.61	59%	82%	184	-0.21	7%
Jay County, IN	21147	2.13	64%	80%	154	0.78	-1%
Jefferson County, IN	32529	1.29	60%	77%	199	-0.34	0%
Jennings County, IN	27996	0.79	56%	82%	112	-1.33	0%
Johnson County, IN	147489	0.92	60%	82%	582	-1.04	14%
Knox County, IN	37845	1.80	55%	79%	221	-0.12	-1%
Kosciusko County, IN	78445	1.72	61%	77%	414	-0.04	4%
LaGrange County, IN	38462	0.94	59%	80%	152	-1.06	6%
Lake County, IN	490574	1.00	59%	76%	1889	-1.00	0%
LaPorte County, IN	111695	1.14	55%	76%	538	-0.91	2%
Lawrence County, IN	45615	1.69	56%	74%	239	-0.27	-1%
Madison County, IN	129999	1.52	55%	80%	541	-0.66	-1%
Marion County, IN	934531	1.18	56%	75%	6730	-0.39	8%
Marshall County, IN	47013	1.60	60%	79%	254	-0.16	1%
Martin County, IN	10209	1.86	60%	71%	73	0.40	0%
Miami County, IN	35983	1.56	56%	77%	176	-0.45	-2%
Monroe County, IN	143571	0.97	55%	75%	737	-0.98	14%
Montgomery County, IN	38060	1.39	60%	77%	223	-0.29	1%
Morgan County, IN	69590	1.01	59%	82%	343	-0.83	1%
Newton County, IN	14072	1.35	51%	79%	61	-0.94	-1%
Noble County, IN	47595	1.30	55%	78%	243	-0.70	1%

Source of Data: Rupasingha, A., Goetz, S. J., & Freshwater, D. (2006, with updates). The production of social capital in US counties. Journal of Socio-Economics, 35, 83– 101. doi:10.1016/j.socrec.2005.11.001.

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Ohio County, IN	6008	1.66	62%	78%	42	0.25	3%
Orange County, IN	19686	1.52	50%	82%	124	-0.51	1%
Owen County, IN	21034	0.90	55%	76%	126	-0.90	-6%
Parke County, IN	17227	1.45	52%	76%	107	-0.47	0%
Perry County, IN	19387	1.34	61%	79%	120	-0.24	2%
Pike County, IN	12641	1.90	63%	82%	86	0.45	1%
Porter County, IN	167308	0.94	64%	81%	640	-0.89	7%
Posey County, IN	25520	1.25	64%	82%	138	-0.32	-4%
Pulaski County, IN	12979	2.23	57%	79%	107	0.77	-6%
Putnam County, IN	37660	1.35	58%	78%	238	-0.30	2%
Randolph County, IN	25341	2.05	59%	75%	156	0.33	-3%
Ripley County, IN	28548	1.72	52%	81%	216	-0.01	5%
Rush County, IN	16834	2.08	59%	82%	114	0.43	-5%
St. Joseph County, IN	267679	1.15	54%	79%	1276	-0.93	1%
Scott County, IN	23678	1.27	45%	78%	119	-1.15	0%
Shelby County, IN	44531	1.17	60%	81%	193	-0.74	2%
Spencer County, IN	20831	1.49	62%	84%	159	0.18	3%
Starke County, IN	23037	1.09	51%	77%	105	-1.16	-2%
Steuben County, IN	34406	1.57	65%	80%	208	0.12	3%
Sullivan County, IN	21003	1.33	57%	79%	110	-0.55	-2%
Switzerland County, IN	10490	0.86	48%	70%	68	-1.10	8%
Tippecanoe County, IN	183670	1.01	53%	78%	798	-1.16	17%
Tipton County, IN	15429	1.75	57%	81%	80	-0.21	-5%
Union County, IN	7225	1.25	53%	78%	52	-0.47	1%
Vanderburgh County, IN	181918	1.48	51%	80%	1078	-0.58	5%
Vermillion County, IN	15694	1.53	58%	76%	101	-0.14	-5%
Vigo County, IN	108201	1.48	52%	79%	613	-0.55	3%
Wabash County, IN	32282	1.92	57%	81%	228	0.28	-4%
Warren County, IN	8330	0.96	57%	81%	33	-1.14	-3%
Warrick County, IN	61267	1.08	57%	84%	267	-0.97	10%
Washington County, IN	27904	0.75	56%	79%	126	-1.26	1%
Wayne County, IN	67447	1.62	57%	80%	405	-0.20	-2%
Wells County, IN	27827	1.90	71%	83%	154	0.56	0%
White County, IN	24408	1.31	56%	72%	157	-0.38	1%
Whitley County, IN	33412	1.38	68%	80%	175	-0.07	4%

Source of Data: Rupasingha, A., Goetz, S. J., & Freshwater, D. (2006, with updates). The production of social capital in US counties. Journal of Socio-Economics, 35, 83– 101. doi:10.1016/j.socec.2005.11.001.

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Adams County, IN	34756	1.64	70%	78%	172	0.19	3%
Allen County, IN	365701	1.16	58%	80%	1743	-0.77	7%
Bartholomew County, IN	80220	1.13	57%	78%	441	-0.71	10%
Benton County, IN	8697	1.72	61%	79%	78	0.58	-2%
Blackford County, IN	12401	2.10	53%	83%	72	0.05	-8%
Boone County, IN	61805	1.28	65%	84%	320	-0.31	20%
Brown County, IN	14932	1.14	61%	78%	83	-0.50	0%
Carroll County, IN	19904	1.46	57%	81%	114	-0.39	-1%
Cass County, IN	38336	1.51	64%	82%	213	-0.08	-4%
Clark County, IN	114301	1.01	53%	79%	384	-1.34	13%
Clay County, IN	26483	1.62	56%	78%	135	-0.35	-1%
Clinton County, IN	32672	1.44	49%	80%	182	-0.77	-3%
Crawford County, IN	10627	0.75	50%	81%	51	-1.47	-3%
Daviess County, IN	32745	1.65	54%	79%	153	-0.51	9%
Dearborn County, IN	49423	1.27	60%	83%	281	-0.44	2%
Decatur County, IN	26511	1.32	66%	80%	164	-0.05	6%
DeKalb County, IN	42508	1.51	56%	81%	229	-0.42	3%
Delaware County, IN	117201	1.43	51%	78%	604	-0.75	0%
Dubois County, IN	42364	1.51	62%	86%	350	0.31	4%
Elkhart County, IN	201739	1.26	54%	79%	873	-0.89	4%
Fayette County, IN	23466	1.75	51%	80%	149	-0.23	-5%
Floyd County, IN	76233	1.10	63%	80%	340	-0.68	6%
Fountain County, IN	16723	1.38	58%	81%	122	-0.12	-3%
Franklin County, IN	22898	1.14	57%	81%	117	-0.78	0%
Fulton County, IN	20483	2.00	60%	82%	142	0.45	1%
Gibson County, IN	33845	1.83	63%	78%	198	0.25	3%
Grant County, IN	68631	1.66	51%	81%	357	-0.53	-2%
Greene County, IN	32733	1.53	63%	68%	174	-0.09	-1%

Source of Data: Rupasingha, A., Goetz, S. J., & Freshwater, D. (2006, with updates). The production of social capital in US counties. *Journal of Socio-Economics*, 35, 83–101. doi:10.1016/j.socec.2005.11.001.

Women, Work and Wages

In July, Elizabeth Rowe, 44, (former flautist with the Fort Wayne Civic Philharmonic), filed a gender discrimination lawsuit against the Boston Symphony Orchestra seeking \$200,000 in back pay. Her lawsuit came after years of appealing privately to management about the roughly \$70,000 less a year she is paid than John Ferrillo, 63, the orchestra's principal oboist. — *the Washington Post*

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



(Jan. 6) — Over the years, I've asked my business ethics classes questions regarding wages. Should a quarterback receive a higher compensation package from an employer than a down lineman? Should a business professor and education professor, similarly credentialed — same experience, same formal education, same responsibilities, same performance evaluations — receive the same compensation from a college? Should the coach of the men's basketball team receive more pay than the coach of the college's women's basketball team? Should men and women receive the same prize money at Wimbledon?

I can now add, should a 63-year-old, male, principal oboist and a 44-year-old, female, principal flautist receive the same pay from the Boston Symphony Orchestra? Is the orchestra guilty of gender bias? The last question is currently a court case in progress.

Two broad questions immediately come to mind. First, what is a fair wage? Second, how is it to be determined? Thinkers, including Adam Smith, have dealt with both questions. The first question is answered in terms of the family. The second question lacks precise answers, as business ethics textbooks often note, partly because several models of fair wages are available, namely, the rational model, the free market model, and the empathy model.

I will focus on the musicians but in doing so, the other questions ought to find greater resolution, too. Any resolution must be drawn from the free market model and the rational model.

The last model, the empathy model, is available for determining a fair wage though the model is the most subjective. It also is the most charitable. In case of the musicians, it is also the most irrelevant. The empathy model works especially well for those who, in Smith's words, are in "poor and mean condition," those doing "the lowest species of labour." In this model, the employer asks, "How much would it take for me to do that job?"

Years ago, during a coal miner strike in West Virginia, at a small, public place, two dental students conversed. "How can the coal miners expect that kind of pay? They have a sixth-grade education. Anyone can work in a mine," said one. I asked him, "How much money would it take for you to go underground a quarter of a mile and dig coal roughly 50 weeks a year?"

He answered immediately, "You could not pay me enough." I did nothing but stare at him. To his credit, he figured it out. People in "the lowest species of labour" should likely be paid more.

I suspect the empathy model drove the popularity of the television show "Dirty Jobs." The show looks at jobs that are dirty and lack prestige, yet the jobs are vital to the health of the community. I once made fun of a person in a so-called dirty job and if my Mom was not standing behind the stove, she'd have swatted me. She said, "That is an honest and necessary job. Don't ever

say anything like that again.” The empathy model is especially suited to provide a fair wage for those working the so-called “dirty” jobs.

Of course, being an oboist or flautist for the Boston Symphony is about as distant as a person can get from a dirty job. The empathy model is of little use.

The orchestra is certainly on good historical grounds regarding the minimum requirement of a fair wage. Adam Smith stated that “though in disputes with their workmen, masters must generally have the advantage, there is however a certain rate below which it seems impossible to reduce, for any considerable time, the ordinary wages even of the lowest species of labor.” (Wealth of Nations [WoN], bk. I, ch. 8)

In other words, every business person’s “go to” thinker suggests a minimum wage. That minimum wage originates not with politicians but with “the masters,” the ones who own and run businesses. The minimum wage does not come from government largesse or does it depend upon taxes from the citizenry.

Smith specifies further what a fair wage must be, following the early Irish economist, Richard Cantillon. Smith observes that “a man must live by his work, and his wages must be at least sufficient to maintain him. They must even upon most occasions be somewhat more; otherwise it would be impossible for him to bring up a family.” (WoN, I, 8)

Smith’s analysis follows Cantillon’s model of the family, namely, a husband and wife with two children. A century later, Pope Leo XIII, in his famous 1891 encyclical, *Rerum Novarum*, followed Smith: “. . . a father should provide food and all necessities for those whom he has begotten; and similarly, it is natural that he should wish that his children . . . should be provided by him . . . to keep themselves decently from want and misery amid the uncertainties of this mortal life.”

Since the oboist and flautist each make more than \$200,00 a year; their families can live quite comfortably and have their needs met.

Beyond the minimum, though, determining a fair wage becomes difficult, a situation recognized by Pope Leo. He directs “wealthy owners and all masters of labor” to pay workers their due though he allows that “it is right that extreme necessity be met by public aid.” However, the employer’s “great and principal duty is to give everyone what is just,” and to establish fair wages, “many things have to be considered.” What shall we make of the “many things have to be considered?” Here is where the rational model for wages finds a use.

The model itself owes a lot to the work of Adam Smith.

In the section, “Natural Inequalities,” from his *The Wealth of Nations*, Smith explains five natural inequalities that produce wage differences. Smith believes that these five natural inequalities are not frivolous but are well warranted. The five reasons inequality are as follows:

1. Wages of labor vary with the ease or hardship of labor.
2. Wages of labor vary with the easiness and cheapness, or the difficulty and expense of learning the business.
3. Wages of labor in different occupations vary with the constancy or inconstancy of employment.
4. Wages of labor vary according to the small or great trust which must be reposed in the workmen.
5. Wages of labor in different employments vary according to the profitability or improbability of success in them. (WoN, I, 10)

Smith observed inequalities without alarm. He believed that the inequality of wages was not only fair and equitable, but reasonable. For example, Smith’s second natural inequality provides that people employed in areas of the labor force that require extensive amounts of training be rewarded for bearing that burden. Few students would be willing to go through close to a decade of schooling just to make a mediocre salary. Along those same lines, it is not likely that anyone would trust someone being paid minimum wage to perform open-heart surgery, following natural

inequality rule number four. Relying on rule number one, a person could argue that the oboist; the orchestra could argue (and does) that the oboe is harder to play.

Today's business ethics textbooks make similar claims regarding fair wages and how to establish the wage. A worker's wage should meet the needs of the worker and the worker's family.

As to how that wage should be determined, Velasquez's textbook correctly stated, "Although there is no way to determine fair salaries with mathematical exactitude, we can at least identify a number of factors that should be taken into account." (Velasquez, 416)

That textbook offered a detailed "rational model" for establishing a fair wage, listing six important considerations in establishing a fair wage. Perhaps the most important consideration is the going wage in the industry and the area. The salary of an accountant in Indianapolis should be compared with the salary of other accountants in Indianapolis. A plumber in Fort Wayne ought to compare the salary with other plumbers' salaries in Fort Wayne. I counseled students to get a higher salary if taking a job in New York City compared to a job in Evansville.

The firm's capability is another important consideration. Professional athletes want to play for teams in Los Angeles or New York. The Yankees have money to spend. The Dodgers have money to spend. They do not typically want to play in Milwaukee or Pittsburgh, small market cities that do not have a revenue stream like big-city teams. The same situation applies to the top 25 orchestras.

A job's characteristics also matter. What risks does the job impose? The greater the risk, the greater the pay. How much training, experience, or education does the job require? The greater the training, the greater the pay. What physical or emotional burdens does the worker endure? The greater the burden, the greater the pay. When I bartended to put myself through graduate school in 1975, a customer and I talked about his job. "I'm putting my daughter through college," he

said. I nearly fell over because he looked the age of a college student himself. He explained:

"Bonneville Power has a rush job here in Idaho, so I came over from Bellingham, Washington. That doubled my salary. I work on power lines that have enough electricity to kill me. Plus, I work over 15 feet high. And they want me to work overtime and sometimes on Sunday." If he were making a flat wage of \$10 an hour, Sunday hours were compensated at roughly \$240 an hour. Emotional and physical burdens and several risks will create unequal pay.

If an employer is going to be fair, though, then people who do the same job should get roughly equal pay. So, another factor is relationship to other salaries in the organization. Similar work should get roughly similar pay, though that is decidedly not the case on college campuses.

For instance, several years ago the salary differential among coaches of men's teams and women's teams was discussed at an NCAA meeting. One college president said firmly, "The coaches should be paid the same," even though professors were paid according to their area of expertise at his college. Female business professors made considerably more money than male liberal arts professors and male education professors. If the practices of colleges and universities across the country are justified, the orchestra certainly is, too.

Finally, following the law on minimum wage is a factor, as is fairness of wage negotiations, the last factor. Wages that are the consequence of fraud, abuse of power and ignorance or deceit will not likely be fair. Employers, when unemployment is high, and unions, by threatening strikes that could bankrupt a company, both can be guilty of violating this condition.

Alternatively, the "free market" model for wages can be used. The model relies almost wholly on the fairness of wage negotiation. As Smith observed, the employer wants workers at the lowest cost and workers want the highest wage. In the free market model, the only

requirement is that the employer and worker freely agree to the wage. Any kind of interference with either party's freedom violates this model. Deception and fraud by either party prevents full and informed decision-making, thus violating a party's autonomy. In the "free market" model, if a fully informed worker agrees to a wage regardless of the risks and regardless of the going rate in the industry and area, the employer would employ the person without hesitation. As well, if an employer offered a wage above and beyond the rate in the industry and the area, such as for a coveted oboist, the worker would accept the offer.

When the oboist and flautist signed on to join the Boston Symphony Orchestra, was coercion involved? Did all parties freely consent to the arrangement? It seems so.

Making a judgment about the possibility that the orchestra is guilty of gender bias would be clearer were data available on the average salaries for people playing various instruments. Then the factor of "industry and area" could guide more. It would also be helpful to have some knowledge about playing the flute or oboe.

However, such information is not needed to make a judgment. The Washington Post reported that several female principals in the Boston Symphony Orchestra are paid more than several similarly situated men. Of course, in any activity, a 63-year-old has more experience than a 44-year-old. The Boston Symphony Orchestra, like Butler University and Notre Dame, follows a combination of the rational and free market models. Boston Symphony Orchestra's reasoning on salaries is sound.

Paternalism and Protection

Men Have the Greater Responsibility

"Moral virtue belongs to all of them; but the temperance of a woman and that of a man are not the same, nor their courage and justice, as Socrates thought." (Aristotle, Politics, 1260a 21-2)

(Nov. 9) — Decades ago, when I was an undergrad and the world was different, what with

society being more attentive to one sex over the other, many students set aside a day to skip classes and protest the Viet Nam War. Some students, however, preferred to attend class instead of gather on the quad and chant slogans. It's not that all those who attended class were in favor of the war so much as they chose to do what they came to college to do — get an education.

We could hear the noise outside, but the professor spoke over the commotion. In burst a student, who proceeded to yell and gesticulate about how we should be out there with the protesters. I suspect he thought it was for our good and he was helping us see the light.

The professor, on a Fulbright, was not sure what she should do about the intruder. One classmate, Bruce, stood up from his desk and said, "We know what's outside. We chose to attend class. Don't interrupt us. Leave."

What the intruder encapsulates is paternalism, the interference with another's liberty and choices for the sake of that other person's welfare, i.e., the good, happiness, needs, desires of the person. The other person's consent or dissent regarding the interfering act is a matter of indifference or irrelevance to the paternalistic person. We could, as well, ask if the student who stood up to the intruder was paternalistic.

The paradigm of paternalism quite possibly is the old Hippocratic Oath of the medical profession. The physician swears that "I will apply, for the benefit of the sick, all measures [that] are required," whether the patient consents or not — a "the doctor knows best" approach to medical choice. Newer versions of the Hippocratic Oath recognize the necessity of choice by the patient and instructs the physician to attain informed consent before proceeding, a considerable improvement for the patient's liberty.

The courts have a history of paternalism, too, especially regarding men and women. In 1872, Myra Bradwell was told that she could not practice law (U.S. Supreme Court, *Bradwell vs. The State*, 83 U.S. 16 Wall. 130) The U.S. Supreme

Court said that the “natural and proper timidity and delicacy which belongs to the female sex evidently unfits it for many of the occupations of civil life.” The Supreme Court followed the Bradwell decision in 1908 with the Muller vs. Oregon ruling (208 U.S. 412), the case which limited a woman’s work hours — for her own good, of course.

In the Muller case, the Supreme Court observed that “history discloses the fact that woman has always been dependent upon man . . . she has been looked upon in the courts as needing especial care that her rights may be preserved.” The Court stated that “in the struggle for subsistence, she is not an equal competitor with her brother . . . She will still be where some legislation to protect her seems necessary.”

In other words, “it is impossible to close one’s eyes to the fact that she still looks to her brother, and depends upon him,” or, women need men to secure their own good, even if women’s choices and liberty are sometimes foreclosed.

Both strong and weak feminists railed against that sort of thinking — and with good reason. Paternalism interferes with autonomy and liberty.

Philosophers took note of paternalism’s problems as the so-called women’s movement hit the 1960s. A quick search on Google Scholar shows that there were 579 articles between 1950 and 1959 for the topic, paternalism. The next 10 years saw 1720 articles but the 1970s listed 5,024. Since 2010, over 17,000 articles are listed. Always alert for any breach in a person’s autonomy, philosophers quickly saw and understood the problems with and the ethical conundrums that paternalism would produce. For instance, when can someone legitimately interfere with another’s choices?

With little children, the answer is easy — often. Grabbing a child as it runs into the street is proper and warranted. Dealing with adults is trickier.

For instance, I have a great friend, a female, and I always try to hold open the door for her. However, she often snorts in contempt and says, “I can do that for myself.” In my defense, I tell her

that it is a matter of civility and that, if she noticed, I open doors to whomever is with or behind me, stranger or friend.

Is my act of opening a door an act of paternalism? She is a wonderful and capable woman, certainly not in need of my help to enter a building or room. Should men never assist women when a woman is capable of doing an act? Should men withdraw from acts of civility lest they be thought sexist? What about protection? Where were the men during Judge Kavanaugh’s youth who could have and should have stopped a man’s unwanted coercion of women for the man’s self-interest?

And having brought up Judge Kavanaugh, I will refrain from pointing out how coercive and paternalistic mob rule can be in terms of interfering with freedom and coercing choices. Instead, I think of the kind of men John MacDonald described in 1964, the ones who want intimacy to “rest solidly on trust, affection, respect . . . because she is a woman, and valuable.”

And where might they be today? People may think helping women in tough situations is an intrusion — “she can take care of herself” — but wouldn’t helping a person, male or female, in a difficult situation be proper?

It is certainly true of men and women, though, that men’s secondary sex characteristics can typically provide greater protection. Therefore, men have a greater responsibility than women to use their strength to help people out of physical difficulties. I’d like to think Aristotle had in mind men’s strength when he wrote about courage, for men are more capable of taking greater physical risks on behalf of the good.

I do not think it is misplaced thinking to expect more from men. Our society, though, seems to think so — and that means society, including women, relies on men for protection, perhaps a paternalism of sorts but largely defensible.

According to Pew Research, in 2015 the United States military on active duty was 84.5 percent male and 15.5 percent female. If 2013 FBI data are correct, then law enforcement employees are 73.4

percent men and 26.6 percent women. The Boston Globe, relying on data from the United States Department of Labor, reported that in 2017, men comprised 96.5 percent of firefighters. It also reported that women were 90 percent of the registered nurses, a “maternalistic” occupation, a topic for another discussion.

The data suggest that our society, i.e., women and men, rely primarily on men for protection.

The legal history of the United States also suggests a special need for protecting women and not due to the condescending paternalism of early Supreme Court decisions. Of recent note, Joseph Biden’s “Violence Against Women Act” is an example of the perceived need for and actual protecting of women, even if, in 1993, men were about one and one-half times more likely to be the victim of violence compared with women. Also, if the data on Statista are correct, in 2013, people under the sentence of death are roughly 98 percent male and 12 percent female. Yet, corresponding data from the FBI show that homicide offenders are roughly 89 percent male and 10 percent female. We should expect a higher percentage of women on Death Row but the sentencing appears to protect women compared with men. Scholars have noted the disproportion with regard to capital punishment and the sexes for some time now. For instance, Gruhl, Welch and Spohn published a paper in 1984 entitled “Women as Criminal Defendants: A Test for Paternalism.”

My sense of it is that our society has the matter correct by way of occupations but wrong by way of legal punishment. I suggest that men, because of their secondary sex characteristics are well disposed to help those in physical need, even at the risk of being charged with paternalism or sexism, even at the risk of being resented by women or others who need help. An exemplar of what that claim might mean in the real world can

be found in the Nov. 5, 2018, Chicago Tribune:

“A yoga student is being lauded as a hero for wrestling with a gunman who entered a yoga studio in Florida and began firing. Joshua Quick spoke to ABC’s Good Morning America on Sunday and said he grabbed Scott Paul Beierle’s gun after it jammed, and hit him.”

As the female yoga students fled to safety, the male student Joshua Quick acted to protect others. Men have a greater responsibility to help the vulnerable and dependent, whomever they may be.

Remembering that classroom back in the Vietnam protest era and our professor from another country embroiled in a contentious issue far from home, unsure of cultural practices, my classmate Bruce did what a man should do. ♦

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Schansberg

1924: The High Tide of Conservatism

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(Jan. 9) — The consensus on the 1924 presidential election is that it was a conventional campaign with dull candidates. But Garland Tucker brings both to life in *The High Tide of Conservatism: Davis, Coolidge, and the 1924 Election*. Everyone knows Calvin Coolidge because he won, but John W. Davis was a notable man in his own regard. And the race was noteworthy (if not unique) in that both parties chose conservatives who favored limited government, leading Tucker to the title of his book.

At least by modern standards Coolidge and Davis were boring in terms of character; Tucker describes both in glowing terms. There was no scandal in Coolidge's years as president and he was "an icon for those solid American values of honesty, hard work, self-reliance, and thrift . . . Coolidge was the real thing." (6) Davis was "a man of unimpeachable integrity, immense personal charm, and extraordinary legal ability." And they both ran clean, respectable campaigns.

The general election was not particularly exciting either, since the economy was booming and a popular incumbent was seeking a second term. But the Democratic convention was electric and "the most divisive" in American history: 15 days with nine days of voting and 103 ballots before Davis was chosen (10, 97).

Of course, with a popular incumbent running for a second term, the result of the GOP convention was a foregone conclusion. But Senator Robert LaFollette's 3rd-party campaign as a Progressive began there — another intriguing piece of the puzzle. He led the Wisconsin

delegation to the convention as a "favorite son" — a ceremonial candidacy by one who can't win. But the state's delegates were "subjected to incessant heckling" and the GOP's continued move away from Progressive principles were catalysts for LaFollette's run as a Progressive (173).

LaFollette ran an impressive race, but overcoming the prosperity of the Coolidge economy — especially with a Progressive set of policies — was always a long shot.

A more likely scenario was for LaFollette to win enough electoral votes to send the election to the House, but this was too much to accomplish as well. Still, he earned 16 percent of the popular vote, won his home state and finished 2nd in 11 states (228).

LaFollette also made things more difficult for Davis, siphoning far more votes from him than Coolidge. Comparing Presidential and Congressional vote percentages, about three-quarters of LaFollette's vote would have gone to Davis (237). But in terms of the electoral college, LaFollette's votes seemed to be decisive in only three states. (Tucker provides a helpful appendix with this information.)

Some of the voter partisanship from a century ago is amazing. Davis dominated in the South, including 97 percent of the vote in South Carolina. But he earned 10 percent or less in five states including 8 percent in California. Overall, Coolidge crushed Davis 54-29 percent.

While the final outcome was hardly in doubt, there were significant side issues that led to fraction and finesse. Prohibition, the League of Nations and farm interests were all prominent, but the KKK was probably the most interesting issue. Davis was "the only candidate who spoke out forcefully against the Klan." (187)

Coolidge didn't need to devote much time to oppose it, since his party handled the issue well. But the struggles with racism in the Democrat Party led to a difficult decision between principle and finesse. Progressive LaFollette and all the other Democrats candidates chose finesse.

The Ebbs and Flows of Political Progressivism

Progressive politics had dominated in the earlier decades of the 20th century — as Progressive ideology had grown in influence since the late-19th century. William Jennings Bryan had been an early political catalyst — most notably through his "Cross of Gold" speech at the Democrat convention in 1896. But Teddy Roosevelt and Woodrow Wilson brought different versions of Progressivism to prominence, power, and policy. (Tucker describes William Taft as somewhat conservative, but in practice, mostly going along with Progressivism through his "conscientious enforcement of Roosevelt's reforms" [17].)

After the Civil War, Democrats dominated the South, but rarely appealed to enough voters to win the White House. The exception was the popular conservative governor of New York, Grover Cleveland, who won twice. But with Bryan's speech, energy for Progressivism broadened appeal for Democrats, eventually culminating in Wilson's victory. The GOP's overall post-war dominance also led to corruption and cronyism — and a subsequent emphasis on reforming government by Roosevelt.

But then the tide turned. Roosevelt's influence faded with his death in 1919 — and Wilson was quite unpopular by the end of his term in 1920. The country "seemed exhausted by the exhortations of Roosevelt and Wilson for activism, reform and government intervention." (17) World War I and the Russian Revolution were fresh in the mind of citizens. They were suspicious of Wilson's League of Nations (23). And the economy was in a sharp recession — with unemployment as high as 20 percent after GDP had shrunk by 17 percent (25).

Tucker cites a line by Warren Harding, the GOP victor in 1920: "America's present need is not heroes but healing; not nostrums but normalcy; not revolution but restoration . . . not surgery but serenity." (23) All of this set the table for the pendulum to move back toward

conservatism in the 1920s, but also helps to explain the potency of LaFollette's campaign.

John W. Davis

Tucker portrays Davis as a great statesman. As Solicitor General, he fulfilled his office without bias, even when it meant arguing in favor of more expansive government (121). He spent considerable money out of pocket to support the underfunded embassy in London (127). In returning to the U.S. in 1921, he was broke and decided to return to private law practice to rebuild some wealth (132). He was a potential nominee for the Supreme Court, and Tucker opines that Davis would have accepted if it had been offered when he was more financially secure (136-137).

In terms of his views on political economy, Davis saw himself as a "classic liberal." (279) He later opposed the New Deal (6) and formed the "American Liberty League" to organize more opposition (273-276). He broke with FDR so strongly that he was labeled "Public Enemy #1" inside the White House. He defected to the GOP to endorse Alf Landon in 1936 (276-277) and then Wendell Willkie in 1940 (279).

Davis's character was so strong that the Democrats chose him to oppose Coolidge based on "confidence in his character rather than of studied agreement with his views." (98) Tucker argues that it was "more a tribute to his ability and personal characteristics than any kind of ideological victory." (101) That said, while Davis's nomination as a conservative can be seen as a fluke, it's still worth noting that there was plenty of room for him in the Democrat party of the time.

Davis argued 140 cases before the Supreme Court of the United States, more than anyone except Lawrence Wallace and perhaps Daniel Webster. His last two cases were his most famous. He successfully opposed the Truman administration's seizure of the steel industry during the Korean War (282). But the second was one of two late blemishes on his public record. He argued for the defendant in *Briggs vs. Elliott*, the South Carolina companion of *Brown vs. Board of*

Education (283). Davis argued on the legal and constitutional merits of the position, focusing on states rights (284-289). The other, clearer blemish (not mentioned by Tucker): he served as a character witness for Alger Hiss in 1949.

Coolidge and Reagan

Tucker paints Coolidge as a largely consistent conservative of a limited-government and classical-liberal sort. Still, there were exceptions. In a long quote analyzed by Tucker, Coolidge favored limited government except "protective" tariffs and to "assist the farmers" (217). (Tucker does note that Coolidge vetoed the McNary-Haugen farm bill, subsidizing domestic production to sell overseas, as a "radical intrusion of the federal government" [257].)

But usually Coolidge preferred limited government, emphasizing the role of individuals and the private sector, and the ethical and practical limits to government intervention (215). He saw "economy in government as a cardinal virtue." (250)

For example, on his last day in office, he vetoed a civil service retirement bill that he saw as profligate (296). He decided not to run for another term in 1928, thinking it too long for one to serve in power (291-292). (Unfortunately, Tucker attempts this to contemporary politics by imagining the contemporary GOP as a party of similar conservatives [306].)

In his foreword for the book, Fred Barnes opens by noting Reagan's respect for Coolidge, replacing Truman's portrait in the White House with Silent Cal's (1). Early in his presidency, Reagan had a Coolidge moment when he fired the striking air-traffic controllers. Coolidge had cracked down on a police strike in Boston when he was governor of Massachusetts in 1919 (1). He had said that "There is no right to strike against the public safety by anybody, anytime, anywhere." (160) Especially in the wake of concerns about the Russian Revolution, Coolidge's stand caused him to emerge onto the national

stage (20). The two were similar in terms of style and approach. Like Reagan, Coolidge was "a successful and able politician" (5). Like Reagan, Coolidge was effective with public relations and modern technology — then, radio and photography (31, 211, 239, 240). Reagan wrote much of his own material for radio addresses; Coolidge was the last President to write his own speeches (36).

Tucker argues that Coolidge was better than Teddy Roosevelt in terms of speaking softly and carrying a big stick. "He tended to work intensely, but quietly, on a problem until he became convinced of the correct plan of action and that the time for action was at hand. Then, he acted decisively." (21) Tucker describes Coolidge's approach as: "be cautious, move slowly, consult the law, and then act decisively and articulate it clearly." (160) Similarly, Reagan was known for careful thought and listening to the excellent advisers he had gathered around him. On matters of principles in economics and foreign policy, he was thoughtful but principled and firm.

Like Reagan (and JFK), Coolidge's most valuable contribution to the history of economic policy is his work on marginal tax rates. He reduced the top rate from 77 percent to 25 percent, resulting in greater tax revenues (an early illustration of the Laffer Curve) and a long period of prosperity (3-4). For example, the Dow Jones increased six-fold from mid-1921 through late 1929 (258).

Tucker notes the debate (among historians) about the economy of the 1920s, ranging from materialistic excesses that supposedly led to the Great Depression — to what Paul Johnson glowingly called "the Last Arcadia", a time of amazing productivity, progress and income mobility (37).

But what is apparently debatable among historians is not nearly as debatable among economists. Harding's response to a severe recession in 1920-21 was to reduce spending (by 40 percent), decrease tax rates and otherwise allow the economy to adjust on its own. He was

the last to deal with a recession through laissez-faire policies. As usual, the recession was sharp and nasty, but short. Coolidge followed by decreasing marginal tax rates more dramatically and reducing the tax rolls by one-third (251-252).

In 1929 and the decade of economic woes that followed, Hoover and FDR went the opposite direction — with numerous tax increases, increased spending and regulation, laws that forced prices and wages upward rather than allowing them to adjust to the downward adjustments inherent in a recession (260).

It is somewhat reasonable for non-economists to imagine the Great Depression as an effect of a market-based 1920s cause. But no other recession has looked like the Great Depression. So, those who understand economic policy know that the many interventions of government are responsible for the length and depth of the Depression. (Our age's Great Recession is similar in this regard — tons of government intervention that injected all sorts of uncertainty into private investment decisions, reduced the market's normal adjustments and greatly slowed the recovery.)

Tucker quotes Paul Johnson who described Coolidge as "the most internally consistent and single-minded of American presidents." (5) Depending on how the two are judged, it's not clear whether Reagan rose to Coolidge's level of philosophical consistency. But Coolidge served in less challenging times — a smooth set of current events, a friendly Congress, and a reigning ideology that fit his views more easily.

Coolidge was forced into the presidency by Harding's death in 1923 and had to handle the difficulties of the scandals in Harding's administration. But his problems paled next to what Reagan inherited: a moribund economy (high unemployment and tepid growth), profound economic troubles (high inflation and foreign investment deficits), an established welfare state (post-FDR and post-War on Poverty), much higher levels of faith in and dependence on government, and immense foreign policy challenges (an inflamed Middle East, a weakened

American military, and an existential threat in the USSR). Moreover, Reagan had to govern along with a strongly Democratic House, necessitating compromises that he might not have made in Coolidge's times.

The good news for Reagan: The challenges he faced and the recovery he led make it easy to recognize him as one of our nation's best presidents. In contrast, Coolidge's success in quiet times makes his greatness more subtle.

Tired of 'How-to' Books? It's Time to Read a 'When-to' Book

(Jan. 14) — In one of my favorite Saturday Night Live skits, a character is a few seconds late with a funny line, making his comments a missed opportunity or an occasion for embarrassment. An announcer's voice pipes in to promote a product that moves time back by a few seconds. The character uses it and suddenly becomes the life of the party. The moral: Timing matters.

Timing is the subject of Daniel Pink's *When: The Scientific Secrets of Perfect Timing*. His book is an easy read and based on a survey of the relevant research. Many of the findings run counter to conventional wisdom. But beyond interesting, it's highly applicable.

Pink has written a "when-to" book, instead of much more popular "how-to" book. Timing is both art and science. To help with both, he uses Part 2 of each chapter — what he calls a "Time Hacker's Handbook" — to provide helpful hints on how to manage time more effectively. (Most of the book is focused on individuals, but still applicable to organizations and groups, but chapter 6 is devoted explicitly to the timing of teams within organizations.)

Time and timing are important themes in Jewish and Christian theology. God's creative work is divided into periods of time — the six "days" of Creation and a seventh day for rest. The Hebrew term "yom" is often translated "day" in English and then imagined as a 24-hour time period. But yom is used in five different ways in just the first two chapters of Genesis. In any case,

whether a literal day or some broader time frame, God's creative activity begins with distinct periods of time.

Pink describes the creation of synchronized time with the invention of clocks via pendulums (5, 11). In this, his book is similar to two other great books: Simon Winchester's *The Professor and the Madman* on the origins of dictionaries and James Scott's *Seeing Like a State* on the origins and importance of maps. With each, we depend on the innovation to a degree that is difficult to fathom. What would life be like without maps, dictionaries and clocks?

Elsewhere in the Hebrew Bible, time continues to be a key player. First, in terms of theology and theodicy, Habakkuk, Job, and the Psalms wrestle with the questions of "why" and "how long." A trial is manageable — until it lasts too long.

Second, sin is often defined in terms of time. In I Samuel 13, Saul starts his downward slide by impatiently offering a sacrifice instead of waiting a bit longer for Samuel. In Joshua 7, Achan takes from that which had been dedicated to God after the victory at Jericho. If he had waited one more battle (at Ai), he could have had what he wanted.

Or think about the classic example: Abraham knows that a promised son will come from his loins, but Sarah and Abraham rush the timing by going through Hagar. Not only are the results sobering (the Arab-Israeli conflict that emanates from that fateful decision), but their ignorance for years that they had done anything wrong (they don't know until Isaac is explicitly promised).

There are more positive examples in the Christian Bible, New Testament. Think of Paul following the Spirit's lead for both timing and direction on his missionary journeys.

In chapter 1, Pink describes the daily cycles in our moods (10-13). For most people, mornings and evenings are good, but afternoons are a lull. It does vary a bit by individual — and in particular, by "owls" who do better at night versus "larks" who do better in the morning (27). The probability of your bird type is dependent on when one is born within a year and gender (29). And it's not

all bad news for the afternoons: Although a poor time for analytic thought, it's a better time for creative thought and insights (21, 25).

Throughout the book, Pink relates the research to ideal or at least improved business practices. Companies should be wary about when they field "earning calls" that will influence their stock prices (17-19). He describes a "Hospital of Doom" with lousy metrics that derive simply from standard afternoon versus morning performance metrics (49-53). And he notes that scores on standardized testing vary significantly with time of day (23).

In all cases, Pink offers suggestions for avoiding and offsetting the problems created by time. Hospitals use checklists after noon to counter late-day sluggishness (51-52). Some schools start school later (for high school), test later (especially for younger children) and use breaks to accommodate "chronobiological" tendencies (57, 88-93). Try to use "strong-future" language — another reason to avoid passive tenses (215-218).

Chapter 2 is devoted to the importance of breaks (60-62, 75-82) and naps (66-70) — and how to do them well. This was reminiscent of David Randall's book, *Dreamland*, which focuses on the science of sleep. My favorite observation was to take short naps (I learned this from Randall) but then to double-down with some pre-nap caffeine. I was also surprised to learn that lunch is more important than breakfast (64-65). Once Pink describes how breakfast had been researched, it was easy to see how its importance could confuse correlations with causation.

The heart of the book, Chapters 3-5, is structured around beginnings, middles and ends. Get off to good start. Avoid the potential slumps and embrace the potential sparks of your middles. Use endings to "energize, encode, edit and elevate." Most of these are relatively obvious insights — at least, after the fact. But if you're looking for good how-to advice through when-to counsel, the details in Pink's *When* will be worth your time. ♦

Bringing Sowell to Your City Hall

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(Nov. 6) — According to a 2018 Pew Research Center survey, only a quarter of U.S. adults express either a great deal or fair amount of confidence in elected officials, yet 86 percent of incumbents in the U.S. Senate won reelection in this past midterm (Center for Responsive Politics).

Special interest groups dominate the political scene in all three levels of government (federal, state and local) as they lobby incumbents to pass beneficial measures to their causes. Although not legally a quid pro quo, this tacit exchange benefits the minority at the expense of the majority. While James Madison stated in Federalist Paper No. 10 that “(government) measures are too often decided, not according to the rules of justice and the rights of the minor party, but by the superior force of an interested and overbearing majority,” he surely did not advocate for tyranny of the minority (Kessler, 2017) that is present in today’s politics.

A recent example involves political contributions to the Fort Wayne mayor and subsequent contracts for services. A study by the Indiana Policy Review found that in the four years leading up to the 2015 municipal election, the engineering industry gave \$445,900 in political donations and received \$41,758,000 in payment from the city (Arp, 2017). The construction industry fared even better by contributing \$28,850 while receiving \$59,896,000 (Arp, 2017).

This method of economic development does not help the average Hoosier or American. Taxpayers subsidize these industries at greater costs due to perverted incentives for companies to

focus less on profit or loss and more on lobbying politicians. Allowing the government to choose winners and losers based on political favors is not the democratic utopia that anti-capitalists desire, but it is the inevitable outcome as the size and scope of government expands.

The beauty of a free market is its unorthodox flexibility. In his magnum opus *The Wealth of Nations*, Adam Smith (1776) argues that citizens’ self-interests guide society more efficiently than bureaucratic methods. Only individual people know exactly what they need or want. They form rational decisions based on value and costs.

Thomas Sowell (2015) explains in his work *Basic Economics* that prices dictate how people engage in the market with or without governmental intervention. Originally published in 2000, the book demonstrates key economic philosophies that are still pertinent. In his defense of the marketplace, Sowell expands on two overarching themes: value/costs and government failure.

Value/Costs

As Sowell explains, if two goods hold value, then neither can be categorically more valuable than the other. The water-diamond paradox (Smith, 1776) outlines this distinction between total and marginal utility and their effects on value and costs. While a cup of water may be essential to live, its price in America is cheap compared with a diamond. Water is more useful in totality; however, an additional unit of water is not.

Therefore, the willingness to pay for an extra unit of water is much lower compared with a diamond. Consumers use such marginal analysis in decision-making, and only consider the net benefit of one more unit. Thus, diamonds yield a higher marginal utility to the consumer, and this determines the market price for a good. Value and costs reflect on incremental substitution in a price-coordinated economy.

Sowell teaches us about the proper role of prices in everyday transactions. Contrary to

popular opinion, these transactions are not a zero-sum game. Because the value of a good or service is subjective rather than objective, both parties benefit. This allows for buyer and seller to engage freely and negotiate a price between the consumer's willingness to pay and the producer's cost.

If it costs \$3 to manufacture a shirt, then the store must sell the shirt for a price above its cost to stay in business. If a customer values the shirt at \$10, then he will only buy at a price below this amount. If they agree to a price of \$5, then both benefit. The consumer gains \$5 in value while the producer gains \$2. The former is known as consumer surplus and the latter as producer surplus.

Both consumer surplus and producer surplus arise from the transaction, thereby generating a higher standard of living for both participants. This method of fair exchange proves a better way to produce and consume than any known political mechanism.

While businesses appear powerful and almighty, they rise and fall with competition. Sowell provides the reader with an example of the A&P grocery store chain. Because A&P lowered its prices compared with its competitors, the company made extremely small profit margins. However, more consumers started shopping at A&P, producing a greater overall profit.

Sowell reminds us that this giant in the grocery store industry did not last forever. Walmart would offer lower prices than A&P, driving it to bankruptcy (Bomey & Nguyen, 2015).

In regard to foreign competition concerns, Sowell argues against the high-wage fallacy. This states that world economic powers cannot compete with Third World countries' low-wage workers, so that rich countries lose jobs. Wage rates are not synonymous to labor costs or total costs. The income of a worker in an industrial superpower is high but so is worker productivity. The worker with the lower labor cost per unit of output will secure the job. A higher output per worker allows those in wealthy countries to

compete with high wages. Because these workers have more human and physical capital, their value exceeds costs.

Because of capitalism, an income inequality will inevitably arise. However, Sowell argues that this measure of the economy is misleading. Education and on-the-job training play a significant role in the income distribution. As people age, they are more productive. A greater productivity yields a larger income. Companies pay more so long as the worker's contribution exceeds this added cost.

Households also suffer from income inequality. However, this discrepancy can largely be attributed by the number of earners in the household. According to the U.S. Bureau of Labor Statistics (2017), the lowest 20 percent of households had a mean of 0.5 earners per household while the highest 20 percent had a mean of 2.0. Even if salary were controlled where every worker earned the same income, the top quintile would earn four times more. While salary affects household income inequality, the number of earners in households does, too. The latter, however, is rarely mentioned even though its effect is evident.

Government Failure

Sowell underscores the failure of government intervention by explaining price controls. A common price control is the price floor, a government-mandated price minimum. This artificial barrier disrupts the normal equilibrating forces of supply and demand.

To allocate resources efficiently, society produces and consumes at equilibrium, the intersection of supply and demand. When a price floor is established above the equilibrium price, a surplus arises. Sowell explains this phenomenon in the labor market with minimum-wage laws. As wages rise artificially, workers will lose their jobs due to a higher labor cost per unit of output. Unemployment increases despite the intentions of the law. Though politically popular (Elis, 2017), a significant increase in the minimum wage would

yield lower employment and less hours worked per worker. As Sowell explains, the young worker loses not only on the low-paying job but also future high-paying jobs due to lack of experience.

Under political pressure, politicians pass protectionist policies with the goal of “saving jobs.” As Sowell suggests, this saving rarely occurs. A tariff on steel imports benefits U.S. Steel, but the auto and aerospace industries suffer due to higher input costs (Donnelly, 2018). Ford and Boeing are forced to cut employment and raise prices, leading to a decrease in goods produced.

Conversely, while free trade causes more competition, the economy benefits in totality. While U.S. Steel will lose potential customers to foreign competition, consumers gain better quality and cheaper prices. Protectionist policies focus solely on the loss of one industry but ignore the net gain for the country.

National defense is a lone exception to protectionist policy failures. Countries prefer to supply their own essentials for survival. While reasonable, however, this policy is often abused. Politicians promote products “remotely, tangentially or fictitiously related to military defense” while labeling them “essential to national defense” (Sowell, 2015, p. 493). Overall, a country is not a corporation. While corporations compete in a zero-sum world, countries do not. Sowell wants us to understand the general rule that protectionism harms economies.

Regarding government social spending, Sowell favors reality over morality. While a life may be of infinite value in moral terms “no one would favor spending half the annual output of a nation to keep one person alive 30 seconds longer” (Sowell, 2015, p. 587-588). Empathy in politics is disastrous. Politicians become myopic when they focus on the few at the expense of the many.

Sowell also critiques governmental foreign aid to Third World countries. While the Marshall Plan was a success, this rebuilt physical capital for an already educated populace. Poor nations’ citizens lack the necessary skills for high productivity.

Creating human capital in countries with limited education proves more difficult.

Sowell’s Basic Economics critiques government insurances distorting of incentives and risks. During the Great Depression, savings and loan (S&L) associations were forced to purchase deposit insurance to protect consumers from bank failures. Faced with tight federal regulations, S&Ls had to make safe investments with consumers’ money.

However, the Carter and Reagan administrations signed legislation which deregulated and decreased oversight on the industry while still mandating federal deposit insurance. S&Ls began gambling with risky investments. As Paul Krugman (1990) stated in *The Age of Diminished Expectations*, “it’s heads you win, tails the taxpayers lose” (p. 136). If the S&Ls succeeded, they would hold all the profits. If they failed, they would not be responsible to pay back the money. This subsidization created a moral hazard in investing. The subsequent scandal led to dissolution of the Federal Savings and Loan Insurance Corporation and losses of hundreds of billions of dollars in the economy.

Overall, Sowell forces us to realize the conceptual underworking of economics rather than memorizing equations or graphs. His political bias is right-leaning, but he provides statistics with real-world examples to produce a viable work for both conservatives and liberals.

Sowell’s undeniable preference of capitalism over socialism may have critics but his facts support his ideology. Ultimately, coherent material matched with historical context provides his readers the basics of economics. ♦

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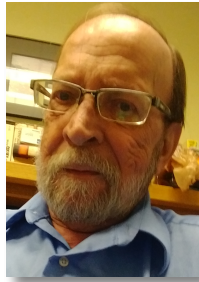
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Morris

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'Popular Interest' Libraries

(Feb. 18) — If I were asked to list miracles of human achievement in my lifetime, three would quickly come to mind:

Humans set foot on the moon.

The Berlin Wall was demolished.

J.K. Rowling got 12-year-old boys to read books.

The first two were one-and-done heroic acts that deserve to be memorialized and celebrated as long as people have the will to improve the human condition. The third was a small victory in the eternal struggle to help people fathom just what the human condition is.

I wonder how many of those 12-year-olds got their copies of the Harry Potter books from the local public library. Visits are down in the digital age, and libraries are struggling with redefining their roles in a time of technological upheaval.

The Allen County Public Library here in Fort Wayne may or may not be embarking on a "popular materials" policy in which tens of thousands of books are being discarded to make room for more copies of the best-sellers that the most people want to read.

According to a petition from "Concerned Library Patrons" with more than 1,000 signatures so far, that policy is under way, and there has even been an effort to keep the change from public scrutiny. ACPL Director Greta Southard, in an

interview with the Journal Gazette, denied a change in the library system's purpose.

Retired Director Jeffrey Krull, in the same story, seemed reluctant to get involved in the controversy but acknowledged never being wholeheartedly in favor of the popular-materials trend and said he was irked because "it doesn't really seem necessary to weed so much stuff."

In June of last year, the library board adopted a collections policy committing the library to providing "the most high-interest and high-demand materials to the community." To make the space for that goal, the policy said, "less popular and out-of-date items must be reviewed and withdrawn on a regular basis."

I don't know. Even if the library isn't going full-throttle on a new path, it certainly seems to be leaning in that direction. I could probably get more worked up about that, but I've seen it before.

Years ago, even before the e-book revolution, (full disclosure — I was a member of the Friends of the Library board at the time), ACPL responded to a perceived decline of interest in reading by offering a wide variety of materials to check out. Videos. Music CDs. Electronic game cartridges. I think you could even borrow a pretty pastoral water color print to hang over the couch.

It was, I felt, taking the library far from what its primary goals should be — to promote an interest in reading, to be a repository of information and resources, and to provide a gathering place for enriching community activities. The idea seemed to be just to get bodies in the door, to hike those circulation numbers up, no matter how it was done, just to satisfy members of the library board. The library existed merely to justify its own existence.

At least providing "high demand" items will encourage reading, even if it is only to give people what they already want to read. Perhaps the hope is that 12-year-olds will come in to check out Harry Potter and hang around long enough to read about the human need to explore that led to the moon landing or the yearning for freedom that led to the toppling of the Berlin Wall.

That's sort of what happened to me.

I walked to the library as a 12-year-old to load my arms with young-adult science fiction novels. Eventually, I wandered into other stacks and found books on science fact — and history and biography and, heaven help you all, language and grammar (OK, I was a weird kid). I grew to love reading as a lifelong pursuit.

As a result, I have a house overflowing with books. They have long since outgrown my shelf space, so they are stacked on tables and counters and even up one side of the stairs to the second floor.

And they're collecting dust. My Kindle collection of books (about 500 titles and growing) goes with me everywhere. I think it's been at least two years since I cracked open a "real" book.

Ever see that "Twilight Zone" episode in which Burgess Meredith plays a guy who just wants to be left alone to read? He ends up being the last man on Earth after a nuclear war and has all the books in the world and all the time in the world to read them. But he breaks his eyeglasses and wails in grief, "It's not fair, it's just not fair."

My version of that nightmare is that print disappears, I have a lifetime of e-books to read, and an electromagnetic pulse war eliminates the world's electricity.

That's one of the many challenges facing today's libraries. In 1948, 11,000 new book titles were published. In 2010, more than 300,000 were. That doesn't even include the growing number of self-published e-books — over 235,000 in 2012 alone. It's getting tougher and tougher for libraries to decide which books to keep and recommend and what kind of materials to preserve for universal access.

I have my own ideas. Strengthen the community center role. Concentrate on local and state history for the permanent collection. Promote the loaning of e-books, which a lot of people don't even know about.

But that's just one person's notions. There have always been disagreements about a library's function, and its roles have always been evolving.

The library is a local public institution, supported by tax dollars. So it should primarily strive to meet local needs, which can only be discovered through extensive conversations with the public.

That seems like simple common sense, but these days it might be considered a miracle of human achievement.

Social Media Makes for Lousy Consensus

(Feb. 4) — I've been reading up on the wisdom of the crowd, the theory holding that a large group of people's aggregated answers to certain questions are often superior to the answer given by any individual within the group, even one judged to be an expert on the subject at hand.

It's a well-documented phenomenon with a sterling pedigree, however our many experiences with various versions of "the public is a moron" might lead us to believe otherwise. The crowd's wisdom is most evident when matters of fact are involved, that is, when there is a "right" answer to be discovered.

The classic example is from a contest at a 1906 county fair in England at which 800 people participated in guessing the weight of a slaughtered and dressed ox. Statistician Francis Galton observed that the median guess of 1,207 pounds was within 1 percent of the true weight of 1,198 pounds. In 1968, the Navy asked a wide group of individuals for their best guess on the location of the missing submarine Scorpion. The group's average guess was just 220 yards from the location where it was eventually found.

Here's where it gets interesting. Researchers have identified four criteria that make mining crowd wisdom an effective tool:

Independence. Each person making a guess must do so in ignorance of what other people have guessed. Take away independence, and people feed off each other's answers and move toward a "consensus" often far afield from the correct answer.

Diversity. No, not the shallow diversity we hear so much about today — skin color, language spoken, etc. No, what is meant is diversity of life

experiences. In the ox experiment, the guessers included butchers and farmers, housewives and shop owners. Without diversity, people will drift toward shared biases. A crowd of football fans, for example, will choose the local team as the probable winner in an upcoming game.

Decentralization. Private, local knowledge is the best source for people making guesses to draw upon. You shouldn't ask people in Nevada to guess the probability of snow in Indiana tomorrow.

Aggregation. There has to be a way to group people's responses into a single collective guess, an average, for example, or a mean or a specific location on a map.

Except for aggregation, it should be noted, all of those criteria are absent from today's social media. And "Hey, look at how morally superior I am to all the evil people on the other side" repeated a million times is not a reasoned, thoughtful collective response.

There is no independence. The virtue signalers copy each other so much that the crowd becomes a herd, which then becomes a howling, mindless mob.

There is no diversity. Common sense suggests that to reach a well-thought-out conclusion, a variety of opinions ought to be thrashed out. But dissenting views are labeled Bad Thought and chased out of the debate.

There is no decentralization. "Current wisdom" is not "local knowledge," and arrogance and ignorance are a dangerous combination.

It won't do to excuse today's social media shallowness and cruelty as the natural excess and carelessness with which people have always expressed opinions, to assert that we are not, after all, dealing with matters of fact around which the wisdom of the crowd can coalesce. As the nasty episode of the boys from Covington Catholic demonstrates, the howling mob is quite able and willing to be despicably wrong about concrete information that could have been easily verified or disproved.

Based on the briefest of video clips, our self-identified moral superiors, which included academics, mainstream journalists and politicians from both left and right, gleefully vilified a group of teenagers who were innocent bystanders at the destruction of their own reputations. And faced with the evidence that they were clownishly wrong, many of the perpetrators of the outrage have refused to acknowledge their stupidity, let alone apologize for it.

This is how agendas are set these days, by monsters with glib, empty slogans abetted by trembling cowards who let themselves be herded into the monsters' mobs.

It's of more than passing interest to Hoosiers. That mob descended on Indiana during the late, great Religious Freedom Restoration Act controversy and declared the state a slime pit of intolerance and bigotry. And we cowered before it, ceding our agenda to the condescending snobs who think we're rubes and hicks anyway. And if the General Assembly gets too deep into a discussion of a Hate Crimes law, the mob will return to school the bumpkins again.

Will we give in to it again, or finally come to realize that a crowd of Hoosiers has the decentralization, diversity and local knowledge to arrive at wisdom on its own?

The question is not whether RFRA or a Hate Crimes law is good or bad, unnecessary or defensible, harmful or helpful. The question is whether we decide to choose our own path or allow others to do it for us.

Captain Holcomb Sets Sail

(Jan. 28) — I hired someone to do something around my house recently, and when the job was done, I texted a message of appreciation: "Good job at a fair price. Thanks."

Don't know what I expected — perhaps a hearty "You're welcome" or a cheery "Don't mention it, that's what we're here for" — but I heard nothing back. That bothered me until I finally realized they had probably felt insulted. In these days of hyperbolic blarney, "Good job at a fair price"

undoubtedly sounds like faint praise indeed. Nothing less than “Super effort! Nobody in the history of the universe has ever done a more excellent job!” will do.

But they’re lucky I didn’t say what I could have:

“That was satisfactory, a really earnest effort. And I am sure you are ready to take your achievement to the next level. Of course, it will require long-term commitment and focus and perhaps new resources and new ways of doing business.”

That’s how Gov. Holcomb talks. I took it from his third State of the State address, which I have been trying to fathom for days and days. He spent a long stretch at the beginning talking about how utterly wonderful things are here in Indiana.

More Hoosiers than ever are working. Foreign investment has tripled. Tourism is up, wages are up, in-migration is up, home sales are hot, building permits have surged, and our tech ecosystem is growing. And all that has been achieved while making government more efficient and fiscally sound, balancing the budget and keeping nearly \$2 billion in the bank.

Whew. After all that bragging, what could possibly come next?

Me, I would have concluded right there with “Good job at a fair price” and sent everybody home. But the wheels of the public engine can never be stilled – ever forward they must roll. So, the governor had no choice but to promise to take the state to the Next Level, a phrase he likes so well he has described his whole agenda with it.

The governor wasn’t too clear on exactly where that level is or how we will know when we are there, but getting to it will certainly keep state government active, doing things like “cultivating a strong and diverse economy,” building and rebuilding our infrastructure, “strengthening our human infrastructure,” ending the opioid crisis, thwarting hate crimes, making schools safer, ensuring universal connectivity and on and on.

Busy, busy, busy.

Apparently, Gov. Holcomb and his cohorts are going to bring all this about, which means I don’t have to do a damn thing. That is fortunate, since I expect I will be busy trying to take my own life to the Next Level. Or, as I like to put it, “building and rebuilding my personal infrastructure.”

My personal goal is to be smarter, younger, handsomer and richer when I reach my Next Level. Alas, I haven’t found any historical evidence of anyone ever reaching such a level, so I suppose I will just have to keep doing what I’ve been doing and try to do it better. To (slightly) paraphrase the governor, even if I burst off the starting line and put the pedal to the metal, I cannot just maintain my course but must throttle up.

That sounds a lot like what Indiana will be doing to reach its Next Level. As the governor says, our ship of state was taking on water so quickly that it was dead in the water, but we have turned that sucker 180 degrees so now we just have to sail that better course. (Aha, that’s where that pesky Next Level is – behind us.)

I look forward to the State of the Union address, the details of which have been shrouded in doubt by the government shutdown (talk about a good job at a fair price). I am anxious to know whether the country is a car or a ship so that we can determine if we have to put the pedal to the metal or turn the course around 180 degrees.

And I’ll do my Level Best to pay attention.

“If our private sector isn’t doing well, then surely our public sector will be first to be strained.”

Winter with Pierre and other Knuckleheads

(Jan. 21) — Pierre was a knucklehead.

He was my first feline companion and lived to the ripe old age of 19 despite being an indoor-outdoor cat with more spunk than sense.

At least once or twice a year, he would come home after a neighborhood excursion all battered and bloodied and spitting mad. A nap and a bite

of food or two later, he was ready to head back out.

It's not that he forgot the dangers lurking outside. He just didn't care.

I can say that with some confidence, because there was nothing wrong with his short-term memory, especially when it involved something right there and then that he had trained me well to do.

He remembered just the right sound to make (meeerow) rather than random cat noises to signal that he wanted me to open the front door for him.

He remembered precisely where every piece of furniture was to the inch so that when things were inexplicably moved, he could nag me mercilessly until each and every chair, plant stand and end table was back where he and God intended it to be.

He remembered completely that I kept the raw hamburger balls wrapped in wax paper in the freezer and that when he wanted one, he merely had to pat me on the leg to direct me to the kitchen.

Pierre's long-term memory, though, could have used a little work.

Every year, Indiana being a typical state in the temperate time zone, the heat of August would ease into the chill of October, which would yield to the cold of December. And then, just like clockwork – in fact, precisely, exactly, completely like clockwork – would come the first snow of winter.

Which Pierre would have totally forgotten, no many first snows he had endured. He would stand there at the front door, looking quizzically at the blanket of white and patiently waiting for me to let him out.

"You're not going to like that, Pierre," I would advise him. "Meeerow"

"All right, but don't say I didn't warn you."

Then I would open the door and he would race out but, halfway across the front porch, come to a screeching halt, do an about face and hustle back

inside. After shaking the snow from his paws, whining pitifully all the while, he would lead me to the back door.

"Meeerow, meeerow, meeerow" he would say, which I took to mean, "Surely, that awful stuff won't be on this side of the house, too."

"Yes, you knucklehead, it fell all around the house, just like it has every other year."

But of course he had to discover that for himself, not satisfied until he had belly flopped on the back deck and slunk back in defeat, having to content himself with alternately howling at me with outrage and pouting all day.

Another first winter snow, another failure by the Big Cat.

That cat is long gone, but I recall him fondly when the first major snow of winter hits and Hoosier drivers once again lose their minds. Or, as I like to think of it, pull a Pierre.

"People are still driving like knuckleheads," said the headline in the Indianapolis Star the other day. The story quoted a State Police sergeant who felt compelled to observe, with obvious exasperation, that the roads in Hamilton County were "not awful." They were merely "snow-covered; they're slick. The problem is: People don't remember how to drive on them."

At the time of the story, there was half an inch of snow on the ground, but there had already been 12 crashes. Half an inch; 12 crashes.

I found a story in USA Today from a couple of years ago listing the prevalence of deadly weather hazards in the United States. Extreme heat – 113 deaths a year. Tornadoes – 110 deaths a year. Floods – 84 deaths a year. Wind – 56 deaths a year.

Car wrecks because of snow, freezing rain, sleet or ice – 800 deaths a year. And Indiana is the fourth-deadliest state for winter car accidents. All of the top five, in fact, are in the Upper Midwest or near the Great Lakes – the other four are Ohio, Michigan, New York and Pennsylvania.

And experts agree, the story says, on a common ingredient: People are driving too fast

for conditions. Conditions that come each and every year. Drivers who are careless and stupid all year get even more careless and stupid when the snow falls. Like they think some Big Cat in the sky is going to change the rules of the physical universe just this one winter.

It's not enough just to drive defensively. We should drive as if it's a combat zone out there and everybody else on the road is out to kill us. And in winter, their mission will be so much easier.

And I don't want to hear a single "Meeerow" out of anybody. Knuckleheads.

Autopilot Spending

(Jan. 14) — A new session of the Indiana General Assembly has just begun, and there's not a news outlet in the state that hasn't emphasized what a tight budget the state faces this year. Tragically, our legislators will just not have enough of our money for all the spending they want to do.

Here's a typical description, from The Times of Northwest Indiana:

"The December state revenue forecast estimated that Indiana will have \$828.8 million in new revenue for the two-year, roughly \$32 billion budget set to be approved this session.

But after covering the anticipated growth in Medicaid and Department of Child Services expenses, the remaining money won't be enough for even an inflation-level funding boost to elementary and high school education or any meaningful expansion of pre-kindergarten availability."

Get that? Indiana has a budget of \$32 billion for the biennium — that's \$16 billion a year, which is roughly \$6,400 for every household in the state. And there will be almost \$1 billion in new revenue.

And it's not enough.

Now, let's leave that for a moment before we circle back. I notice that for the current federal budget impasse, we've been treated to the phrase "partial" government shutdown, which is more

clarity than we're used to in the news coverage out of Washington. But it is finally an honest description — a federal shutdown can only be partial, since so much of the government is on automatic pilot that only about 25 percent of its services are affected.

So, no matter whom we elect, regardless of whatever fiscal restraint is promised, the spending just goes on and on, and there is nothing we can do about it. Those Americans upset by such profligacy might have hoped for at least a brief respite with a Republican president and GOP control of both houses of Congress. Regrettably, it was not to be.

The U.S. national debt stood at \$21.974 trillion at the end of 2018, more than \$2 trillion higher than when President Donald Trump took office. I would cut the president some slack on the issue since he never exactly promised to be a small-government conservative. I notice, however, in looking through the campaign coverage that in 2016 that he promised to get rid of the national debt, telling the Washington Post he could make the U.S. debt-free "over a period of eight years." Read his lips.

I am among that small and apparently dwindling group of Americans who really worry about out-of-control spending and unsustainable debt. And some of us have been so convinced that Washington is so unwilling, even unable, to change that the only hope we see is an Article 5 convention.

As risky as it would be to put the Constitution into the hands of state-appointed delegates (and it scares some of my fellow conservatives to death), what other choice is there? If the federal government will not tame itself, we have reasoned, the states must try to tame it.

But now I wonder if even that is possible. Would we really be better off with the states feeling more empowered?

Which brings us back to Indiana, which, don't forget, is among the most fiscally restrained of states with a constitutional requirement for a balanced budget. Yet even here, our lawmakers

have created a situation in which “tight budget” is not a temporary condition but will likely be looked upon in the future as the “good old days.”

We’re not quite on automatic pilot yet, but there is less and less maneuvering room. Just four areas of the state’s budget – K-12, higher education, Medicaid and public safety – take up 84 percent of the general fund. Those are areas for which the demands will always increase and cuts will never be deemed acceptable. As with the federal government, there really isn’t a state revenue problem. There is a state spending problem.

Which will, ultimately, create that revenue problem, which can be solved only by devising new ways to separate more of us from more of our money.

And the state treasury, we should remember, has a budget surplus of about \$1.8 billion, being held in reserve for emergencies. That is akin to the alcoholic who keeps a few bottles in a dusty corner of the basement just in case there is a nuclear holocaust closing all roads to the liquor store.

I know. Dead horse. Still beating it. Can’t help ranting and raving about it once in a while.

Counting our 2019 Blessings

(Jan. 7) — Surely, I don’t have to remind you of all the bad news in the world.

Even if you’re not the type to dwell upon the negative, there has been no escape from the endless litany of human misery and failure that has been dished out in the past few weeks. Year-in-review and year-to-come stories have painted a stark picture of exactly what’s wrong with the world.

Terrorism. Populist uprisings. Ruthless dictators. Economic collapses. A migrant crisis. Homelessness. Climate change. Political ineptitude and malfeasance of the highest order. The world must certainly be on the brink of disaster.

Except that it isn’t.

In so many ways, the world is in better shape than it has ever been, and there is every reason to believe things will get even better. Though it goes in fits and starts, sometimes with two steps back for every step forward, human progress has been a constant throughout history.

So, before we endure another year of missing the forest while minutely examining every diseased or damaged tree, let’s take a breath and count our blessings. Not all of them, but a few.

Let us consider, then, 10 ways the world is better than ever:

There are fewer people living in extreme poverty. The percentage has been dropping for two centuries, from 90 percent to about 10 percent.

Child mortality is declining worldwide — by more than half in less-developed countries in the last 20 years.

Life expectancy is increasing. The age of 30 was the end point for most of our history, but today people in developed countries live to be 80, and worldwide, life expectancy is 70 years

We are freer than ever. Two-thirds of the world’s population today live in democracies.

Literacy is on the rise. More than 90 percent of the world’s population under 25 can read and write.

We are safer than ever. Over the last century, we have become more than 90 percent less likely to be killed in a car or plane crash or on the job, and, thanks to better infrastructure, almost 90 percent less likely to die in a natural disaster.

The world of tomorrow will be less crowded than we think. The population growth rate peaked half a century ago and has been steeply dropping since.

Between 1961 and 2009 the amount of land used to grow food increased by 12 percent, but the amount of food that was grown increased by 300 percent.

People work fewer hours for money. Men and women alike have substantially more leisure time

than their parents did (10 and six hours more per week, respectively).

The world is growing less polluted and has more parks and protected wilderness.

I heard some ponderous blowhard on TV a few days ago bidding good riddance to the awful year of 2018. I remember a year I thought was awful – 1968, when it seemed as if the country would split apart. But we got beyond the strife and, I like to think, learned from it. We will learn from whatever mistakes we make in 2018 as well.

Obviously, we should not neglect the real problems in the world or forget that some of our solutions will create new problems we didn't anticipate. But ignoring the progress we make on the road from barbarism to greater civilization can make us lose sight of our goal and even the heart to keep pursuing it.

Humans may not be perfectible, but the human condition is improvable. Let's make that our inspirational thought for 2019.

On Becoming Elderly — Suddenly

(Dec. 31) — We live inside a buffered area – sort of a sociological DMZ – where the way others see us and the way we see ourselves collide and mutate into a whirling kaleidoscope of perception.

Sometimes we fret about one or the other.

What a gift, the poet Robert Burns said, it would be to see ourselves as others see us. As long as we live out here in the world rather than on a desert island, only by being mindful of the impressions we make can we strive to be better friends and neighbors. Those who proclaim they don't care what anyone thinks about them are lying to themselves.

But we can care much too much about what others see in us. Scores of psychological treatises have been created to support the notion that our self-image is but a portrait cobbled together from bits and pieces of how we think the world sees us. In this tortured landscape dwell both the conscientious conformist and the purposeful

nonconformist, each in their own way devoting their lives to the whims and tastes of others.

I think that most of us, most of the time, are comfortable negotiating this zone. We're aware of what others think – that's why mostly we dress the way others around us are dressed. But we also know our core beliefs and values and allow them to guide us through the expectations and judgments of those around us.

Most of us, most of the time.

That complacency can be disrupted, forcing us to re-examine the pictures we have so carefully painted.

Our self-image is likely to be called into question at a pivotal moment when the stakes get raised. At least once in every life, a friend and fellow writer once said to me, there will come a call to step up. It might come when you're 17 or when you're 90, but the call will come. And whether you step up or not will define you.

I think we'd been talking about the military – specifically those who never served and now feel defensive about it. But much smaller turning points than that are just as important. When a friend is suffering emotional anguish, for example, and being a real jerk about it, and it would require some sacrifice to be supportive yet one more time. Based on that choice, I have stepped up, and

I have not stepped up. My self-image is still a work in progress.

The abrupt realization that we need to dwell on how others see us can be triggered by the most casual of careless remarks, one of which I have just suffered through.

My ancient house (built in 1920) had been having an electrical issue causing the circuit breakers to periodically trip and plunge half the rooms into darkness. After troubleshooting the problem, Chris the electrician determined that one of two lines coming into the house was dead, which would require someone from American Electric Power to come out and check the connection.

He was standing not 15 feet from me while he talked on the phone with AEP. After describing the problem and requesting a work order “for one of my customers,” he said:

“And you need to get out here today. My customer is elderly, and I don’t want him to be stuck here without power.”

Elderly.

Hearing that one word, I suddenly felt – what? Offended? Violated? Diminished? All of that.

A moment before, I had just been just a homeowner named Leo talking to an electrician named Chris about a problem to be solved. And then, just like that, I was no longer that normal person, but a member of what these days is called a “protected group,” that is, one of the ones who can no longer be trusted to negotiate life’s path without an enlightened escort.

Elderly. Feeble. Weighed down by the years. Dependent on the kindness of strangers.

And while our self-image might always be a work in progress, our projected image tends to be fixed in place once we are assigned our group membership. We lose our individuality and become merely a demographic cipher, an interchangeable piece of an undifferentiated mass. One of them. Those people.

Look, I know all the New Age philosophy and its feel-good jargon. “Elderly” is a moving target, and we all consider that category to start no less than 10 years older than our current age. 70 is the new 50. Age is a state of mind, and you are old only if you feel old.

But the fact is that there is a demarcation line, and it coincides with retirement and government benefits and society’s collective decision that you have entered the final phase. That line is age 65. On one side of it, you are still an individual, and on the other, you are a senior citizen – elderly – and that’s just the way it is.

And the truth is, self-image is not a good fallback position, because sometimes I do feel old. A little creaky in the execution. A little slower on

the recovery time. A little hesitant on abandoning my comfort zone.

Usually, it’s a gradual, creeping feeling, mind you. It might shock the twenty-somethings and thirty-somethings, but old people did not spring full-blown into this world. Today, we feel exactly one day older than we did yesterday just as we have felt every single day of our lives.

But occasionally, we take a good look at that face staring back from the mirror and think, “How in the hell did that happen?” And it is a shock. A shock we are forced to contemplate when a careless remark like Chris’s reminds us that the world also sees that face.

When image fails us altogether, we have no choice but to examine the substance of our lives. I am comforted by the words thoughtful people.

Texas songwriter Julie Gold once said that, on the one hand, it took her about two hours to write the wonderful “From A Distance,” but, on the other hand, it took her 30 years – her age at the time. Everything we do is the product of all we have been up to that point. And there are things we have yet to do that we won’t do until it is time – whether we are 17 or 90.

And Mortimer Adler, who tirelessly worked on spreading the virtues of the Western canon until his death at 95, believed that no person can be truly educated until the age of 50 or 60 and said once in an interview that “as the body weakens in any or all of its corporeal organs, the intellect grows stronger. We can think better, more clearly, more soundly.” I look forward to being a genius any day now.

Finally, there is the greatest philosopher of them all, Popeye the Sailor Man, who proudly declared, “I yam what I yam, and that’s all what I yam.”

Lawyers, How Low the Bar?

(Dec. 24) — There is an old joke riddle that goes: “What do you call the person who graduates last in the class in medical school?”

“Doctor.”

There isn't an equivalent joke for lawyers, but there should be. And if current trends continue, there likely will be.

According to news reports, Indiana is following the lead of numerous other states in experiencing a dramatic decline in the number of law school graduates passing the bar exam. Court records show that 1 in 3 prospective lawyers this year did not pass the July bar exam, and half failed in the February exam. In contrast, the pass rate was 74 percent in July 2015 and 67 percent in February 2015.

The Indiana Supreme Court has established a study commission to review Indiana's bar exam, how it's graded and the subjects included, and by next December recommend possible changes to the test's format or content. Issues to be examined include whether to reduce the number of areas tested in the exam, whether to de-emphasize the essay portion, whether the "pass" or "cut" score is too high and whether the exam has a "disparate impact" on certain groups.

As a layman, it sounds to me like the legal experts think becoming a lawyer might be too difficult for today's students, so they're considering making the standards easier. They might be lowering the bar, you might say.

There are some embedded assumptions here that I think need to be addressed. The first, and most obvious, is: We need more lawyers.

I confess that the answer to that is beyond me.

For one thing, making such a calculation requires more than a simple balancing of supply and demand. There are simply too many areas needing the specialized skill sets of specific kinds of lawyers. There might an overabundance in some specialties and a dearth in others, and I'm not sure a definitive answer is even possible.

For another, this isn't something I've spent a great deal of time contemplating. Like most people, I think about lawyers only when I need one.

I've needed one exactly three times in my life, once when I was at fault, once when I was not at fault and once when there was no fault involved

except the inability to get through a legal maze without help.

I was satisfied with the help I received one of those three times — not overjoyed but satisfied. I was very unhappy the other two times. So, to put the best face on it, the law profession has failed me 67 percent of the time. That gives me the experience — the standing, if you will — to challenge one of the other embedded assumptions at play: That we need more bad lawyers.

Because that is clearly where the state is headed.

Law school enrollments are dropping precipitously, many experts agree, because the cost keeps going up, but there is less and less chance of landing a job at one of the biggest, most prestigious law firms, the best path for wiping out all that debt quickly. So, the law schools have lowered the standards for whom they will accept.

And if current students aren't as good as previous generations of students, they will naturally have more trouble passing the bar exam, so the only logical solution is to make the bar exam easier. It doesn't take a genius to figure that out.

Ted Waggoner, a Rochester attorney who has chaired the Indiana State Bar Association's Legal Education Conclave, said he hopes the commission is able to find the bar exam's "sweet spot" — the place where potentially bad lawyers are kept out of the profession, and potentially good lawyers are allowed in.

Let's grant that he is sincere in that wish and presume that commission members will act in good faith in keeping competency on its list of desired goals. But when they put so much emphasis on "disparate impact," it is fair to wonder if they will worry more about who will become lawyers than about how good they will be.

It is said that hard cases make bad law. It is equally true that bad lawyers make cases hard. If it's going to be more likely that the next lawyer I need is from the bottom of the law class and barely made the lower bar exam cut score, I sincerely hope the case is not a hard one.

Standing Up for the Corrupt

“Some day, and that day may never come, I will call upon you to do a service for me.” – Don Corleone, “The Godfather.”

(Dec. 17) — Hoosiers owe the brave members of the Indiana Association of Public School Superintendents a vote of gratitude for making a courageous move that could bring needed reform to Indiana law.

The association is standing behind one of its own, a former Vigo County superintendent facing bribery charges for allegedly accepting concert tickets and meals from a vendor that did work for the school system. Prosecutors say Danny Tanoos was influenced to award \$42 million worth of business to Energy Systems Group, which made a profit of \$11 million, by the \$100,000 or more gifted by the company to Tanoos or Vigo County School Corp.

Now, association members could have taken the coward’s way out by clearly and firmly distancing themselves from the allegations. After all, when average citizens hear that connected people seeking influence are presenting “gifts” to public officials, a different word probably comes to mind. And it’s not lagniappe. Best stay away from that kind of public image and present at least the appearance of sober propriety.

But, no, the association went the other way, filing an amicus curiae brief asking the court to dismiss the bribery charges because a conviction could “result in confusion” about what gifts public servants can receive, according to the Terre Haute Tribune-Star.

“The outcome of this case,” the brief said, “could have a transformative impact on how superintendents, and more broadly all public officials, interact with constituent and business consultants. A conviction under the current criminal charges would result in confusion and guesswork as to what conduct the Indiana bribery statute prohibits.”

How true, how true, and the brief is exactly right that this terrible confusion would affect all

public officials, not just school superintendents. Imagine the horror. A faithful servant of the people goes about his normal business, accepting the small tokens of affection that are his due, just the way government officials have done ever since the Sumerians put the red tape in bureaucracy, and the next thing he knows the prison gates are slamming behind him.

Clearly, state law must be firmed up, the vagueness removed, the ambiguities replaced with bright guidelines. Officials must know precisely and unequivocally how much of a gift they can receive. Nothing less than exact dollar amounts will do.

If a contract is to be awarded for a highway, for example, or a courthouse addition or schoolhouse plumbing, the official could expect a percentage, say 2 percent, as sort of a finder’s fee. If the project were estimated to cost the government entity \$10 million, a gratuity of \$200,000 would be appropriate, and not a penny more. But if the project’s costs were to exceed projections, the official would not be able to bump up his fee. Everyone must make sacrifices for good government. In-kind contributions, such as sporting-event tickets, trips, fruit baskets and late-night visits from certain sex professionals, would be priced based on the prevailing local wage rate. That would keep the unions at bay.

Naturally there would have to be some kind of set-fee schedule for government services provided that do not involve projects and contracts, getting somebody’s cousin on the payroll, for example, or keeping somebody’s brother-in-law out of jail. Here, the state should probably make allowances for a little home rule, since local conditions might vary. Looking the other way on a drug deal might be worth more in Indianapolis than in Fort Wayne, and ignoring neighborhood code violations would certainly be more valuable in South Bend than Evansville.

State officials will have to be careful in specifying exactly who is allowed to offer gifts to government officials. It must be absolutely clear that only persons of influence – those who are

able to both shape events and make our public servants' lives more tolerable – qualify. Otherwise, every common truck driver and waitress will be trying to get a ticket fixed or an alley pothole filled for a paltry couple of hundred dollars. The whole system might collapse.

But this can be done, and it must be done. If our officials can't escape the cloud of uncertainty over accepting gifts from those willing to be generous, how can we keep the brightest and most enterprising of them from fleeing to the private sector?

It's true that we get what we pay for. Let's make sure we always have the best government money can buy.

Legislating Time

*"Does anybody really know what time it is,
"Does anybody really care?"*

—Robert William Lamm,

*from the "Chicago Transit Authority" album,
1969*

(Dec. 10) — From past experience, we can guess that the Indiana General Assembly will spend at least half its time in the coming session arguing about measures that have no chance of passage.

Reform of redistricting won't happen because Republicans would have to give up their ability to control their own re-election chances. A hate-crimes law will fail because legislators can't agree on whether to include transgenders. Medical marijuana won't fly because, well, it's Indiana.

I expect my favorite time-waster will come from the calls by some lawmakers to put all of Indiana in the Central Time Zone. Because this state is one of the 13 that are split into two zones, time is a perennial source of controversy here, some of it quite acrimonious.

During one of the annual go-arounds, I wrote a sarcastic column saying we should be allowed to go on libertarian time. We should each be able to set our own times. If I wanted it to be 10:30 a.m. at my house, and my neighbor across the street

wanted it to be 11:30, or even 11:17, whose business would it be but ours that we kept missing appointments with each other?

Of course, that's sort of the way it really was until around the latter part of the 19th century. People generally didn't travel more than a few miles from home, so it didn't matter that different jurisdictions set their own times based on where the sun was in their sky, not the next town over's sky. Life was local.

The railroads changed all that when they "annihilated distances and made reform necessary," note economist Steve Hanke and professor of physics and astronomy Dick Henry. Trains couldn't possibly keep and maintain schedules while dealing with the more than 300 local sun-times. So, the rail line owners pushed for the four-time-zone system the contiguous 48 states still have.

But today, Hanke and Henry argue, the Internet "has annihilated time and space completely," so we should now replace the world's 24 to 40 time zones (it's complicated) with one universal time zone. If it were 0700 or 1300 in Indiana, it would be 0700 or 1300 in Tokyo and Moscow and London and everywhere on Earth.

I dunno. There are lots of arguments for and against such a proposal, but there is one strong one against, and that is the disruption it would cause in our mental processes. Life is still mostly local – we move as always with the arc of the sun – and the problem will always be in how we deal with other people's local lives, and what we call non-local time.

As it is now, we have to figure out what time it is in a foreign location and whether that means it's likely they would be sleeping or up and around. We are used to that. With a universal time zone, we'd always know what time it was somewhere else, but we'd still have to figure out how that time corresponded to their local sun movement. We are not used to that.

In other words, better to keep the aggravations we know rather than adopt aggravations we'd have to learn.

So, keep the time zones.

But one to a state, please. It's complicated enough dealing with other states. Having to figure out what time it is in Indiana's cities as well is just too much to ask.

Since I live in the Eastern zone, I hope I can be forgiven for going with my parochial preference, and, besides, all of the state except for a dozen Western border counties are in it as well. But, honestly, I don't care. Pick one. A lot of us will be spitting mad for a while, but we'll get over it.

And, for heaven's sake, stay with it all year.

There should be an award for really stupid stuff done by really smart governors, and Mitch Daniels would walk away with the first prize. When he pushed daylight saving time through the General Assembly – expending considerable political muscle to do so – he claimed that it would boost the state's economy.

You can find economists who argue that the adoption of DST (Daylight Saving Time) has had little or no effect, and ones who argue that it has actually hurt the state's economy. But you will look long and hard (as I have) to find evidence that it has actually had a positive benefit.

The principal result has been that it aggravates the hell out of Hoosiers twice a year as we try to readjust our body clocks to losing or gaining an hour of sleep. It disrupts our mental processes having to cope with political time, which makes sense to no one but the politicians.

I should note that sometimes I have two time zones in my house. There has been a clock in my kitchen for several years that I have never bothered to set forward or back in accordance with DST. So, this spring, while the rest of you are racing around in a frenzy trying to comprehend what's happening to your diurnal rhythms, I will always be able to step into my kitchen and enjoy the halcyon time of one hour ago.

I expect I'll need numerous trips in the legislative session to come. The time-zone dispute might be my favorite pointless exercise, but I do have my limits.

A Government Upside Down

(Dec. 3) — I was intrigued by a recent CNHI News story to the effect that Michigan's legalization of marijuana for recreational use could create headaches for police in northern Indiana.

For one thing, they have to be on the lookout for those legally using weed in Michigan who might be a little lax about wandering across the state line into a jurisdiction where their indulgence is still illegal. For another, officials "expect the new law to lower stigmas on marijuana use in Indiana, which could attract more first-time users to try the substance."

And pity the poor users, nearby and elsewhere, as more and more states decide to ignore the federal ban on the drug that's still in place. They must always be aware of where they are and what the local laws say about the matter.

But, as my Texas brother would likely say, "Welcome to my world." He and other gun-rights advocates have always had to stay cognizant of state jurisdictions. Can they keep the gun in the glove compartment when they cross this or that line?

Can they still legally carry in this or that state, and does it matter whether it's open or concealed? My brother, on long car trips, has a cheat sheet he refers to in order to make sure he's always locally legal.

It's a tricky business, this matter of state versus federal jurisdiction, and getting trickier.

Ratification of the Constitution almost collapsed until the Founders addressed the fear of federal power by tacking on a Bill of Rights comprising the first 10 amendments. (That's kind of a misnomer, by the way. None of the 10 actually amend the Constitution; rather, they clarify and make more specific some of its provisions.)

But with passage of the 14th Amendment in the wake of the Civil War, the Bill of Rights has been turned on its head. Instead of being, as intended, a curb on federal authority, it is now

mostly a tool used by federal authorities to keep state governments in line.

And there's a certain logic to that development. If a right such as that of religion or speech is fundamental or God-given or natural – however we chose to define its inviolability – then it must be respected by all levels of government. Our rights cannot be allowed to be eroded just because we cross a state line.

But power tends to accumulate and concentrate, so Washington has taken control over nearly all aspects of American life, the trivial as well as the fundamental. By what lunatic definition of federalism does Washington presume to tell us what to include on school lunch menus and who may use which bathroom?

We cannot be guided out of our jurisdictional confusion by those who sometimes call for a return to states' rights, since they often act out of political expediency rather than bedrock philosophy. Many conservatives who argued that abortion should remain a state issue are not thrilled with states pushing for marijuana legalization. Many liberals who cheered the nationalization of gay marriage tremble at the idea that the Supreme Court might nationalize a right to concealed carry.

And we should be just a little leery of periodic enthusiasm for the 10th Amendment and its call for only limited, delegated powers going to the central government. Not because it misses the point, but because it leaves one out. The idea is not to merely take power away from Washington and return it to local jurisdiction. The point should be to achieve the balance of power that best protects the rights of citizens as individuals.

That's why I'm a fan of the 9th Amendment and its reminder that "The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people." Don't just keep telling me which jurisdiction has what power over me. Listen to me about the things that are not the business of any of you.

December is the anniversary month of the Bill of Rights (the 227th, if you're keeping track). Although the application of the amendments may have changed and the confusion over their meaning may be widespread, they remain an important reminder to Americans that they have rights that must not be violated. Just as important, they remind government officials, who are prone to forget it or ignore it, that we have those rights.

Rights inhere in the individual. It's the single greatest political idea in the history of the world. And this country was founded on that idea. We must never forget that. Ever.

Well, Virginia, It's Like This . . .

(*Nov. 26*) — This is actually a Christmas column. But it will take a while to get there, so please bear with me.

My first job at my first newspaper was wire editor for the Wabash Plain Dealer. That meant that, in addition to being a reporter charged with gathering information and writing local stories, I got to come in early and, as they said back then, "strip the wire."

It was my duty to collect the stories coming off the Associated Press wire machine in a long strip of newsprint, cut them apart and sort them into three piles – state, national and world. I also had the responsibility of culling the most important and interesting stories so those higher in the chain of command could decide which ones to include in that afternoon's edition.

How important I felt. This was a small town, with only one news-deficient radio station and no television stations. The Plain Dealer's only print competition for regional news was from the Marion Chronicle-Tribune and the relatively distant Fort Wayne papers.

And there I was, a punk kid just a few months out of college, being the first person in Wabash, Ind., to know what had happened in the world overnight. Sometimes I'd walk around all day, just looking at ordinary people and feeling sorry for their ignorance: "I already know what you're

going to see on the evening news tonight,” I’d silently gloat.

I was the gatekeeper, the guardian at the breach. No trivial nonsense would get through me and into the paper. Nothing dull or trite or boring. Just the good stuff.

I realize how quaint and, yes, old-fashioned that sounds now. Today, every single thing that happens anywhere in the world is almost instantly available to anybody in the world. An explosion in Sri Lanka kills a thousand people?

Bam, there it is on your phone. A movie star slaps her hair dresser in Beverly Hills? That’s there, too.

The downside is that there is no gatekeeper. There is no filter to sort out the critical from the nonsensical. That’s your job, however much time and skill you have to devote to it. Good luck on being informed when there is so much news you can’t process it.

Fast forward a few years. I was also there when print married the Internet, and we discovered we were no longer bound to the 24-hour news cycle. We could use our laptops and satellites to send both stories and pictures from anywhere to our newsroom, from which our editors could send them out online almost immediately.

If there was anything headier than being the first to know something, it was having the ability to instantly send out something to a worldwide audience – still with that filter, of course, gatekeepers to decide what went out and what got killed.

But it was just a heartbeat until it became obvious that everybody had that same ability. Today, with but a blog or a website or a Twitter account, you can say anything about any of your neighbors, and they can say anything about you. But there are no filters. The only person who can decide if you should send something out just because you can is you. And if you decide wrong, too bad. It will be out there forever, for the whole world to see.

Now, finally, the Christmas part.

As a longtime editorial writer, one of my favorite newspaper stories is the one about 8-year-old New Yorker Virginia O’Hanlon, who, one

day in 1897, asked her father if there was really a Santa Claus. Coward that he was, he ducked the question and told her to ask the newspaper. “If you see it in The Sun, it is so,” he told her.

So she wrote to the newspaper, and it resulted in arguably the most famous editorial in American newspaper history, “Yes, Virginia, there is a Santa Claus,” who of course exists “as certainly as love and generosity and devotion exist,” as long as one has not been “affected by the cynicism of a cynical age.”

Just imagine. A father tells a fragile little girl to put her faith in a newspaper to answer one of the gravest doubts of her young life. And she does!

That, friends, is gatekeeping. That is trust. That is an unbreakable bond between news provider and news consumer.

I put it to you, what possible gatekeeper could engender such trust today? We have all the news in the world instantly available and the ability to add anything we choose to that infinite stream. We are in more need than ever of a filter that can sort it all out for us, but any organization or group of people deigning to take on such a role would be met with universal and unyielding suspicion. This truly is a cynical age.

There is also the question itself, which the modern press would surely feel falls outside the arena of legitimate objective analysis, unless, of course, the United Nations or Union of Concerned Scientists were to take a position.

Whether there is a Santa Claus is, after all, a sensitive metaphysical issue for which there is precious little measurable evidence to rely on. A certain percentage of adults have merely decided to accept the affirmative for the benefit of those too young to think critically. How could any responsible media member weigh in on such a controversial parenting decision, especially when it might be a remnant of a patriarchal society completely ignorant of the complexities of intersectionality?

Is there a Santa Claus? Hey, Virginia, that’s between you and your parents. Beat it, kid.

Merry Christmas.

Civil Reality Has Been Lost

(Nov. 19) — I think there are two Americas.

But the two I see are not the two a lot of people seem to be obsessing about these days. I experience one America through the fevered rantings of politicians and their media co-conspirators, and it seems so vivid I sometimes forget it is the fake one. I live in the other one, the real America, and sometimes I forget that, too.

I recently put an app on my portable devices called Nextdoor, through which I can check out what my neighbors are doing and saying.

I learned about it from my sister, who is signed in to the Nextdoor account for her neighborhood in Indianapolis. She has used it to hire a recommended landscaper and someone to power wash her siding, to buy a hutch and check out an unwanted cat, which she ended up feeling guilty about not taking. She also noticed reports of break-ins getting closer to her house and decided to spring for an alarm system.

That all sounded useful to me, much more so than the so-called news from the professional press, which has seemed less and less relevant to my daily life.

Fort Wayne's Nextdoor covers my neighborhood and "35 nearby" ones, which means it takes in most of the city.

I checked out the postings from the last month or so and found just two entries about national politics — two angry rants apropos of nothing in particular. Not bad, considering there are scores of posts covering things like:

Reports of lost dogs. Requests for recommendations about roofers and kitchen remodelers. An account of a car being vandalized, and one about a hit-and-run. Back around Halloween, there seem to have been a rash of pumpkin vandalisms. There are plenty of comments about area schools. And lots of complaints — lots and lots — about the new trash pickup contractor. The city might think it has a handle on that problem, but I can tell you it has a long way to go.

Just the ordinary concerns of ordinary people living ordinary lives, more worried about crime the next block over than who holds the balance of power in Washington. It's what newspaper editors used to sneeringly call "chicken dinner news," published only in weekly and small daily rags, never touched by sophisticated, respectable periodicals of any decent size.

It's the same kind of things we talk about in our real-world interactions, waitress to diner, clerk to shopper, barbershop patrons to each other, friends and neighbors and family members among themselves.

And what don't we hear so much? Ravings about that "fascist" Donald Trump or his loony socialist opponents. Apocalyptic warnings about dangers to the American way of life. Furious threats and recriminations against people so stupid they voted the wrong way.

It's not that people outside that fake-America bubble don't care about politics. They do. They even believe, many of them, that one side or the other in Washington is terribly wrong, even dangerous, and they can argue passionately about it.

But then they move on to other things, the way they always have. Politics is a part of their lives, but only one part. They are not consumed by it every hour of every day. That "most important election of our lifetimes" we just had? Americans voted for a split government, just to keep the knuckleheads in line, just like they almost always have. (Perhaps, like hundred-year storms, they might need to be renamed if they come around every decade, "most important election ever" can't be every single one of them.)

Perhaps I am being naïve. Maybe the great divide is leading us to a new civil war, and I just can't see it.

But maybe it is just inside the heads of those who can't get out of the fake-America bubble. I have been in that bubble. Over a lifetime of writing about politics, I have felt the fever. You'll never give an inch, so I dare not. It is hot-pepper tantalizing to taste buds used to a bland diet.

At times I worry that we will let the fever infect us, really and truly drag us into a confrontation we can't back away from.

But I also think it might be our job to try to tame the fever mongers, make them stop to occasionally take a breath and appreciate the beauty of the ordinary.

Can we make America real again?

Algorithm Hell

(Nov. 12) — My reading habits have taken a strange turn lately, but it's not really my fault. My Kindle has been bossing me around.

It started when I discovered and downloaded a mystery novel about a small- college librarian named Charlie who solves murders when not walking his Maine Coon cat around town on a leash. Then there was a whole series of books about Charlie and his cat.

The Kindle algorithm, armed with the knowledge that I might both enjoy mysteries and like cats, then recommended a different series in the same vein. And, since I kept downloading them, another and another.

You'd be amazed — or perhaps not — at how many novels there are featuring felineophile (OK, I made that word up) amateur sleuths.

There's the woman with a cat named Elvis that hates the Rolling Stones and is addicted to watching "Jeopardy!" on television. And the one who owns two "magical cats," one of which can walk through walls and the other with the ability to become invisible at will.

The series I'm reading now, I swear on a stack of analog Bibles, is about a bookstore owner who sees ghosts and is unaware of being helped by a colony of special cats whose mission on Earth is not only to solve murders but also to gently guide humankind toward good and away from evil.

I might have made a slight mistake in judgment in confessing this minor idiosyncrasy to a few loved ones, who seem to find it a source of much amusement. "We've always known you were

eccentric," my sister said. "We didn't need Kindle to tell us that."

But I console myself with the realization that I have stumbled onto a dark secret of which my friends are blithely ignorant: Kindle is not the only technological wonder that bullies me, and a lot of other people.

Amazon knows everything we have ever ordered and "suggests" similar things we might "consider" buying. Google orders our search results based on our search history. Lord only knows what information those lovable "Echoes" in our living rooms are collecting. And there are more intelligent devices all the time. Smart watches and smart TVs and smart cars, and even smart refrigerators and vacuum cleaners.

And every hour of every day, they are collecting knowledge about our habits and patterns, billions and billions of bits of information stored in the cloud and available to any person or group powerful or clever enough to make use of it.

In this digital age, writes security technologist Bruce Schneier for wired.com, vendors like Google, Amazon and Apple are becoming our feudal lords, and "we are becoming their vassals" who pledge allegiance to them. We look to them for the convenience of downloading, the ease of constant backups, the ability of universal sharing, for automatic synchronizing and record-keeping. And in turn we trust them to keep our information secure.

Trust is our only option, he warns, because we have "no control over the security provided by our feudal lords." Our lords "own us" and "ultimately they will always act in their own self-interest, as companies do when they mine our data in order to sell more advertising and make more money. These companies own us, so they can sell us off — again, like serfs — to rival lords . . . or turn us into authorities."

It can be comforting to think this information will be used only for benign purposes such as understanding our preferences and making us better consumers. But that data will be there, and growing, too valuable a resource to ignore. It will

be mined for much more than our shopping habits.

Eric Rosenbach and Katherine Mansted, in an article for the Belfer Center for Science and International Affairs, worry about the way sophisticated technologies of the information age are being weaponized against democracies by authoritarian regimes, threatening “to jeopardize democracies’ ability to govern and protect their national security, and to undermine people’s trust in democracy as a system of government.”

Governments such as those of Russia and China are finding ways of using the Internet to control their domestic information environments even as they labor to add to the doubt we citizens of free countries have in the reliability of information we receive.

Historian Noah Yuval has even graver concerns. Until now, he says, liberal democracies have won and totalitarian systems like communism and fascism have lost because it was too inefficient to centralize collecting and processing data for making decisions. Democracies have distributed data systems, with the knowledge held by the many individuals and organizations that need it to make decisions.

“The greatest danger that now faces liberal democracy,” he writes, “is that the revolution in information technology will make dictatorships more efficient than democracies, and then the main handicap of authoritarian regimes in the 20th century – their attempt to concentrate all the information in one place – will become their greatest advantage.”

I have been among those members of older generations fretting that millennials and the even younger members of iGen have lost all sense of privacy. They share lurid photos of themselves, shout the most extreme nonsense on social media and generally behave as if nothing they put online will last beyond the moment.

Perhaps the rest of us also ought to give thought to what use will be made of the personal data we are increasingly willing to give up.

These dystopian visions might well be too alarmist, as so many in our history have been. But they’re something to mull over the next time we’re “guaranteed anonymity” if only we’ll fill out another online survey.

But I must now return to my latest mystery. The protagonist is zeroing in on the wrong suspect, and the cats are worried. ♦

The Franke Bookshelf

WE CONSERVATIVES

tend to bemoan Supreme Court decisions that appear to break new legal or constitutional ground, especially when it appears the Court is usurping legislative authority from Congress and the state legislatures.

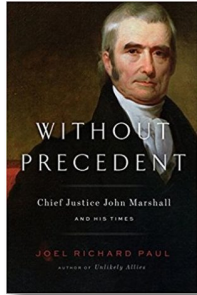
Rightfully so, but there is an historical context to this — a journey back to a time when the Court had no apparent role and was at risk of being made completely subservient to Congress and the President.

It took one of our Founding Father geniuses to set this right, to establish the Supreme Court as a coequal and independent branch of government. This was John Marshall, unquestionably the most important Chief Justice in our history.

The times were not all that different from our own, only even more acrimonious and ad hominin, if that is possible. Marshall, appointed Chief Justice on President John Adams' last few days in office, knew he faced a hostile President in Thomas Jefferson, his distant cousin, proving that blood is not thicker than water.

He also faced a hostile Republican majority in Congress determined to hamstring the judiciary if it would not bend subserviently to that party's philosophy. To prove their point, Congress effectively suspended the Supreme Court for most of 1803 by eliminating circuit courts and forcing Supreme Court justices to literally ride circuit for the preponderance of the year.

Yet Marshall resolved to have the courts take their lawful, constitutional place in the new republic. His leadership on this was both masterful and prescient as he forged unanimous decisions on critical cases, establishing the



Supreme Court as an equal and essential partner in government.

Without Precedent

How he did this is the preeminent theme in two new biographies—University of California law professor Joel Richard Paul's *Without Precedent: Chief Justice John Marshall and His Times* (Riverhead Books, 2018), and National Review senior editor Richard Brookhiser's *John Marshall: The Man Who Made the Supreme Court* (Basic Books, 2018).

Paul's book is no simple biography as it spends the first 200 pages or so recapitulating American history prior to Marshall's appointment in 1801. Marshall has a secondary role to the primary Founding Fathers, but a role nonetheless. Who remembers that he was one of the American negotiators to revolutionary France in the notorious XYZ Affair? I should have. Or that, in spite of his close blood relationship to the Virginia planter class, he grew up in a log cabin existing just above poverty?

Paul uses this background information to set the stage for Marshall's judicial career and his conflicts with Thomas Jefferson in his first years on the bench and Andrew Jackson during his final ones. Paul's point is that Marshall deftly maneuvered hostile political territory in order to assert the Supreme Court's constitutional duties without provoking crises with his decisions.

Marshall was an exemplar of the carefully constructed compromise that nearly always resulted in a unanimous Court decision and this while serving primarily with associate justices appointed by his political enemies. Such was his stature and personality, asserts Paul, that he could pull this off.

Marshall was a Federalist by philosophy and experience. His wartime experiences, not the least of which was the winter at Valley Forge, made it clear to him that the new central government must be supreme over the states, guided by legal precedent and the intent of the Constitution. This is where he loses points with many conservatives

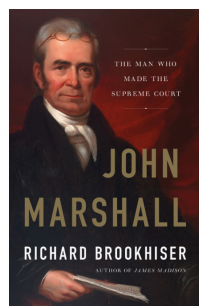
then and now. He deliberately pushed for an expansive reading of key sections of the Constitution in order to establish the supremacy of the central government over against the states. His argument for intent instead of literal meaning of the supremacy, commerce, and necessary and proper clauses does not always sit well with us today, but Paul argues that his rulings in these cases were critical to avoid the new union's regression to the impotent state of affairs during the Confederation period.

I get that but his statement in handing down the Court's decision in *Johnson vs. M'Intosh* that federal law trumps natural law is the decision I find most objectionable. His argument that natural law exists only in a state of nature offends my Christian faith as well as seems a dangerous *carte blanc* for tyranny to get its nose under the tent.

Still, Paul convinced me that Marshall clearly foresaw the very real potential for disunion over states' rights and the political enigma presented by slavery. He pulled his legal punches, so to speak, so as not to push the nation closer to the inevitable secession crisis. One wonders if he bound himself to some legal version of the Hippocratic Oath—at least don't make things worse. Paul describes Marshall's tenure as one essential to "the soul of the Union."

The Man Who Made the Supreme Court

Brookhiser takes a less technical approach to Marshall's life but he too organizes his Supreme Court time around key decisions. Marshall's early thinking is evident during his days in the House of Representatives (sent there in response to George Washington's urgent plea) when in one speech he differentiated between "cases," which are the proper purview of the courts, and "questions," or the political issues rightly belonging to the elected legislatures. Brookhiser



also tells us that Marshall's belief in judicial review did not originate in *Marbury vs. Madison* but during his participation in Virginia's Constitution-ratifying convention.

Marshall's guiding star was the principle of Federalism as embodied in his hero George Washington, and how it informed his judicial thought helps us understand his rulings. If anything could trump Federalism, Brookhiser believes it was Marshall's reliance on natural law as the foundation of Western civilization. (Note, though, Paul's different take on this above.) The interaction between these two theories, when tempered by Marshall's firm demand to interpret the words of the Constitution in "their natural sense," sorts things out for us today as we look back at his tenure.

Brookhiser poses several overarching questions that matter to us today. Is Marshall's vision of the Constitution as a supreme statement of popular will still valid? Must our courts inevitably "decay into unelected legislatures?" Are we too far removed from its origin to think intelligently and passionately about what the Constitution represents? Or was Thomas Jefferson right when he asserted that the Supreme Court was not the final word on the Constitution, that even it is subject to the popular will? Essential questions, these.

For both authors and for me, Marshall's record speaks for itself. He determined early on that the Court majority ought to speak with one voice rather than each justice writing his own opinion. Marshall wrote 547 opinions during his career and 511 of these were unanimous. And this during an era every bit as politically divisive as our current one and with a Court that usually had a 5-2 Jeffersonian/Jacksonian majority. It is no wonder that we haven't seen the likes of John Marshall on the Supreme Court since and probably never will again.

As Brookhiser sums up nicely: Marshall gave the Court dignity.

Recommendation: Brookhiser's book is the more appropriate for most readers. But lawyers

and Constitutional scholars will much prefer the more nuanced discussions found in Paul.

Churchill: Walking with Destiny

I hold that there were only two lions of the twentieth century. By lion I mean someone who, against enormous odds, confronted evil and defeated it. Those two are Ronald Reagan and Winston Churchill.

Several new biographies of both men have been published over the past few years and with good cause. King's College historian Andrew Roberts has taken on Churchill in grand style, weighing in at just under one thousand pages, in *Churchill: Walking with Destiny* (Penguin Random House, 2018). While that is a lot of pages, in this case the academic historian's penchant for quoting his subject at length works to the reader's benefit.

After all who is more quotable than Winston Churchill?

My problem is I am caught between genuine admiration of the man and wanting to scream at him for his apparent lack of any philosophical loyalty. How often did he switch political parties? OK, just twice, and he timed these flip-flops perfectly to land in office just when his nation needed him most.

Roberts does a reasonable job of explaining why Churchill seemed to have no firm ideology by demonstrating that, actually, he did. His touchstone was simply the moral superiority of Britain as empire. This faith kept him focused during Britain's darkest hours but also led to his two biggest political gaffes—working against the abdication of Edward VIII and the independence of India.

Speaking of faith, Churchill always defended the rights and privileges of the Church of England, all the while being at best a deist if not an agnostic universalist himself. He called himself “a buttress, not a pillar” of the church, meaning that he chose to support it from the outside. He never mentioned Jesus in a speech, at least according to

Roberts, and only saw God's role in this life as one of promoting Winston Churchill.

He was always a free trader, not particularly popular with the Tories of the time, and he described himself as a staunch defender of private property. Still, he saw no inconsistency in supporting confiscatory taxation and attacking the ancient rights of the House of Lords, especially when they stood in his way. This from a man who for much of his life was next in line to accede to the prestigious dukedom of Marlborough. Yes, he was descended from that great captain of the Stuart monarchy.

I don't know that I buy all of Robert's defense of his subject's political elasticity. He seems just too opportunistic and self-serving to suit my taste. But a short recounting of his major accomplishments cannot be ignored. To wit, he first and foremost warned the western democracies of the dangers of Bolshevism and Nazism when it was very impolitic to do so. He proved right. He saw Stalin's post-war threat when others, especially Franklin Roosevelt, were busy cozying up. He coined the term “iron curtain” and again was proved right. It took the other lion, Ronald Reagan, to finally put paid to the Soviet “evil empire.”

And, if for nothing else, his writing and his speeches are masterpieces of effective use of the English language to make a point. No one dared take him on in either parliamentary debate or salon repartee, at least not without receiving substantial bruising. It is Robert's pointed choice of quoting Churchill that makes the book less than a slog to read.

I still consider Churchill to be a lion of the twentieth century, although I admit to being less warm to him as a person. He had to be hard to like and especially impossible to work for. Just ask any of the senior military officers who dealt with him during World War II. But then, the free world needed just that kind of personality to confront Nazi Germany and Soviet Russia.

Recommendation: Worth the effort if you are Churchill fan or a serious student of twentieth

century British politics. For those wanting a quicker read, try Boris Johnson's *The Churchill Factor: How One Man Made History*.

Short Takes

I read a lot in the Founding Fathers era and one of the most disheartening events was the break between the two guiding geniuses of our Constitution, James Madison and Alexander Hamilton. If it weren't for their authoring of the Federalist Papers, the new Constitution almost certainly would not have been ratified. But once the new nation was in place, these two worthies became bitter political enemies in opposition to each other on nearly every political issue. It is this antagonism that Jay Cost takes on in *The Price of Greatness: Alexander Hamilton, James Madison and the Creation of American Oligarchy* (Hachette Book Group, 2018). Cost, who has written previously on the dangers to our democracy from special interest groups, takes an admirably objective approach to these two men and the philosophies they represented. Both agreed on what Cost considers the essential foundation of our government: liberalism (individual liberty), republicanism (representative government) and nationalism (effective central government). These principles assured that the new national government would be superior to the individual states in order to correct the failings of the Articles of Confederation. Where they differed was in the practical application of the nationalism leg of the triangle. Madison focused on balance among competing classes and interests to preserve a vision of agrarian simplicity and innocence. Hamilton gave priority to a concept he called vitality, a promotion of those who would make the new nation great and provide prosperity for all. Cost declares each to be right and each to be wrong, but he concludes Hamilton's view prevailed in American history when Henry Clay and John Quincy Adams enacted what they called the "American System" of government-financed internal improvements (today's infrastructure). Recommendation: If you are at all interested in

the period or these two men, this is worth the read.

Another recommended book on the Founding Fathers era is Nathaniel Philbrook's *In the Hurricane's Eye: The Genius of George Washington and the Victory at Yorktown* (Viking, 2018). I admit to reading almost everything Philbrook writes and George Washington is on my list of the top five Great Men of History list, so this book was an automatic choice for me. It is light on military details so that it can focus on the political aspects of a difficult alliance between the Continental Congress and Bourbon France. The victory at Yorktown was a near run thing, in part due to the fragile nature of the personal relationships between American and French commanders. Washington's celebrated equanimity was sorely tested, and a lesser man would have probably experienced defeat if he had been able to initiate the campaign at all. Washington's humanity comes through clearly even while his superiority of character stands out. The book briefly touches on the periods before and after Yorktown, including a cameo appearance by the traitor Benedict Arnold in command of a British army invading Virginia. Recommendation: Worthwhile to those interested in the politics of the era but pure military historians may want to give it a pass.

Revisionist history irritates me, especially when used in service to political agendas. We've all heard how Muslim-Christian relations were just fine until the Latin West invaded Muslim territory during the Crusades. Bin Laden and his ilk called current Westerners crusaders, a sure hot button for impoverished, enslaved Arabs looking to blame someone, anyone for their condition. And American progressives fall for this blatant hypocrisy. Into the breach steps Raymond Ibrahim, author and TV news commentator, with his *Sword and Scimitar: Fourteen Centuries of War between Islam and the West* (De Capo Press, 2018). Fluent in Arabic and English, Ibrahim uses contemporary sources to recount the military explosion of Islam out of Arabia into much of the

world. And it was a military conquest, Ibrahim asserts, based on the theological concept of jihad as expounded by the Prophet Mohammed and generations of successors. It all began when the Byzantine emperor rejected Mohammed's demand to convert to the new faith. The campaigns that followed are impressive for their military successes and for their brutality. Wholesale slaughter and enslavement usually followed in their wake. Ibrahim recounts the significant battles in the Middle East and Europe, some Muslim victories and others Christian victories. He focuses on why the campaigns were launched, and the reason was always one of religious fervor intending to convert or eliminate Christian communities.

Most of us remember the polling inaccuracies during the 2004 presidential election including election day exit polls. Many news networks could hardly control their enthusiasm in hinting at a Kerry win, that is until the actual votes were counted. How could the polls have been so wrong? The voters must have lied to us, many claimed. Not so, replies Antony Salvanto in *Where Did You Get This Number? A Pollster's Guide to Making Sense of the World* (Simon & Schuster, 2018). Salvanto, head of CBS News' Decision Desk on election nights, gives a primer on how to do polling correctly and the pitfalls that can entrap even an experienced pollster. The most interesting chapter is the first one on election night 2016, a near blow-by-blow recounting of how Salvanto and his team continually compared poll results against actual vote counts before feeling enough confidence to call a state. He claims not to have been surprised at Trump's win, certainly not shocked like many pundits clearly were, and he bases this on what the last week's polls were showing—a break toward Trump among the undecideds. He points to two factors in the media's missing Trump's ultimate victory. The first was methodological in that many polls didn't bother to look at the Midwest rust belt states that were assumed to lie safely in the Democrat camp. The second was a phenomenon unseen before, “a

race where both candidates were disliked.” One wonders, or better worries, if this is a new trend in our contentious political environment today. Salvanto touches on this in his final chapters, providing data on how political divides bleed over into other aspects of life such as where we live and with whom we associate. Cause or effect? Salvanto doesn't know but cites a polling result of 55% of Americans believe that we can come together as a society.

There are types of books I really do not like—self-help books, political hack books, how to live a perfect life books, etc. But after reading a Wall Street Journal review of Sen. Ben Sasse's *Them: Why We Hate Each Other—and How to Heal* (St. Martin's Press, 2018), I violated my personal rule. And I'm glad I did. Sasse, a conservative Senator from Nebraska and former college president, writes about what's gone wrong with our society today and how to fix it. He blames it all on loneliness, a loss of the community-based relationships that enwrapped our lives until the last several decades. He talks about tribalism, in a good sense, and now sees us as members of anti-tribes, united by other people and ideas we hate. He blames this breakdown on industrialization, when fathers began to work away from home, and on urbanization, as families moved from small rural communities to impersonalized urban existences. TV replaced community, according to Sasse, and what he calls “politainment,” or the influence of the loudest voices among “modern day carnival barkers,” rules our lives. He calls for a return to the “anti-majoritarian” values of our Founding Fathers and an emancipation from our slavery to the video screen of smartphones, computers and TV's. As an example of our rootlessness, he quotes a statistic that eight times more corpses leave the Los Angeles airport for burial elsewhere than arrive for local burial. (That's probably a fact not worth remembering.) Throughout the book Sasse's devout faith is obvious in his charitable view of other people. Recommendation: If the author runs for President, he has my vote. — *Mark Franke*

Backgrounders

David Penticuff, an adjunct scholar of the Indiana Policy Review Foundation, is editor of the *Marion Chronicle-Tribune*, in which a version of this essay was published Jan. 31.



Eco-Devo: A Story of Diminished Expectations

(Feb. 1) — The best thing, we think, about Foxconn Technology Group's now reconsidered plans for a U.S. manufacturing plant is that they apparently never considered my Indiana county for the project.

Where we would be if they had turned to our County Economic Growth Council for incentives to locate in our community? We'd be considerably poorer, no doubt.

Foxconn is becoming Wisconsin's lesson to be learned, and an unfortunate part of the legacy left by former Gov. Scott Walker. Other politicians please note that trying to buy prosperity with a big economic development "win" can easily cause a loss at the polls come re-election time.

We think voters are catching on even if mayors, council members, legislators and governors are not.

Foxconn is reworking plans for its first U.S. plant, which promised a \$10 billion investment and up to 13,000 jobs in southeastern Wisconsin. The incentive package from state and local government also ran into the billions.

The Chicago Tribune reports that the Taiwanese electronics manufacturer, which supplies Apple, said this week that it is considering adding research and development work to a facility originally designated for manufacturing.

"As we have previously noted, the global market environment that existed when the project was first announced has changed," the company said in a statement. "As our plans are driven by those of our customers, this has necessitated the

adjustment of plans for all projects, including Wisconsin."

It's true that much of the incentive package was based on performance by Foxconn. In fact, it fell short of employment projection for 2018 with 178 full-time jobs created. It did not claim its funds for 2018.

However, the community has made investments that will not be refunded should the project fail or be substantially downgraded from what was originally announced.

Plans have already been laid for related businesses to support the Foxconn plant, while landowners near the site considered plans to move out of the development's way.

"Local colleges and universities also began training a pipeline of potential employees," The Tribune reported. "Kenosha's Gateway Technical College added an advanced manufacturing curriculum and new lab space. The school said at the time that the scale of Foxconn's plans helped Gateway expedite the growth of its manufacturing program."

The dollar amounts promised to Foxconn have been an ongoing concern for some taxpayers. "Everyone was saying, 'Racine needs manufacturing jobs.' That's how it was billed," one said. "I am for jobs, it's just the amount of incentives promised for these jobs."

Yes. It was breathtaking.

Michael Hicks, director of the Center for business and economic research at Ball State University, said in July 2017, after the Foxconn deal was announced, that Wisconsin taxpayers are on the hook for an awful lot should Foxconn actually build the plant it promised.

"In order to build a \$10-billion plant in southeast Wisconsin, which is set to employ 3,000 folks earning just under \$54,000 per year, Wisconsin sold the farm," said Hicks. "The Walker administration offered \$3 billion in tax incentives over 15 years, and expect local governments to offer property tax abatement, which will surely exceed \$2 billion over 15 years. Thus, it appears, for every job Foxconn creates, Wisconsin

taxpayers will be expected to pony up \$66,000 in state and \$44,000 in local tax incentives for the next 15 years. This is stunning. Wisconsin will pay more than \$100,000 per job in tax incentives, each year, to create \$54,000-per-year jobs.”

Hicks characterized the Foxconn deal as being worse than bad. “It might well be the worst large economic development deal in history.”

So, maybe, if the development morphs and shrinks and Foxconn continues not to meet employment goals, it would actually be the best thing possible for our fellow Americans in Wisconsin.

Learn from this, Indiana. Government is really terrible at picking winners in business but is fantastic at making losers out of taxpayers — again and again.

The Unspoken of Abatements

(Jan. 2) — A councilman took our newspaper to task this week for criticizing the council on its apparent lack of curiosity regarding the granting of property-tax abatements.

It turns out we were wrong in that regard. Council members have a lot of information about the tax abatements they vote to grant. They just don’t share it in their public discussion.

In fact, the complaining councilman says the council has detailed documents before them at every request for abatement. The information shows that an apartment complex, for example, plans to spend about \$1 million to build apartment buildings, and with tax abatement the owners of the property will pay \$99,817 in property taxes over six years. The owner of a cleaners, who also received an abatement, will pay \$12,548 in property taxes during the same period.

We are glad the council is not making these decisions in ignorance, and certainly our reporter will be fetching this information to report to local taxpayers whenever an abatement is brought before the council. For what the councilman did not volunteer at the public meeting was that the apartment owners are getting a \$154,000 tax

break with the abatement and the cleaner building owner was given about a \$10,000 break.

That’s about \$164,000 less in tax revenue for the city, schools and other entities during the next six years because of the abatement. And we still don’t know why.

A lot can be done with \$164,000. Ask our police chief fighting crime, or the building commissioner trying to tear down slums. Could our community schools use the money? We think so.

So why provide tax breaks to these people? Is it because they are good people? Do other businesses owned by good people get to negotiate their property tax bills with the council? If not, why not? Were the apartments not going to be built without tax abatement?

The councilman wrote in his letter that we portrayed him and other council members as “clueless, uncaring bumpkins when we consider tax abatement requests.”

We said no such thing, and the editorial was not meant to personally disparage any council member. We are sorry if it did. But we can now declare without doubt that council members knew that they were voting to forego \$160,000 in tax revenue and chose not to disclose it in their public discussion.

So the last paragraph of our editorial stands. “Let’s elect a council that will say no to abatements until it can be shown the abatements are justified.”

Yet Another Eco-Devo Scandal

(Dec. 19) — It was a nice phrase used in William Makepeace Thackeray’s 19th century novel “Vanity Fair,” in which he wrote of a “perfect storm of sympathy.”

Pardon us if we rework the now well-worn expression. The confluence of power in my Indiana county of a former mayor and his brother, plus the county’s Economic Growth Council executive director and a cadre of lickspittles, selfish careerists, often weak-minded and corrupt

cronies, mixed with the rise of Tax Increment Financing (TIF) to create a perfect storm of financial malfeasance that haunts us to this moment.

This past weekend, an ex-mayor's brother, also the former project manager for our Old Y building and currently a defendant in a lawsuit that accuses him of fraud, spoke on the record by email through his attorney.

The project never came to be but was funded through TIF and it appears the only money spent came from bonds to be paid back by tax increment financing. It's called "tax increment" because the incremental increase in taxes from an increase in the value of the properties in a TIF district are supposed to pay back the bonds. The base amount of taxes are supposed to continue to flow to local schools, city services and the other normal expenditures by local government.

This, at any rate, is how economic development folks explain TIF, which in its ideal state is supposed to supply essentially new tax dollars to feed economic growth. It is supposed to divert growing tax revenue to pay for more growth.

But it doesn't work that way, especially in places like my county, where growth has been a true challenge.

Regardless, the email's contention seems to be that things are working okay with his project, even as the building falls in to disrepair with an unpaid \$142,000 property-tax bill and TIF bond debt, from a refinance of the original TIF bond that let his late boss, a developer, off the hook for paying back his public money.

"When the bonds were refinanced in 2011 with other bonds it is the accumulation of the taxes from the TIF district and the projects involved in the 2011 refinance that is repaying the bond," he wrote in the email.

So, everything is cool. Well, no it's not:

The \$2.5 million borrowed through a TIF bond issue by the well-connected developer did not result in anything like \$2.5 million in work at the Old Y, according to city officials.

The 2011 bond issue, which occurred after work has stopped, forgave the developer the debt and passed it onto taxpayers, who actually do pay TIF bonds back with their money.

The statement that the TIF district is paying off the bonds is wrong. In fact, the dying community revitalization enhancement district is making the payments on the 2011 TIF debt. It seems that the base valuation amount that is supposed to keep revenue flowing to the city and schools has been zeroed out in some districts, something no one takes credit for doing. But redevelopment commissions, like that in my county, have the authority to change the base value of property in a TIF district. If the Redevelopment Commission set the values accurately to keep paying for local government, it would cut into the amount that my city has to pay to keep its TIF debt current. CReED goes away in 2019.

The city is hoping to get enough out of it to finish off the 2011 bond. CReED uses sales tax. Making bond payments for the city was never its mission.

The developer, who hired the mayor's brother, was not the only one released from his financial obligation by the 2011 TIF bond. Four other companies received loan proceeds from the city and were later released — by city officials who simultaneously refinanced all five loans exclusively with public money, bond documents show. In addition to the developer's consulting firm, Global Investment Consulting, the companies Western Place, Active Properties, JSG Processing and Winterfield Realty all received loan proceeds from the city and were later released via the same refinancing transaction.

Western Place and Active Properties were run by the ex-mayor's business partner. He and the mayor were the sole principals in a portable ice rink company called Ice Rinks 2 Go, which they incorporated in May 2008, according to state corporation records.

Many of the financial records related to spending at the Old Y project were never found or created. Invoices that were found had totals

include \$729,801.18 for “rough carpentry,” \$95,000 for an “elevator,” \$249,941 for “HVAC,” \$212,754 for “electrical” work, among a handful of other construction work, including swimming pool repair, asbestos removal, roofing work and plumbing. No elevator actually exists at the building, according to the city.

According to the city’s lawsuit, part of the millions in public money provided to the developer for renovation of the Old YMCA was used for political donations to the former mayor as payments to his relatives and for other personal expenses, according to an amended complaint filed by the city..

There was an FBI investigation into the Old Y going back to 2014. No arrests resulted but our county prosecutor says that, based on his review conducted this year, the possibility for criminal charges existed in the Old Y project. However, without further investigation, it appears that the statute of limitation has expired for the crimes suggested by the evidence he reviewed.

Clearly, this is an ongoing scandal, much of it spun by TIF, which lacks adequate safeguards in Indiana to prevent its abuse. Other Indiana cities also suffer.

Folks, there just is no free money — unless of course you are a college graduate wanting \$5,000 from my county through its Growth Council. Grant for Grads makes a gift of \$5,000 for the housing of college graduates if they agree to live in the county. It is not needs-tested. It doesn’t require the recipients to do anything but live in the county where they work, which we think most would do anyway.

We are not wealthy enough for such programs, especially if everyone entitled takes advantage of it. But don’t look to our Growth Council for fiscal sobriety. Back in 2013, its director said he could not speak to the downside of TIF as he had never been a part of a TIF that didn’t work out well. That was two years after the TIF Old Y refinance and a year after the Gas City Redevelopment Commission approved a \$1 million TIF loan for Echelon, the furniture maker

that left our county without paying its workers. Its chief financial officer was sentenced to prison for bank fraud and wire fraud.

This week, despite all, the Growth Council was scheduled to return to county council to ask for more money in the name of economic development. My newspaper is earnestly asking council members to finally just say “no.”

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



Impeaching the Court

(Jan. 24) — We’ve been here before, the “here” being an attempted politicization of the Supreme Court by a political party. Justice Brett Kavanaugh is being lined up as the next target.

Once the midterm elections gave the Democrats a majority in the House of Representatives, new Judiciary Committee Chairman Jerry Nadler was overheard plotting possible impeachment proceedings against Justice Kavanaugh. This week a freshman member of that committee, Joe Neguse, publicly declared impeachment proceedings are likely as “there’s no question he committed perjury.” No matter that Neguse didn’t or couldn’t point to any specific instance of lying to Congress. No matter that the FBI investigation came a cropper. No matter that Kavanaugh’s accusers stampeded to the exits.

The Kavanaugh posse needs only a simple majority in the House to vote impeachment, assuming the Democrats can enforce party discipline on their caucus more successfully than the Senate Republicans did on their own members during the previous Congress.

They then will need a two-thirds majority in the Senate to convict, and anything short of that keeps Justice Kavanaugh on the Court. There’s also the political problem, or should I say fallout, from an unsuccessful impeachment attempt. Just ask the Republican survivors of their botched attempt to impeach President Clinton in 1998.

But back to my opening statement that we've been here before.

In the early years of our republic, the new federal courts opened with judges appointed by Presidents Washington and Adams, both of whom favored the Federalist Party. When Thomas Jefferson and his Democratic-Republicans took office in 1800, they resolved to replace as many of these judges as possible with ones more favorable to their philosophy.

Jefferson's first problem was the Constitution. Federal judges are appointed without term and shall "hold their Offices during good Behavior." In other words they sit for life or until voluntary retirement. The wisdom behind this was to isolate judges as much as possible from undue pressure from purported political masters and from fickle public opinion. Independent is the positive adjective most used in describing our judiciary.

Jefferson was having none of that. He targeted Supreme Court Justice Samuel Chase in 1804 because of "arbitrary, oppressive, and unjust" rulings and acting in a "partizan" manner. Even with the Democratic-Republicans holding nearly three-fourths of the Senate seats, they could not reach the two-thirds threshold. Chase remained on the Court to Jefferson's chagrin.

Chase's trial set the bar for what constitutes impeachable offenses under the Constitution's requirement of "high Crimes and Misdemeanors." No impeachment of a Supreme Court justice has occurred since.

Jefferson's problems, however, were just beginning. The Chief Justice at the time was Federalist-appointed John Marshall, during whose term foundational rulings were handed down that set legal precedent for the new nation and established the Court as an equal partner in the federal government. Here are just a few: *Marbury vs. Madison* initiated the doctrine of judicial review of the constitutionality of legislation and executive actions; *McCulloch vs. Maryland* established federal supremacy over the states in cases involving federal law; and *Dartmouth College vs. Woodward* solidified the

inviolability of contracts even against state action, essential to preservation of property rights.

Things came to a head when Marshall presided over the treason case against Aaron Burr, the most enigmatic of our Founding Fathers. Burr was being tried for allegedly fomenting an armed rebellion in the western states and territories. Jefferson declared Burr guilty before either indictment or trial and applied overt and covert pressure to achieve a guilty verdict, including confiscation of Burr's property. Alas, it was all to no avail.

Marshall's conduct of the trial was masterful and his summing up made it clear to the jury that the law of the land, not the current political climate, was the inviolable standard for our courts.

So we have come full circle. Will we be subjected to an impeachment proceeding, with all its political posturing and grandstanding? Or will those elected to high office by the voters put the Constitution above petty partisan rancor? History suggests not.

Will the 'Poor' Always Be with Us?

(Jan. 11) — The local newspaper recently reported that my county has an official poverty rate of 13.1 percent, better than the other urban counties in Indiana. This is a good thing, right?

Much of what we think of when the word "poverty" comes up involves ubiquitous government programs that provide what is popularly termed the safety net. These programs seek to alleviate the symptoms of poverty such as the need for food or housing. While noble in intent, after all who doesn't want to feed the hungry, what do they accomplish long term?

For the answer to our questions we must first address the alleviation of suffering aspect of poverty programs. Using Census Bureau data, we learn that 7.7 million families and 12.5 million individuals existed below the official federal poverty level in 2017. Calculating the aggregate gap below the poverty threshold (that amount of income needed to raise everyone out of poverty)

the Census Bureau reports that it required \$178 billion in 2017. The federal government alone spent \$952 billion in welfare assistance, including administrative costs of administering these programs.

Inefficient, to say the least. But it can be said that real poverty as known elsewhere in the world has effectively disappeared in America today even though the official poverty rate has not changed much since Lyndon Johnson's Great Society took off.

Give Johnson his due for that, but he does have some explaining to do about the negative effects of his programs on American families. Consider these results after 50 years of Great Society programs, taken from an American Enterprise Institute study in 2014:

The number of Americans receiving anti-poverty benefits rose from 18 percent to 35 percent.

While the economy absorbed the huge increase in women joining the workforce, the percent of unemployed working-age men rose from 6 percent to 17 percent.

Most tragic of all, the percent of children being raised in single parent homes increased from 8 percent to 24 percent, driven largely by 4 in 10 births being to unmarried mothers. And these results cost us \$22 trillion, yes trillion, in present-day dollars.

One suspects with good reason that there is a significant disincentive toward work in these programs. The Economist magazine published a study that took a hypothetical Virginia family of three and assumed total income at progressively higher earned income levels. The conclusion? There was no incentive to earn more between wage levels of about \$15,000 and \$45,000. Every new dollar in wages caused the loss of at least one dollar in public benefits.

Other studies show similar results. Economists call this phenomenon the welfare trap. I can attest to a similar situation from my professional life. I was a senior administrator in higher education with responsibilities including student financial

aid. The way the formula works, every dollar increase in the income-based eligibility index resulted in the loss of two dollars in a student's grants. Earn just a few thousand more dollars working overtime to contribute toward college costs and your child may lose both his federal and state grants.

Some incentive, isn't it?

There was a time when most welfare came through private organizations, particularly churches. These programs have been marginalized by the welfare state. Marginalized, yet not eliminated. For example, I serve on the board of directors of Matthew 25, a Christian free medical and dental clinic for the uninsured poor in northeast Indiana. This clinic operates with a small dedicated staff of health professionals backed up by more than 400 volunteer providers serving nearly 20,000 hours pro bono each year. All funding comes through private contributions from for-profit health organizations, religious groups and individuals. No government funding is requested or accepted.

One need only look around one's community to see dozens of not-for-profit organizations focused on helping those in need. So why do we still have poverty in all our communities? Not discounting our Lord's statement that the poor will always be with us, what can be done?

Make the federal government efficient? Good luck. Cut out fraud and abuse? I suspect these efforts provide marginal savings at best but are still worthwhile. Address the causes of poverty rather than just the symptoms? That, at least, provides hope both for individuals living in poverty and for society at large.

DeKalb County, a small manufacturing county that has a "Can Do" mentality, is attempting this. Motivated by studies addressing generational poverty, several task forces are meeting to propose ways to reduce that. Even if no new programs are created, these well-intentioned people will have an impact. Why? Because these individuals will continue to look for ways to help even if only by one family at a time, with the

prospect of that family's descendants being free from poverty into the future.

Sometimes incrementalism is the most dynamic multiplier of all.

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Dog Bites Dog

(Jan. 24) — We forget that every law, every ordinance, has consequences — and sometimes disastrous life-altering ones. All it takes is to be on the wrong side of one city ordinance to have your property taken or even be thrown in jail. For example, your dog could bite your neighbor's dog.

A constituent contacted me recently about the way she was treated in regard to an animal-control incident. Given the unusual nature of the incident, I decided to visit the couple at their home.

Theirs was your typical Midwestern suburban house — two-car garage, green lawn and a well-kept house surrounded by homes of a similar type and architecture. The family was your model family. The constituent was a former elementary school teacher now working from home, raising young children. Her husband, principal of an elementary school, answered the door.

A really a lovely family. I was invited to sit down at their dining room table as they described what had happened on a mid-July day in 2017.

The neighbor's dog had wandered into their yard, specifically the portion of the driveway that intersects the sidewalk. The couple's own dog, being a bit old and defensive of the children in the garage, bit the neighbor's dog without warning. The bite was severe enough that the dogs were taken to the nearby veterinarian. Both would be fine, the vet said. The owner of the dog that had done the biting agreed to pay the bill for both

dogs, and there weren't any hard feelings about the incident between the neighbors.

But this wasn't just a matter between neighbors. Our city has an ordinance that requires every veterinarian to inform Animal Control of all dog bites. Both dogs had to be quarantined, a sentence that can be served at home for first offenders. The ordinance also requires that all dogs that have bitten another dog or a person be microchipped in order to track the number of bites. Any dog caught biting three times is euthanized by order of the city — three strikes, you're out. Finally, all owners of dogs that bite can be fined and ordered before a judge for sentencing.

After the dogs received their microchips, the bills were paid and everyone was on their way. But a few days later an official letter came from Animal Control informing the dog owner that she would need to appear at a hearing.

Thinking everything had been settled, she called to clarify. Two tickets had been issued, one for not getting the dog microchipped, which was in error (the dog had received a microchip, but the vet forgot to notify Animal Control) and another for having a dog that bit another dog. After a telephone conversation with an Animal Control agent, it was my constituent's understanding that she was not needed in court after all.

A few days later, though, a more ominous letter came from the county sheriff's department: a warrant for her arrest. Failure to appear is only a misdemeanor but it is still a criminal charge that could potentially damage the career of a teacher.

The couple went down to the jail to get things sorted out. But the bailiff, even after hearing the couple's explanation of the misunderstanding, placed the wife, for whom the warrant had been issued, into a general population jail cell for the night.

Therein, the former school teacher was assaulted while serving her overnight sentence. Another inmate (likely twice the size of my constituent) held her down and urinated on her — unimaginable.

When I contacted Animal Control about the incident, I was told that it was following protocol as dictated by city code. Pretty remorseless. Later, when Animal Control came to the city council for their annual budget appropriation, I described the incident for the record. The response from the city attorney and the Animal Control director was the same: The dog owner should have reported to court.

Even the members of the council didn't get the essence of my complaint. The problem, I explained to no avail, had nothing to do with my constituent or whether she appeared at a hearing. The question was why the city imposes itself into situations where it is not needed. This matter had been settled amicably between neighbors; there was no need for the vet to snitch other than a city ordinance had required him to do so.

The moral of the story is that every law or ordinance, no matter how small, has the force of government behind it — a lethal, horribly damaging force.

T. Norman Van Cott, Ph.D., taught economics for 38 years at Ball State University, serving as the department chair for 15 of those years. Versions of these essays were first distributed by the Ludwig Von Mises Institute.



Soybeans and Washing Machines

(Jan. 19) — Can soybeans be turned into washing machines? The alchemist of times past might try to convince us that it can be done. But we know better.

Alchemy is an early, unscientific form of chemistry that tried, among other things, to change base metals into gold. Alchemy fell out of favor as it encountered failure after failure.

Notwithstanding the unsuccessful efforts of alchemists, economists can explain how soybeans can be turned into washing machines. Not just washing machines either. Thousands upon thousands of other product transformations can occur. More importantly, when the transformations are completed, overall living

standards are higher. All without bunnies, wands and chants. Patience, an open mind, and a willingness to think things through are the only requirements.

Let's begin by assuming the United States is self-sufficient in washing machines. That is, the only washing machines Americans buy are those produced by fellow Americans. For purposes of the example, suppose these washing machines sell for \$500 and that Americans buy 5 million each year.

Let the plot thicken by assuming comparable Chinese washing machines sell for \$400. What would happen if the U.S. law restricting Americans' access to Chinese washing machines were abolished?

For starters, competition from sellers of Chinese washing machines would drive the U.S. price to \$400. Americans' purchases of washing machines would rise, as purchases deemed uneconomic at \$500 but worth more than \$400 would occur. At the same time, some American washing machine producers would find it uneconomic to continue producing washing machines. Which Americans? It would be those whose alternative earning capabilities are worth more than matching the Chinese price.

American purchases of Chinese washing machines would rise for two reasons. Not only would Americans buy more washing machines, but they would also simultaneously substitute Chinese machines for previously produced, but now uneconomic, American machines. The increased purchases and reduced domestic production would equal U.S. machine imports.

What would happen to the dollars the Chinese "earn" by selling washing machines to Americans? They would do what dollars do best — buy American goods (soybeans, for example) along with American stocks and bonds. This means American soybeans would, in effect, turn into Chinese washing machines. That's why Americans could rightly say they saw Chinese washing machines hovering in, around, and over U.S. soybean fields every summer.

The above story doesn't stop here. American living standards are higher as a result of this transformation. Consider first the effect of the additional machines. Suppose Americans washing-machine purchases increased from 5 million to 5.5 million as a result of the price decline from \$500 to \$400. The consumption value of these additional 500,000 machines would range between \$400 and \$499.99. Assume it averaged \$450. Paying \$400 for these additional machines would mean Americans gained on average \$50 per machine for a gain of \$25 million ($500,000 \times \50).

What about the decline in U.S. production of washing machines? If I told you that this fall in washing machine production would also be a gain for overall American living standards, you'd be likely to say "You're crazy, Van Cott." But, read on. Overall living standards would rise on this account.

Assume the alternatives of the Americans leaving production equaled, on average, \$450 per washing machine.

That would mean Americans would give up \$450 per machine if the 3 million machines were produced domestically. Americans would give up \$400 per machine buying Chinese washing machines. Substituting lower-cost Chinese washing machines for higher cost American machines would mean Americans would give up less to obtain the 3 million machines. Giving up less to obtain something means having more of other things.

The gain from this switch to Chinese machines would be \$150 million ($3,000,000 \times \50). When added to the aforementioned consumption gain, the total increase in living standards from abolishing the self-sufficiency law would be \$175 million.

Am I describing a free lunch? No, not at all — just larger helpings that result from availing access to lower-cost consumption alternatives. The principle holds for households as well as nations. Adam Smith put it best in his 1776 classic, "Wealth of Nations": "What is prudence in

the conduct of every private family can scarce be folly in that of a great kingdom."

My Years in Washington

(Jan. 8) — I was a professor of economics at three colleges over a period of 47 years. For two and one-half of those 47 years I was on leave with a non-teaching job I've always described as a great job to have had. So what was the job? I was an international economist at the Office of Foreign Economic Research at the U.S. Department of Labor in Washington, D.C.

Some of you are probably saying to yourselves: "Oh, no, that means you were a bureaucrat at a backwater, New Deal government agency." That's right. Our co-workers down the hall, at the Office of Foreign Economic Policy, were charged with, among other things, assisting less developed countries unionize their labor forces. Getting paid to help make poor countries even poorer makes you wonder, doesn't it? Most, if not all of the people there were infected with New Deal mythologies and didn't realize what they were doing. But this is not what prompts me to write.

Those years were broken into two stints. First, was the spring and summer of 1973 — the summer of the Watergate hearings. International economics was the last thing on anyone's mind then.

My immediate superior, however, was one of my professors in graduate school and one of the best economists I have ever encountered — Donald F. Gordon. Gordon was on leave from the University of Rochester at the time. The deputy undersecretary of labor, who Gordon answered to, was Joel Segall. Segall was a fine economist in his own right, having come from the University of Chicago's business school. One of Segall's comments to Gordon, me and another colleague when we were discussing a policy issue figured critically in the latter part of my second stint. To wit: "Forget the politics, guys. You do the best economics you can, and I'll deal with the politics."

My second stint began in the summer of 1975 and went through the summer of 1977.

Consequently, I was there when Jimmy Carter beat Gerald Ford in the 1976 presidential election. Consequently, I witnessed a change in administrations from Republicans to Democrat. While people say it doesn't make a dime's worth of difference which party is in control, for me the change was so dramatic and discouraging that it led me to convert my position into a had position.

So what happened? First, Joel Segall was out. He was replaced by Howard Samuel who had begun his career as an organizer with the Amalgamated Clothing Workers and had risen in the ranks of the AFL-CIO. Samuel called a meeting with our shop (at the time, four doctorates in economics, two research assistants and two secretaries) and informed us that from that time forward, all policy conclusions would come from 16th Street. Our job was to support these conclusions with economics regardless of whether the recommendations were at odds with the first principles of economics.

It was like going from the penthouse to the outhouse as far as a job was concerned. Nevertheless, I was somewhat impressed that the conclusions were coming from 16th Street. After all, isn't the White House located at 16th and Pennsylvania. Boy, was I naïve. A few days later, a colleague pointed out to me that AFL-CIO headquarters was located a few blocks up from the White House on 16th Street. That's where the conclusions were to be coming from — conclusions, again, we were obligated to prove, many of which were not consistent with economics basics.

Most of my work involved working with "escape clause" cases. These involved domestic industries seeking "relief" from import competition. Bureaucrats from an alphabet soup collection of government agencies met to decide whether import relief was warranted. One high profile case stands out — footwear — but others were specialty steel, zippers, snaps, cut flowers, Chinese honey and flatware (spoons, knives, and forks). I managed to preserve a measure of my economist's integrity by recommending policies

that minimized the protectionist spirits that were running amok. All to little avail, however, as import relief was granted in every case on which I worked.

The most absurd thing that came out of AFL-CIO headquarters was a request to calculate the number of jobs that would be created in apple, orange, grape, peach, raspberry, blackberry etc. production if U.S. imports of bananas were outlawed. The only thing worthwhile about the project was the lunchtime humor it generated.

How did it all end? I escaped the nonsense at the end of the summer of 1977 to the academic world where the nonsense enriched my international economics course considerably. Hence the label "a great job to have had." The other economics doctorates left shortly thereafter also. Joel Segall became the president of Baruch College of the City University of New York from 1977 to 1990. Segall and Howard Samuel both died in 2003.

The Prozac Economics Lecture

(Nov. 30) — When teaching principles of economics to university freshmen and sophomores, I always give what I call my "Prozac lecture." I warn them it is coming so they can bring their coping powers to class, prescriptions and otherwise.

You're probably thinking the lecture has something to do with economics being known as the "dismal science." Not so.

The lecture, rather, offers students a personal application of Albert Einstein's observation that "compound interest is the eighth wonder of the world." The lecture topic is the effect the federal government's Social Security program will have on students' future financial well-being. The lesson extends to all Americans, but as we age, it turns into a "what might have been" story instead of "what your future holds." Either way, psychoactive medication or counseling might be in order.

The first thing I've noticed about students — and something I assume extends to many

Americans — is their ignorance about the Social Security tax rate. The rate is currently 12.4 percent. Congress cleverly splits this between a 6.2 percent deduction from employee paychecks and having their employers send Uncle Sam an additional 6.2 percent.

While the 50/50 split supposedly connotes “fairness,” the economics of the labor market guarantee that employers’ 6.2 percent comes primarily from employees’ wages being another 6.2 percent lower. In other words, employees shoulder close to the entire 12.4 percent. The tax is currently levied on the first \$127,400 of an individual’s annual income, a limit that is of minimal concern to students but of more concern to many other Americans.

The discussion is organized around the following question: What if students, instead of being legally obligated to pay Social Security taxes, had the option of putting and holding those funds in the stock market?

To this end, it should be noted that the average annual return in the stock market since 1928, as measured by the S&P 500 index, is 9.8 percent (not that the return every year is 9.8 percent, mind you — just that over the last 90 years, annual returns average out to 9.8 percent). Then pick an annual starting salary students might earn. Say it’s \$35,000, and assume it rises by 3 percent a year. Under this latter assumption, the salary never rises above the current \$127,400 maximum taxable annual income.

Assume the person intends to work 41 years. Then at the end of the first year of employment, his/her \$4,340 Social Security tax for the year ($\$35,000 \times 12.4$ percent) is invested in an S&P 500 index fund and held for the following 40 years at the 9.8 percent average return. What will it equal at the end of 40 years? Believe it or not, \$182,634. That’s right; just the first year’s tax will grow to \$182,634. The second year’s tax (\$4,470), held for 39 years, will grow to \$171,316, and so on.

Making these calculations by hand is tedious, to say the least. For example, the growth in the first year’s tax is the answer to $\$4,340 \times$

$(1.098)^{40}$. The second year’s tax follows from $\$4,470 \times (1.098)^{39}$ and so on. Don’t despair. There are websites that will enable you to make the calculations quite easily by plugging in the numbers.

Thus, if the student never saved another penny in his/her whole life, just the first two years of Social Security taxes invested under the above conditions would grow to \$353,950, more than one-third of a million dollars, when they retired 41 years after graduation.

If the student’s Social Security taxes for the first 10 years of working life were invested at the S&P 500’s 9.8 percent return, he/she would have a \$1,391,844 portfolio at the end of 41 years; the first 20 years of taxes would grow to \$2,126,777; the first 30 years of taxes grows to \$2,514,569; and for the entire 40 years, it’s \$2,718,713.

Einstein’s comment about compound interest being the eighth wonder of the world is illustrated by the fact that investing just the first 10 years of taxes produces more than 50 percent of the amount obtainable by investing 40 years of Social Security taxes.

Now, there are obviously many configurations one can assume for 1) salary experience, 2) rates of growth for the S&P 500 index for each year, 3) Social Security tax rates, and 4) maximum income subject to the tax. The above experiment is intended to be as simple as possible to convey what is at stake as far as a graduating college student is concerned.

Needless to say, we now know why Americans do not have the option of choosing when it comes to Social Security. Younger Americans would surely opt out. Those “pie in the sky” articles one reads in financial magazines about how people can, through stringent measures, retire early — even in their 40s or early 50s — would not be so attractive in the popular press.

One final comment: Am I suggesting that the federal government invest peoples’ Social Security taxes in the stock market? No. Not at all. If the federal government were to obtain ownership positions in the S&P 500, Adam Smith’s “invisible

hand” would eventually be replaced by Uncle Sam’s “deadening hand.” Surely a cure worse than the disease, if you please.

Genesis and Grain Speculation

(*Nov. 23*) — The Bible’s account of Joseph in Genesis (Chapters 37, 39- 49) presents a story rich in lessons. One is an economics lesson. To wit: Speculation in markets can play a positive role in promoting overall economic well-being. This is an important lesson because speculators are typically classified as societal thieves. Before drawing the economics lesson out of the account, let’s first look at its highlights.

Joseph was one of Jacob’s 12 sons, ten of whom were Joseph’s half-brothers. Because he was Jacob’s favorite son and exercised an air of superiority around his half-brothers, Joseph earned the enmity of his half-brothers. Events transpired such that they sold Joseph into Egyptian slavery. Once in Egypt, however, Joseph prospered both as the slave of a government official and later in Pharaoh’s prison, the latter a result of being accused (falsely) of attempted rape of the official’s wife.

While Joseph was in prison, Pharaoh had dreams that his advisors could not interpret. The dreams were: 1) seven fatted calves were consumed by seven skinny calves, and 2) seven succulent ears of grain were consumed by seven blighted ears of grain. One of Pharaoh’s servants, who had been in prison with Joseph, told Pharaoh about Joseph’s ability to interpret dreams. Pharaoh summoned Joseph to interpret. Joseph said his God told him (the ultimate example of “inside information,” I’d say) that the dreams meant Egypt would have seven bountiful agricultural harvests followed by seven years of famine-level harvests.

Pharaoh accepted Joseph’s interpretation and put him in charge of ameliorating the effects of the coming famine. Joseph was second only to Pharaoh in terms of governing Egypt. During the bountiful harvests, Joseph took 20 percent of each farmer’s harvest (like a flat rate tax) and stored it

for the coming famine years. When the famine years came, Joseph opened the storehouses and sold the accumulated grain to Egyptians and others.

“Others” included Joseph’s father, Jacob, and Joseph’s half-brothers, who journeyed from Canaan to Egypt to buy grain. This part of the story, while a wonderful story of repentance and forgiveness, goes beyond the purview of this essay.

As a result of Joseph’s actions, there was less grain to eat during the abundant years and more to eat during the famine years. At the same time, we should note that Joseph’s confiscation of 20 percent of farmers’ grain over the seven abundant years surely diminished Egyptians’ incentive to produce during that time. Likewise, the fact that Joseph surely had some monopoly power when selling grain during the famine years probably lessened the positive effect of Joseph opening the storehouses.

Nevertheless, the Genesis account clearly suggests that Joseph’s actions averted starvation during the years of famine. By moving grain from lower-valued consumption uses (say, an extra loaf of bread among many) during the abundant years to higher-valued uses during the lean years (avoiding starvation), Joseph increased total consumption satisfaction over the 14 years.

Now, what if a group of speculators on the “Cairo Grain Exchange” had come to expect the same thing about Egypt’s coming 14 harvests? Would they have behaved differently than Joseph? With two exceptions, the answer is no. One exception is that the speculators would have bought grain during the abundant years instead of taking/confiscating 20 percent. More grain would presumably have been produced absent the disincentive effects implicit in Joseph’s confiscation. The second exception is that when the speculators sold grain during the famine years, they would be in a more competitive setting, meaning the famine year’s price with the speculators would have been lower than with Joseph.

What Joseph did during the 14 years has been judged socially productive by commentators over the course of many centuries. Why can't we say the same thing about the hypothetical actions of a group of speculators on the "Cairo Grain Exchange," particularly when, compared with Joseph, there is more production during the abundant years and more is sold at a lower price during the famine years?

Did Joseph personally profit from his efforts? You bet. So did Pharaoh. They "took/confiscated low and sold high." Joseph stayed on as second-in-command of Egypt, and Pharaoh allowed Joseph to settle his family in Goshen — some of Egypt's choice agricultural land. Joseph and Pharaoh "did good while doing well."

What about the hypothetical speculators on the Cairo Grain Exchange? They bought low/sold high. They reduced the negative effects of the famine, thereby also "doing good while doing well."

Suppose that instead of the seven abundant years being followed by seven years of famine, the abundant years had been followed by seven super-abundant, colossal harvests. Joseph's storing the grain from the first seven years would have been a huge economic miscalculation, lowering Egyptian living standards over the 14 years.

Selling accumulated grain during the years of super-abundant harvests would mean Joseph was re-timing grain consumption from relatively high-valued consumption uses to lower-valued uses—a prescription for lower living standards.

What would have happened to Joseph? No longer second-in-command of Egypt, for sure. How about going back to Pharaoh's prison for a long, long stay? Probably.

Faced with making the same forecasting error as Joseph, speculators would end up having "bought high and sold low." Not only would their actions lower Egyptian living standards, but they would also mean a decline in speculators' wealth. Speculators like this don't remain speculators for long. Indeed, they go from the penthouse to the

poorhouse. Only speculators who enhance overall living standards remain speculators.

So what's the economics lesson of the Joseph account? Successful speculators aren't societal thieves. They, like Joseph in Genesis, cause living standards to be higher than they otherwise would be. It is unsuccessful speculators, those whose existence is temporary, who are the societal thieves.

What about unsuccessful government programs? Contrary to Joseph losing his job or going back to prison, Milton Friedman's observation that "nothing is as permanent as a temporary government program" is appropriate for today. Indeed, failed government programs usually elicit calls for greater funding. Societal theft continues.

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Closing Coal Plants Will Be Costly

(Dec. 7) — The plan by Northern Indiana Public Service Company (NIPSCO) to shut down two large coal power plants and replace them with renewable energy sources is bad for ratepayers and bad for the state's business climate. In fact, the only winner is NIPSCO, who will reap profits on the backs of ratepayers and federal taxpayers.

NIPSCO provides electric power to approximately 460,000 customers across Indiana. In the Integrated Resource Plan NIPSCO filed with the Indiana Utility Regulatory Commission (IURC), the company proposed closing four coal-powered generators at its Wheatfield plant by 2023 and one coal powered unit in Michigan City by 2028. NIPSCO plans to replace reliable, affordable electricity from coal power plants, with a mixture of 1,500 MW of solar and battery backup, 150 MW of wind, 125 MW of reduced demand through efficiency and demand-side

management programs, and 50 MW of electricity purchased from other utilities by 2028.

Data from the U.S. Energy Information Administration (EIA) and numerous studies show natural gas and coal power provide the most affordable electric power across the nation. Because 95 percent of the electricity generated in Indiana comes from existing coal or natural gas plants, Indiana's electricity prices are 10 percent below the national average.

On the other hand, solar power, which would provide the majority of the electricity under NIPSCO's plan, is the most expensive source of electric power in the world. As a result, NIPSCO's proposal, which would cut the percentage of electric power generated by coal from 65 percent today to zero by 2028, would substantially increase electricity prices for Indiana residents and businesses.

Although NIPSCO says its plan will save ratepayers more than \$4 billion in the long-run, it has asked IURC to approve a 12 percent rate hike to pay for decommissioning its existing power plants and building the renewable capacity to replace it.

Here are a few facts NIPSCO is not advertising about its plan.

Wind, solar and other forms of renewable energy are more expensive and less reliable than traditional energy sources like natural gas and coal, which explains why states that require or subsidize renewable energy sources have higher electric power rates than states lacking renewable power subsidies or mandates.

Furthermore, utilities pushing to replace existing coal facilities with new wind, solar and battery storage have a history of overestimating the costs of future coal power and the amount electric power consistently provided by the new facilities. Utilities also consistently underestimate the costs of building and maintaining, and the timetables for replacing renewable power equipment, as well as ignoring entirely the cost of building, maintaining, and operating "backup" power supplies for when the wind isn't blowing or

is blowing too hard, or when the sun isn't shining — like every night for instance — or for regulating the variable power flow from such facilities to ensure the power grid operates smoothly on a second by second basis.

Indeed, there is evidence NIPSCO is already guilty of this. NIPSCO estimates its plan will cost the average household approximately \$11 per month or about \$132 per year, but based on 2017 EIA data on the average household costs of electricity in Indiana a 12 percent increase in the average Indianan's electric bill will be closer to \$164 per year.

Moreover, household and automobile batteries often malfunction or cease functioning well before they are supposed to. Even when they work properly, batteries, including rechargeable ones, have to be replaced periodically. The battery backup for NIPSCO's solar facilities will cost tens of millions of dollars — and even if none of the batteries in the vast arrays overheat, stop working early, or malfunction, they will need to be replaced at the cost of additional tens of millions of dollars long before the useful life of the power facility itself will end. This will delay any purported cost savings from the new system indefinitely.

In addition, unlike a coal plant which can function efficiently for 30 to 50 years or beyond, solar facilities — even if they operate as intended, with no panels failing prematurely or being broken or damaged by storms or other events — must be cleaned regularly, adding to maintenance costs, and even when cleaned properly and regularly, the amount of power produced by solar panels declines over a number of years. By 20 to 25 years — well before a more reliable coal plant would cease operating and well before they are paid off if they are financed over 30 years—the entire array of panels will have to be replaced. This means ratepayers will likely never see the saving's NIPSCO is promising decades into the future.

In case you are wondering, despite asking for a rate hike immediately, NIPSCO is not offering any

enforceable guarantee its plan will reduce ratepayers' bills in the future.

NIPSCO is not submitting this new plan out of the goodness of its heart or to benefit electric power consumers but rather because the plan will deliver more profits to it in the short-term.

As a government-protected monopoly utility, Indiana guarantees NIPSCO a profit of approximately 10 percent for every dollar it spends on new facilities and equipment. As a result, NIPSCO has a financial self-interest to build expensive new power facilities, even when existing facilities, which have already been paid off, are working perfectly well. The new power plants will simply generate more revenue for NIPSCO. Even worse, NIPSCO's profits will increase if costs are higher than estimated—which is very likely to happen. In addition, federal taxpayers, including Indianans, pay the owners of solar power equipment 30 percent of the costs of solar facilities. Not surprisingly, this is not accounted for as a cost in NIPSCO's filing.

As a regulated monopoly, the IURC must approve NIPSCO's plan. For Indiana's sake, I hope they reject the plan, in the process keeping businesses and the jobs they provide in the state rather than fleeing to states or overseas to countries like China and other Asian tigers, with lower energy costs due to the continued use of reliable coal and natural gas for electricity.

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TIF Data Held Close to the Vest

"Something worth doing is worth measuring."
— Dr. John Crawford, Fort Wayne City Council

(Dec. 5) — 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, shortly after articles appeared in the quarterly Indiana Policy Review, the Holcomb Administration stopped publishing data related to local economic development agencies. Previously, residents could go to the web site of the Indiana Department of Local Government Finance (DLGF) and view the required annual reports. Statistics regarding revenue and expenditures were compiled there and presented statewide down to parcel-level detail.

In my home county, TIF revenue grew by 34 percent between 2015 and 2017 from just over \$66 million to \$89 million per year, according to data I compiled from the annual reports to the executive of 16 municipalities. Expenditures exceeded revenues in nearly every local unit.

Again, obtaining such information has become a herculean task. Now multiple public record requests have to be made as well as late nights of crunching numbers. Parcel-level detail requires yet another set of public record requests to county officials. And information regarding neutralization of base assessed valuations required yet more public record requests and more nights of complex calculation.

Nonetheless, I was able to learn that in my city, Hammond, TIF revenues skyrocketed from \$6.5 million in 2013 to over \$25 million in 2017. An analysis of the largest TIF in Hammond, the Downtown TIF, showed me that net assessed valuation for 461 parcels there declined from \$23.6 million in 2007 to \$20.6 million in 2017 despite millions of dollars in expenditures by the local redevelopment commission. TIF district lines have been redrawn to bring in even more revenue.

The Indiana Legislature passed several provisions designed to promote transparency but failed to specify penalties for refusal to comply. For example, Indiana law requires political subdivisions to upload digital copies of all contracts over \$50,000. This provision is largely ignored by redevelopment commissions. Additionally, the law requires approval by 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 my county has reviewed the income and expenditures in any significant manner.

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

There are myriad other provisions associated with TIF management and reporting that require

data to monitor effectively. Most important, there are no penalties for blatantly disregarding the few safeguards that have been put in place.

There is no good reason that the DLGF cannot publish the redevelopment reports as they receive them, as has been 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.

Yet, as other states move toward more transparency, Indiana moves to hide this important set of data from its citizens. ♦

Where the Millennials are Really Going

A NEW BROOKINGS STUDY shows that millennials are not moving en masse to metros with dense big cities, but away from them. According to demographer Bill Frey, the 2013–2017 American Community Survey shows that New York now suffers the largest net annual outmigration of post-college millennials (ages 25–34) of any metro area — some 38,000 annually — followed by Los Angeles, Chicago and San Diego. New York’s losses are 75 percent higher than during the previous five-year period.

By contrast, the biggest winner is Houston, a metro area that many planners and urban theorists regard with contempt. The Bayou City gained nearly 15,000 millennials net last year, while other big gainers included Dallas – Fort Worth and Austin, which gained 12,700 and 9,000, respectively. Last year, according to a Texas realtors report, a net 22,000 Californians moved to the Lone Star State.

The other top metros for millennials were Charlotte, Phoenix and Nashville, as well as four relatively expensive areas: Seattle, Denver, Portland and Riverside-San Bernardino. The top 20 magnets include Midwest locales such as Minneapolis-St. Paul, Columbus and Kansas City, all areas where average house prices, adjusted for incomes, are half or less than those in California, and at least one-third less than in New York.

Perhaps even more significant has been the geographic shift within metro areas. The media frequently has exaggerated millennial growth in the urban cores. In reality, nearly 80 percent of millennial population growth since 2010 has been in the suburbs. Even in the Bay Area, the tech industry’s global epicenter, suburban Silicon Valley has continued to grow its STEM base rapidly, while San Francisco recently has seen rapid slowdown in tech jobs. Perhaps density, massive homelessness and filthy and disorderly streets, not to mention unaffordable living costs, lose their appeal as couples contemplate childbearing. Dense, high-priced cities attract young people straight from college, but they have trouble keeping them there. — *Joel Kotkin and Wendell Cox in the Feb. 27, 2019, City Journal*



Thomas Hoepker, Sept. 11, 2001

The Outstater

Republican Conviction? You've Got the Wrong Party

(Feb. 27) — It is being said more often that the great disadvantage of Republican incumbents vis-a-vis Democratic ones is that their political party lacks conviction.

Now, that is not meant to say Democrats have admirable convictions, merely that they have some — an adolescent sense of social justice, a willingness to kill the unwanted, wealth redistribution at gunpoint, climate hysteria, race baiting, etc. These are issues on which they are willing to lose support at the margin.

Few Republicans are so unwavering. Witness the sorry voting records of GOP lions such as Richard Lugar and Dan Coats.

Last night, two veteran Republicans on my local city council could not summon the political courage to vote for designating a day to honor their own town's namesake. In that, they joined a lone Democrat, an ill-informed race poser, on the losing side of a 6-3 vote.

Before hearing what these men voted against, you need to know they both have mayoral ambition, one as an active candidate and the other as a candidate in waiting on the staff of the district congressman. Yes, that explains a lot, but not all. Listening to the weakness of their rationale, a

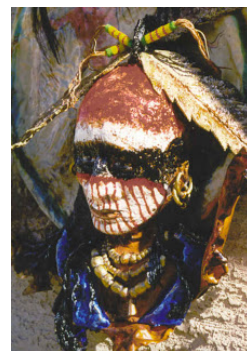
better guess is they feared the opprobrium they might face at their next dinner party.

Which brings us to the significance of that vote outside the virtue-signaling, white-wine set. The measure, a mere resolution, was to declare a day during the annual summer festival to honor Gen. Anthony Wayne, for which the city of Fort Wayne is named.

Not so fast, pounced our mayoral aspirants. It was General Wayne who killed “native” Americans, who killed “people of color,” as their Democrat colleague was eager to note.

As a matter of historical fact, color was incidental. The Indians, the people of color, were operating in alliance with the British, people of no color, in violation of a solemn treaty. Moreover, they lost less than 50 combatants (perhaps fewer than 20) in the battle that established military Fort Wayne and opened the West to settlement. That small number stands in contrast to the more than a thousand American soldiers, people of no color, whom, along with their wives and children of no color, were tortured and killed and their mutilated bodies left on a nearby battlefield only two years before — yep, by those same much aggrieved people of color.

You notice that we put quotation marks around “native” American. That is because, a prize-winning author and director, Dinesh D’Souza, a longtime friend who helped found the Indiana Policy Review Foundation, reminds us of a critical historical point: At the time we won independence, the Right of Conquest was in effect not only in North America but throughout the world. That meant those fighting General Wayne were not native in any ultimate



An artist's depiction of the Shawnee Chief Blue Jacket in full war paint prior to the Battle of Fallen Timbers. The red stripes on the lower part of his face represent successful raids on enemy camps.

sense, having taken the land and wiped out some earlier tribe, and so forth back through history everywhere.

“The American Indians may have been shocked that in defeat they were asked to sign treaties rather than be massacred to the last man, woman and child,” D’Souza observes. For the end of the cruelty that was the Right of Conquest would be a fast-evolving notion, epitomized in the Declaration of Independence for which Anthony Wayne fought, that all men are equal under the law.

A conviction, apparently, on which the typical Republican councilman dare not stand.

'Rebranding' Doesn't Fix the Roads

(Feb. 20) — The people governing my midsize Indiana city have plenty of vision. Unfortunately, it doesn’t have much to do with me or my neighbors. They have “rebranded” us.

Hey, you wouldn’t recognize the place from our new and colorful branding website. It features videos about our exciting new life that can be used to entice people to our formerly boring old town. They can see us walking around having a great time in the architectural drawings and artistic renderings.

Officials spent six months working on this new brand, which is aimed at prospective residents and, oddly, people who already live here. They have conducted a national “perception survey” of more than 1,200 people in Chicago, Dallas, Detroit and Toledo and Columbus, Ohio — all of whom, one supposes, will tell us what we should think of ourselves.

Alas, we have been here before. When a corporate chain bought our home-owned newspaper some years ago it undertook a rebranding of the business and its offices. New carpet was put down. Potted plants were sat around — lots of them.

The particular carpeting they shipped in from the coast succumbed to a mold that persists in these parts. Nor did the potted plants, a domesticated fig in the ficus family, do well in

Indiana light, dropping a few yellowed leaves every week until they stood almost bare — pathetic sentinels to our corporate occupation.

Little thought had been given to what might fit here or even survive here. It was assumed that whatever was somewhere else was better and Indiana would be improved by the importation.

This played out in news decisions. Circulation dropped as steadily as the ficus leaves. All of this, sadly, was accepted as progress, an acceptance that revealed a Hoosier character flaw. It might be called the Ficus Syndrome.

For in the years immediately following Indiana’s derogation as a “Rust Bowl,” the state developed an inferiority complex. Hoosiers became resigned that experts were needed to tell them how to be like someone else — in any other somewhere place. It was about this time when a mayor of Indianapolis was quoted as saying, “When people around the world think of cricket, I want them to think of Indianapolis.”

Aaron Renn, a senior fellow at the Manhattan Institute and a native Hoosier, captured our predicament in an article for this month’s City Lab magazine:

“The problem with the typical approach extends beyond just marketing. It has tangible consequences. A brand is really a city’s conception of itself. By selling itself as a facsimile of something it’s not, a city ends up turning that into reality. Thus, so many urban places today seem vaguely the same — a blur of Edison-bulbed eateries.”

Earlier, economists Barry Keating and Maryann O. Keating had a similar thought in a carefully researched article on governance models for The Indiana Policy Review. They gave us a warning:

“Good democratic governance is not about changing the occupational structure or population of a town in order to improve its rankings or to mimic amenities preferred by (more) affluent communities. It would seem that it is about responding to the needs of and

providing essential services to residents regardless of present circumstances.”

Ignoring that comes at political and fiscal peril.

In Indianapolis, for example, we learn this week that IndyGo’s vaunted “Red Line” is modeled in part after the Albuquerque Rapid Transit (ART). Both are said to be ways to revitalize a city’s transportation system and make it “sustainable.” Instead, the Albuquerque mayor has conceded that the \$133-million project is “a bit of a lemon.” No word yet from the Indianapolis mayor.

In Fort Wayne, officials forgot to tell taxpayers that developers involved in the city’s grand “Electric Works” complex downtown, anticipated to cost half-a-billion dollars with only 10 percent from private equity, had failed in similar projects back East. And this week the developer of the “tipping point” project for the city’s ever-so-visionary riverfront walk pulled out before the first spade of dirt had been turned.

The trouble, as Popeye would say, is we “am what we am.” The solutions from the coasts never quite work out here, however creative the rebranding. The somewhere-else boosters eventually give up on us. They retire to wherever they found so emulative, complaining to the neighbor across the Camellia shrub that the rubes back home weren’t smart enough to carry it off.

Have members of Indiana’s political class decided they can no longer work with the Hoosier citizenry? Maybe, they seem determined to replace us with a more agreeable, more appreciative, even prettier electorate.

This would be forgivable, even supportable, if they were risking their own money, if the roads and schools were in good shape, if they weren’t expecting our children and grandchildren to pay for their vision, which, let’s face it, will be an anachronism by the time the bonds are paid off and the refinancing runs its course.

Our membership does not need to be told that this runs counter to our governing philosophy —

not just since the Constitutional Convention but since the Magna Carta. Regardless of the actual or supposed genius of our kings, the governments of Western Civilization are expected to reflect both generally and primarily the expressed needs of their citizens.

Indiana, please know, is a wonderful place full of wonderful people with innovative ideas and an invincible work ethic. We would be better served if our legislators, educators and even mayors could quit treating us as an embarrassment.

The End of Discourse

(Feb. 7) — A digital economist at the University of North Carolina estimates that for every newspaper that has closed in recent years, 10 have been so hollowed out that they exist in name only.

She calls them “ghost papers,” newspapers that pretend to report the news but lack the resources to do so. There could be as many as 2,000 of them. I subscribe to one.

Picking up this weekend’s edition, for example, there is an article on the front page — above the fold, a place once reserved for assassinations, declarations of war and such. The headline reads, “Contention on Council Was Limited During 2018.”

With that, a year’s worth of venality and maneuver went under the journalistic rug, not to mention millions and millions of dollars in questionable bonding and taxation. But we are to believe that everything went swimmingly, bipartisanship and wise leadership having ruled. The council president graciously suggested that few controversial issues are raised in the congenial civic garden that he tends.

That would only be true if you depended on council presidents for your news. Here are some of the items that went unreported or were rendered incomprehensible in council discussion:

- A multi-million dollar public-private downtown development was approved without a critical look at the link between a hidden owner and the city’s economic-development agency.

Nor was it generally known that one of the development firms had failed in every similar project it had launched.

- It was not made clear that bonding and a concomitant water rate increase could have been avoided had the council been willing to suspend the city's PILOT (payment in lieu of taxes).
- The council, abetted by the media, generally squelched an honest discussion of repealing the business personal property tax, an action approved by the Legislature a few sessions ago. It would have leveled the playing field for businesses and encouraged a wider range of investment. Moreover, it would have eliminated the high cost of maintaining an economic-development bureaucracy of dubious effectiveness. As it was, the council continued to approve dozens of valuable tax abatements for favored business that hired the right law firms.

Look, this democracy thing doesn't work if no one — not in the media, not in the opposition party or not in the council leadership — will ask hard questions and then throw the answers, all of them, into the public square for consensus. The process is not meant to be copasetic, it is meant to be contentious. As George Carlin famously observed, "Bipartisan usually means that a larger-than-usual deception is being carried out."

The occasional dissenting councilmen and his constituency are marginalized in editorials and news reports and on talk radio as well as in council chambers. For an informed electorate is only an abstract if the local media see their role as

civic boosters, merely enforcing the rationale of a town or party elite. Indeed, why would a free citizen trust that? Why would he pay for that?

Ah, we may have solved the mystery of declining subscriptions.

Bye-Bye Robert Redford

"The narrative was right, but the facts were wrong." — Columnist Evan Thomas on learning of the innocence of the Duke lacrosse team

(Jan. 23) — Perhaps the national media never really believed that a four-minute video clip showed overt racism by MAGA-hat-wearing southern teenagers. Maybe it didn't care whether the killing of a seven-year-old black girl in Houston was by an imaginary white man in a hate crime or simply a routine gang-related homicide. It may not even dislike Donald Trump, personally that is.

It simply doesn't know how else to act.

This, please know, is worse than bias or even professional dishonesty. It means the collapse of an institution that the Founders considered critical to our liberty. It also is a puzzle, for why would the journalist elite

continue a method whose end result leaves them shot in the foot time after time.

In answer, some of us are taken back to 1976 when the new journalism began, settling down in our theater seats as callow j-school graduates to watch Robert Redford in "All the President's Men."

The plot line, you will recall, was not a who-done-it. Rather, the villain was known from the



first handful of popcorn. The tension of the story line was created around whether the young hero journalists in pursuit of ultimate truth would be squelched by the powerful and privileged. The “facts” that allowed our heroes to prevail were not the product of journalistic character or technique. They were delivered *deus ex machina* from off stage by shadowy, anonymous and unaccountable figures.

And that, pretty much, has been “journalism” ever since. It is as Seth Baron wrote recently in *City Journal*: “The Covington High School brouhaha reminds us that the media have precast the meaning of every story.” That is, Robert Redford, facts be damned, must always get his man.

So it doesn’t matter whether the target is a U.S. president in the White House or a 15-year-old schoolboy from a small town in Kentucky as long as the subject can be cast as an unworthy recipient of power and privilege. Ambitious journalists today, you see, consider their job *solely* to bring such people down — whatever it takes.

They cannot help themselves; it’s all they know. And ironically, it has destroyed their profession, or at least changed its definition beyond historic recognition. Readership, viewership, market penetration, however you want to measure it, are on disastrous downward spirals. Even Gannett Inc., the pluperfect model of this new journalism, is being eyed by vulture capitalists who would sell it for parts.

It doesn’t have to be that way. Journalism can be restored to what it was before the Redford romanticism took hold, returned to providing a source of perhaps mundane or even ugly but trustworthy information for free citizens trying their best to determine for themselves political direction and public policy.

Toward that goal, we would rethink New York Times Co. vs. Sullivan, the 1964 Supreme Court case that established the “actual malice” standard. The effect of the ruling was that as a practical matter no official or public figure could sue for damage when wronged. He must first prove that

the publisher of the statement in question knew it was false or acted in reckless disregard of its truth or falsity — a difficult if not impossible hurdle.

Those who have forgotten what journalism looked like before are referred to “Central Ideas in the Development of American Journalism,” Marvin Olasky’s indispensable resource on the topic.

Olasky begins by noting that journalists from the 17th through 19th centuries invented much of what we associate with admirable journalism: “A sense of purpose, a willingness to oppose arrogant rulers, and a stress on accuracy and specific detail.” He dubs this the “corruption story.”

A countervailing journalism or “story,” the precursor of the Robert Redford method, arose with Horace Greeley and Joseph Pulitzer. Olasky explains that they believed man is naturally good but is enslaved by oppressive social systems. He called this the “oppression story,” in which problems arise not from personal corruption but from external influence. If man’s environment is changed, its thinking goes, then man himself changes, and poverty, war, and so on, are no more. Olasky’s conclusion:

“This change affected not only story content but reporters’ methods. Corruption story journalists tended to have limited personal agendas because they emphasized personal transformation rather than social revolution. Oppression story journalists, who came to dominate the most influential publications in the 20th century, believed their own work could be the breakthrough to a better world. As the great ends of oppression story journalism — peace, justice, freedom — began to seem attainable, means began to be negotiable.”

With a nod to Kurt Vonnegut . . . and so it goes.

Eric the Flaccid IV

“According to Amazon, the cost per job for New York taxpayers is \$48,000 for its new headquarters, compared with \$22,000 for

Virginia and \$13,000 for Tennessee. In a statement released by Amazon, Gov. Andrew Cuomo called the agreement ‘one of the largest, most competitive economic-development investments in U.S. history.’” — Nov. 11, 2018, Fox5 News, New York City

(Jan. 20) — Gov. Eric Holcomb was “thrilled” to tell us last week that he persuaded 320 companies to locate or grow in Indiana. These businesses, the governor announced in the certainty only found these days in press releases, will invest more than \$7.38 billion here while creating up to a record-breaking 31,112 Hoosier jobs.

Thirty-one thousand one hundred and twelve — imagine that, and by fiat, a wave of the Indiana Economic Development Corporation’s wand. So hooray for the governor.

Wait, though, don’t Republicans believe that jobs are created by getting government out of the way of individual ambition, productivity and innovation, not stepping in to take credit for it all? And can it be said that government by itself actually creates any jobs whatsoever other than those in its service? In fact, our taxes are what allow Holcomb, et al., to award incentives to politically selected firms (“rent-seekers” in economic jargon).

But we can’t be sure even that works. Consider the governor’s base number, on which all of his claims rest. How many of those 320 companies would not have come here had there been no IEDC?

Economists say it is difficult to know unless you administer sodium thiopental. All the CEOs, of course, are happy to say publicly that the IEDC made the difference. The hope is that they will get more government assistance to pad quarterly reports to stockholders.

But what’s the verifiable number?

Well, if you have to know, it’s zero.

Now, you can appreciate that those in the economic-development industry sincerely believe they are creating wealth and jobs. You can even

consider valuable their work in public relations and personal outreach representing the many great things our Indiana has to offer investors.

But how many of you would risk your money in a smiley-face venture that, success or fail, could not be deconstructed? That would not lend itself to cost-benefit analysis, where the only certain product is a press release?

OK, how many of you would risk someone else’s money if you could claim the credit?

The point is made. Let’s trust the electorate to get it.

Eric the Flaccid III

(Jan. 8) — Always striving to please, the consummate professional Republican, Governor Holcomb is pushing for hate-crime legislation. This seemingly is to demonstrate to corporate chiefs that reprobate Indiana finally “gets it” regarding shifting cultural norms. But for Indiana’s black communities such postured sensitivity merely distracts from real problems and real solutions.

The killing last month in Houston of a seven-year-old black girl gave us a glimpse of the strange justice you tempt by subdividing crimes into those with a racial, religious or sexual components and those that are merely homicidal.

Outrage and demands for a hate-crime investigation were hardly dampened by revelation that the killers were black and not white as first reported. We were left to puzzle out the distinction on the hate scale between a fantasized white man gunning down a little girl and two black gangsters in fact shooting her in attempting to kill members of a rival gang.

Heather Mac Donald of the Manhattan Institute ticks off by name and date the black children killed in inner-city violence, all without so much as peep from the anti-hate groups.

She points to Bureau of Justice Statistics reports that between 2012 and 2015 there were 631,830 violent interracial victimizations, excluding homicide, between blacks and whites.

Mac Donald notes that blacks, who make up 13 percent of the U.S. population, committed 85.5 percent of those victimizations, or 540,360 felonious assaults on whites, while whites, 61 percent of the population, committed 14.4 percent, or 91,470 felonious assaults on blacks. Regarding threats to blacks from the police, Mac Donald says a police officer is 18.5 times more likely to be killed by a black male than an unarmed black male is to be killed by a police officer.

And according to our Dr. Richard McGown, data from a 2013 FBI uniform crime report suggests this is not a new situation. “Of the 2,491 black homicide victims, 189 were killed by a white offender, or 7.7 percent,” he says. “Over 90 percent of black victims were slain by a black offender. Of the 3,005 white homicide victims, 409 were killed by a black offender, or 13.6 percent. Of the 5,723 homicides, 2,654 were committed by a black offender. Therefore, if blacks represent 13 percent of the population, then that 13 percent disproportionately committed 46 percent of the homicides.”

This string of inconvenient facts shows our governor to be purblind at best. Would he have government continually measure who hates whom the most and adjust the laws accordingly?

“If (hate-crime proponents) really want to save black children from the trauma of urban violence, they should put their efforts into rebuilding inner-city culture — above all, by revalorizing a married father as the best gift a mother can give her child,” Mac Donald concludes.

That is not a message, however, that fits the public relations strategy. It portrays Indiana as insensitive, even backward.

Eric the Flaccid II

(*Dec. 18*) — Governor Holcomb, pushing a plan this session he says will discourage blatant hatred, said the other day that he is confident a majority of Hoosiers agree with him.

Putting aside the depressing thought that his expectation is only 51 percent rather than, say, 85

percent, the governor imagines he is on the highest moral ground. But hate, even assuming it is a matter to be managed by legislative fiat, is not the problem.

Dr. Thomas Sowell has argued throughout an illustrious career that hate imposes its own costs in the foregoing of the talents, the good will and the labor of those hated. Envy, though, promises only gain, for we all would like to have what someone else has, even the wealthiest among us.

When you get down to it, envy is the default setting of humanity. How we manage its destructive impulse as individuals and as societies is a story weaving throughout human history — indeed, it is human history.

A magic element of the Christian West has been that envy — until recently, at least, before the advent of social justice — was not to be institutionalized. Rather, it was to be treated as a sin to be acknowledged and for which forgiveness must be asked. The concept is embedded in an absolute constitutional protection of property.

The genius is that individual ownership of property transforms citizens, however grasping, into observers if not exponents of the Golden Rule. In this regard, the United States and other members of the Anglosphere are lonely exceptions in an envious world where you do unto others before they can do unto you.

The sociologist Helmut Schoeck makes the point in a classic work on the subject. In other societies, he says, where envy becomes part of the mores, traditions and government, there is a cap on achievement and therefore on wealth. Pick up any novel by Ayn Rand, a refugee from the envy-manipulating tyranny of a Lenin.

And consider the new South Africa. Hate, you will recall, was driven out of that country with the defeat of apartheid. So how’s that going?

Hannes Wessel, a lawyer and 14th generation white African born in the former Rhodesia now living in famously “liberated” South Africa, offers an account:

“Unquestionably the most sophisticated and industrialized country on the continent, the work done by legions of migratory Europeans over centuries is rapidly being undone. Virtually all organs of state are corrupt and dysfunctional, all the country’s once-prosperous parastatals are bankrupt, water and power utilities are collapsing, a rail system that until recently provided efficient and cost-effective connectivity is crumbling. Against this background the proposed eviction of white farmers will usher in another continental catastrophe.”

How predictable was that? Utterly, Schoeck showed us back in 1969:

“The envious man (or society) is convinced that it is always other people who are lucky, and he alone is unlucky. Yet it is hardly possible, even physiologically, to live for very long with this exclusive expectation of the future. More succinctly, the extremely envious man does not live long. In the course of phylogenesis there must have been fewer chances of survival, and hence of shaping behavior patterns, for those peoples who were most intensely envious.”

Thus in the new Zimbabwe, those awarded farms confiscated by the Mugabe regime immediately sell the wood, implements and anything else of value on the land — they “eat the seed corn,” in a phrase. Why? If the property of one envied group is uncertain, they can be reasonable certain that their property is uncertain as well. Envy always cashes out.

Do we need describe what is happening in the new Venezuela?

Some years ago the humorist P.J. O’Rourke published his “Holidays in Hell,” a guided tour of the most desolate, dangerous, desperate, tyrannical and, we would say, envy-driven places on earth.

The thought occurs that for educational purposes Governor Holcomb and the legislative leadership should take O’Rourke’s tour. It would be more productive than their annual junket to some exotic locale pretending to search for jobs for us back in Indiana. But they would hate that.

Eric the Flaccid I

(Dec. 13) — As the era of the supermajority stretches to historical length, Governor Holcomb and House Speaker Brian Bosma are working hard to set the flaccidity bar ever lower. Their recent statements on public education could have been written by a committee of ISTA pensioners on Methaqualone.

Remarks this week at the always unremarkable Bingham-Greenebaum-Doll (BGD) Legislative Conference expressed a willingness — though not a promise — to spend more money on Indiana public education. That, to be sure, would be in the name of the intrepid and long-ignored classroom teacher, but in glossing over the disaster that is our school system it also was in tacit support of the army of educrats and virtue-signalers holding those teachers and their students hostage.

Please know none of this is the fault of the bureaucrats themselves. They are necessary to manage the stupidity that Governor Holcomb and the legislature abide, indeed continue to remake. The State Collective Bargaining Act, a 40-year-old Republican document, allows nothing else.

Even a modicum of leadership could change that. The facts are plain and undisputed that would support systemic reform and discredit the Lilliputian mindset at the Statehouse.

Those reforms, needed to untie innovation, incentive and achievement, can be found in hundreds of studies and policy models, several of which have been detailed in the quarterly journal of the Indiana Policy Review Foundation, most recently the fall 2016 issue, “Decentralizing Indiana Public Education: Student-Based Budgeting.” The author, Lisa Snell, joins Dr. Jeff Abbott and other foundation scholars in advising that those school systems getting a handle on spending, not to mention improving classroom strategies and rewarding teachers, are the ones that allow funding to unequivocally follow the student while restoring classroom prerogatives to an excellent core of individual teachers and their principals.

Before that can happen, though, elected officials must drop a tired narrative and permit the public discussion to reset and refresh.

So where are they on that? Well, the GOP leadership thinks that maybe, in the long run, perhaps someday, we should begin thinking about encouraging the managers of public education to start watching their pennies.

“I hesitate to use the word ‘mandate,’” Bosma reportedly whispered to the BGD conventioners, “but we’ve got to encourage very strongly for schools to focus more on teacher pay than on administrative expenses.”

Do you think?

News by Persona

President Trump was expected to announce he will nominate State Department spokeswoman Heather Nauert, a Fox News presenter until two years ago, to be the next U.S. ambassador to the United Nations. — Associated Press, Dec. 7, 2018

(Dec. 8) — What fate awaits a nation that grades its information on the physical appearance of the source rather than on experience, strength of character and intelligence? We’re going to find out because that’s where America is headed.

It began when Walter Cronkite retired as anchor of CBS News. He had kicked around as an undistinguished night editor for Associated Press until he found day work as a news presenter (we don’t call them journalists here) in a start-up industry called television.

Walter was a presentable presenter compared with the typical slobs in a newsroom. He was a definite improvement on NBC’s John Cameron Swayze, a balding old Kansan who had dreamed of a career under the Broadway lights but ended up selling watches.

Cronkite’s new job at CBS was to sit near the clattering wire-service machine and read what came out of it, all news gathered here and there by actual journalists, most of them decidedly unpresentable and only a few of them sober. But again, television was a novel medium and people

watched regardless of programming. Walter’s otherwise inexplicable popularity allowed him to think of himself as . . . well, as a thinker.

It should be a matter of historical amazement that only six years later his “thinking” would be given credit for bringing down two United States presidents, upending both his nation’s foreign and social policy and eventually forcing its surrender in a war it had all but won — this, seemingly, on the basis of what he had been able to learn as the celebrity guest at Manhattan dinner parties.

When Cronkite retired as a national icon, CBS took the extraordinary step of subjecting the candidates for his replacement to screen tests. Those of you who think television news is anything more than entertainment are given a moment to ponder that last. And yes, it makes as much sense as screen-testing a shot-putter for the Olympics. Journalism functions on prescience, not photogeny.

Nonetheless, the winner was an ex-radio reporter from Dallas, what they called a disaster specialist sent to the site of tornadoes and hurricanes to stand knee-deep in rubble or water exclaiming and emoting. Even so, Dan Rather had been a minor contributor to the coverage of the JFK assassination and Watergate. And on the strength of his screen test, young Rather was able to demand total and unprecedented editorial control of CBS News.

When his blockbuster “The Camera Never Blinks” hit the shelves a few months later, Rather was proclaimed the nation’s newsman and television the news medium of the future. There he was on the cover, perfectly pressed shirt, artfully unbuttoned to reveal a hint of chest hair, with the tie carefully loosened (all a reflection, one supposes, of how the promotion department on the 38th floor of Black Rock imagines a reporter to be).

We had come a long way from that frumpy bore John Cameron Swayze and just reading the real news of the day. ♦

'In a time of deceit, telling the truth is a revolutionary act.' — George Orwell

(March 13) — This journal doesn't presume to characterize even itself. Our mottoes "A Future that Works" and "A Classical Liberal Outfit" are mere tag lines.

That, of course, does not prevent others from characterizing us or even tempting libel — as indeed someone did recently.

Cynthia Nixon, a television actress, labeled our foundation homophobic in a March 2 essay for the Washington Post under the headline "Mike Pence Isn't 'Decent.' He's Insidious."

Whoa, pretty strong stuff that.

And unsubstantiated, it turns out. Ms. Nixon based her pejorative in part on a 30-year-old article, a paragraph actually, written here when Mike Pence was the foundation's president.

Obscure? Certainly, and If given the chance we would have argued that even the most casual reading refutes her assertion. Moreover, the foundation's mission statement prohibits such a position. The cited article concerned internal inconsistencies in a local newspaper's ethics policy.

But we live in unforgiving times. There is the dark mood of a Salem witch trial. It is as Fox's Tucker Carlson said after being pilloried by George Soros's Media Matters for comments made as long as a decade ago:

"There's really not that much you can do to respond. It's pointless to try to explain how the words were spoken in jest or taken out of context or in any case bear no resemblance to what you actually think or would want for the country. None of that matters. Nobody cares. You know the role you're required to play: You are a sinner, begging the forgiveness of Twitter."

In the Pence instance, however, a senior editor of the Washington Post stepped up. His newspaper printed the following four days later:

"Correction: This op-ed originally misstated that when Vice President Pence was president of the Indiana Policy Review Foundation, the group published an article urging businesses not to hire gay people. The referenced article concerned whether gay journalists should be permitted to cover matters related to homosexuality without disclosing their sexual orientation. The inaccurate sentence has been removed. Additionally, the op-ed should have noted that Pence's spokesmen have disputed reports that he has ever supported conversion therapy and also that he played a leading role in Trump administration efforts to ban transgender people from military service."

The Post editor had gone to the trouble of reading the source article and doing the right thing for his readership. Such accountability is appreciated.

Yet, we are left with this: How could banks of copy editors, not to mention a culpably silent Indiana GOP, have blithely assumed such a thing were true in the first place — that Pence, a skilled politician, a careful writer, a plain speaker and an arguably "decent" man regardless of motives assigned him three decades later, would have commanded that gays or any group of U.S. citizens be deemed unemployable en masse?

For such a careless if not purposeful misreading we reserve the strongest condemnation. For we are not alone in turning our backs on a toxic media. More subjects of journalistic malpractice are seeking remedy in the justice system. More are rethinking New York Times Co. vs. Sullivan (1964).

Thereby, gradually, ever so gradually, responsible journalism may return. — tcl



"The Battle of Cowpens," painted by William Ranney in 1845, shows an unnamed patriot (far left) saving the life of Col. William Washington.

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