INDIANA POLICY Review

Vol. 27, No. 1, Winter 2016

Economic 'Developing'

More Humility, Less Planning

"A future that works"

In Congress, July 4, 1776,
the unanimous declaration of the thirteen United States of America:

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

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A FUTURE THAT WORKS

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

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

The foundation encourages research and discussion on the widest range of Indiana public-policy issues. Although the philosophical and economic prejudices inherent in its mission might prompt disagreement, the foundation strives to avoid political or social bias in its work. Those who believe they detect such bias are asked to provide details of a factual nature so that errors may be corrected.

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Identifying Your Council Heroes

Someone who resists factional pressure, asserts economic truth.

"It's said of financial crises that they take much longer to arrive than you think and unfold more rapidly than you ever believed possible."

— Aaron Renn in the Sept. 14, 2015, City Journal

With the Nov. 3 municipal elections over, in at least one of the seats on a typical city council will sit a civic hero, a man or woman who tries to cast every vote with the long-term interest of the community in mind. If you are lucky, there are two or three. A majority is historic.

These out-voted and oft-misquoted souls are becoming precious as the public debate grows more emotional and *ad hominem.* They should wear medals.

This journal is dedicated to them. Particularly, it honors two types: those who push back against factional pressure and those who step forward to assert economic truth — however inconvenient either position at a given political moment.

The first, in striving for fiscal sanity, risks becoming the enemy of every policeman and firefighter in the city, the compensation for which can represent 50 to 80 percent of a typical municipal budget. He does so knowing that members of this constituency consider his point of view an unwarranted threat not only to their livelihood but their honor, a constituency able to organize pickets on his front lawn and in effect fire him as their boss.

Yet, there are members of this foundation who have faced roomfuls of such men. And it is important to know that they not only survived the experience but also won reelection. They did so by marshaling the facts. Voters who get the facts understand who exactly is threatening whose livelihood. Those who don't, don't.

Ask Detroit. Ask Harrisburg. Ask middle-class homeowners in Chicago who just got hit with "rolling" property-tax increases to pay for fire and police pensions — increases that are double the two largest recent increases combined. Property owners there, in addition to being out of pocket for the extra taxes, will only be able to watch as their housing values fall and an exodus of capital begins.

Indiana cities that move away from such policy — even incrementally — will have an advantage in attracting the investment that flees poorly run nearby cities. And that is not small change. Our friend Stephen Moore, author of "Rich States, Poor States," reports that Illinois in 2013 lost nearly 67,000 tax filers representing $3.7 billion of income.

A longtime civic hero, Ryan Cummins, the past chairman of an appropriations committee, suggests that councilmen begin thinking of their jobs as the purchasers of local government services, representing both current citizens and potential investors:

> That means you can demand that the union provide a comparison of its cost with those of a private provider. You can demand the costs be put to a market test by open and transparent bidding. You can demand that any compensation be based on objective, verifiable and understandable standards.

We mentioned two kinds of civic heroism. The second is particularly on display in this edition. It involves overcoming the pressures of the sound-bite politics that accompany government-defined economic "development" projects.

These have taken myriad forms in the last couple of decades from straightforward tax credits to more problematic tax abatements to downright inscrutable tax-increment financing. But if you stand up in the public square to question any of these experiments in economics by command, don't expect to be thanked for your diligence. You will be labeled an "obstructionist." Here, though, is how a councilman who won reelection Nov. 3, answered that:

> These are all debt-laden projects, meaning that the next generation of elected officials and taxpayers will be held in a financial straitjacket to pay for the particular vision of a few. Thus we lose the big picture, for central planning is really a small vision; it can only think one government-leveraged project at a time; it cannot produce the authentic growth that creates a thriving economy.

If Indiana succeeds, it will be in spite of the political convenience that allows unaccountable municipal planners and economic-development experts to hold sway over our cities. In fact, the Indiana Chamber of Commerce reports that we have fallen behind in a respected national rating of entrepreneurship.

"Clearly, the infusion of central planning, the teaching that the best ideas and easiest source of financing come from local and state government, isn't working," that same winning councilman said of the report.

We're going to need some more heroes. — *tcl*

Resources

1. Editorial. "City of Big Taxes: Chicago's Unfunded Government Pensions Wallop Homeowners." *The Wall Street Journal,* Sept. 23, 2015.

2. Chris Sikich and Gabrielle Ferreira. "Indiana Slips in Rankings for Startups, Venture Capital Funding." *The Indianapolis Star,* June 20, 2015.

3. Ryan Cummins. "How to Deal With a Public-Employee Union." *The Indiana Policy Review,* March 28, 2014.

4. Stephen Moore. "Americans Still Voting with their Feet, Fleeing Blue States." *Orange County Register,* Sept. 25, 2015.

The Role of Local Government

Good economic policy requires more humility, less planning.

Several of the following essays were presented at the foundation's seminar Aug. 14 in Fort Wayne.

Andrea Neal

(Oct. 12) — Yes, you can fight City Hall. That's the message from citizen activists across Indiana who effectively challenged two seemingly unstoppable government-backed projects that would hand over public resources for private gain.

Lisa Barnum, graphic design

One is a controversial dam and reservoir proposed for the White River at Anderson, a $440-million venture billed as a boon to the economy and to the regional water supply. The other is a banquet and conference center to be built in Porter County at Indiana Dunes State Park.

Both appeared done deals due to the close ties between business leaders touting the plans and political leaders positioned to act on them. In both cases, citizens felt costs outweighed benefits, and they packed public hearings to press their case.

"We used a pretty basic model," explains Clarke Kahlo of Heart of the River Coalition, which opposed the dam. "You form a group, you name a steering committee, and you start reaching out. It does take a little courage to step forward to critique and then to challenge some of these publicly subsidized projects."

Promoters of the Mounds Reservoir — most representing business interests — worked behind the scenes for years to gather support for a 2,100-acre lake that would stretch seven miles spanning Madison and Delaware counties. Hoosier taxpayers spent $600,000 on feasibility studies, and Gov. Mike Pence came out in support of the concept, which he said had "much merit." Yet public opposition was fierce due to its potential destructive impact on the White River, on unique habitat and on cherished Native American earthworks at Mounds State Park.

The Corporation for Economic Development in Madison County was poised to do a third feasibility study when plans for a new governmental commission to oversee the project fell apart. In September, town councils in two of the affected communities, Daleville and Yorktown, voted against joining the commission, leaving Anderson and Chesterfield as members. The votes killed the project for now; opponents promise to remain vigilant should it reappear in altered form.

A similar public response occurred in Porter County where a private developer — Pavilion Partners LLC — is under contract with the state to open a 30,000-square-foot banquet center on the lakefront at Indiana Dunes State Park. As part of the project, the company would renovate the park's historic and long-neglected beach pavilion built in 1929-30.

The Porter County Alcoholic Beverage Commission voted Sept. 10 to reject the liquor license sought by Pavilion Partners. The vote followed a four-hour hearing attended by 520 people, most who showed up to oppose the license. On Oct. 6, state officials upheld the local board's decision.

The denial of a liquor license does not torpedo the project, but it puts a crimp in Pavilion Partners' plan. The company said from the outset that liquor sales would be necessary to make the project financially viable.

The perception of political cronyism in the contract process fueled public opinion. An Aug. 3 investigative report by the Post-Tribune of Gary showed investors had been communicating their ideas to officials in the Department of Natural Resources (DNR) for more than a year before the state invited proposals. One of the chief investors is Chuck Williams of Valparaiso, northwest Indiana representative on the Republican state committee. Williams denied his GOP connections played a role, and the DNR says it gave no preferential treatment.

In Indianapolis, citizens have been less successful questioning a sweetheart deal given to a French company, the Bolloré Group, to launch an electric car-sharing program using city assets. The City-County Council had no say in the project, there was no competitive bidding, and no public hearings were held to solicit public opinion on the merits of spending $6 million in taxpayer funds.

When completed, the BlueIndy system will have up to 1,000 charging stations at 200 locations, most taking the place of public-parking spots.

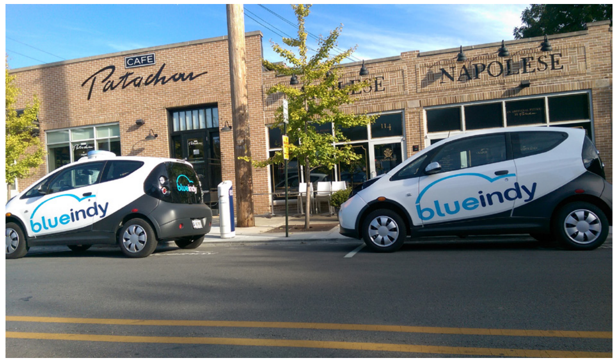
Complaints arose this summer after workers arrived in neighborhoods to install electric cables, service kiosks and charging stations. "They just showed up one day tearing up my front yard and put these chargers in," homeowner Sean McCarthy told the Indianapolis Star. "I feel like these cars, parked there all day, are going to devalue my property."

Mayor Greg Ballard says his administration did nothing wrong by committing tax dollars and infrastructure for a profit-making venture. Because the charging stations will be available for the general public to use to charge their own electric vehicles, it is an appropriate use of public assets, his spokesman said.

A few members of the City-County Council have threatened to sue the Ballard administration for what they deem illegal use of public property. Ballard leaves office at the end of the year so his successor may inherit this controversy.

Kahlo knows from experience that community activists must be in it for the long haul if they hope to make a difference. "The bar that is set for citizens — we, the people — is so high in cases like these. It's hard to successfully challenge projects that are politically agreed upon from the earliest stages. But it can be done."

Andrea Neal is an adjunct scholar and columnist with the foundation.



In Indianapolis, BlueIndy was given prime retail parking spots to use as charging stations for its electric car sharing program. Citizens knew nothing about the program until the stations and "no parking" signs appeared on city streets. (Photo by Andrea Neal.)

"In Indianapolis, citizens are questioning a sweetheart deal given to a French company to launch an electric car-sharing program using city assets. The City-County Council had no say in the project, there was no competitive bidding, and no public hearings were held to solicit public opinion on the merits of spending $6 million in taxpayer funds."

— NEAL

Greg Walker

(Aug. 5) — What is crony capitalism? Why is this phrase used derogatorily of government schemes to raise capital for investment?

Most would agree that governments should serve to raise funds for capital goods constructed to satisfy public interests — roads, bridges, sewers, etc. But the list is too short for some folks. What about national defense? Is that still a public asset, an investment in the public well-being? What about post-secondary universities? Libraries?

Policy pundits accept these as public goods today, but each existed in the past strictly in the private sense.

If we can find something listed in the phone directory (or Google it), as delivered by a private enterprise, economic conservatives argue that governments should abstain from making public investments in endeavors that crowd out the private sector. The result can hurt everyone, not only the displaced private owner and investor, but the consumer buying government-monopolized output, which might be cheaper and better if the private sector delivered it.

Tax Increment Financing (TIF) proponents see investment that benefits a community — made possible by an infusion of tax dollars to make infrastructure improvements of some sort — that otherwise would never occur due to overwhelming financial impediments to private-sector investment.

TIF is not the only tool that can be manipulated to select the winners and losers (cronyism) but is a popular budget device that wields tremendous influence — at a high delivery cost and a high opportunity cost.

In fact, the most troublesdome aspect of crony capitalism is the influence of powerful people over the decision-makers who may be genuinely seeking the best investment for the public good. They might advance the use of TIFs, however, with only a weak appreciation for the unintended consequences, often receiving poor economic signals of how successfully these investments actually improve quality of place. Some recent examples of TIF expenditures beg the question of whether anyone's quality of place was improved save for the campaign contributors proposing the deals.

But cronyism has its place. I am reading a biography of J. Irwin Miller, a Columbus, Indiana, legend. The first chapter of the book, written by Charlie Rentscher, is titled, "A Long Line of Christians and Capitalists." It describes how the Miller family, when J.I. was a small boy, invested heavily in their mechanic-chauffeur's machine shop, an investment with little expectation of financial gain.

The shop was operated by a young Clessie Cummins. If you have never heard of the name, Cummins Inc., it is now a diesel-engine manufacturer with a market cap of over $23 billion with headquarters in my Columbus. Yet, Clessie could not turn a profit for decades with his "little engine that could."

What makes this remarkable is the insistence by the Miller family in persevering with their young chauffeur because the family saw the choice as a long-term investment in the community. They did it so that young men graduating from local schools would have a great opportunity for work in an emerging field, with an employer who would give back to the town from which it got its start.

At a 1939 investors meeting, Mr. Cummins stated the corporate goals of Cummins: "to create a school . . . . setting down as No. 1 matter of policy the building of as nearly as perfect a machine as is humanly possible . . . second, training and development of the manpower of the community . . . and third . . . a non-paternal but very earnest interest . . . in the affairs of the employees."

"The most troublesome aspect of crony capitalism is the influence of powerful people over the decision-makers who may be genuinely seeking the best investment for the public good."

— WALKER

> "Is (a sports stadium) something that government should be involved in, is it a protective function? Is it a public good; that is, is it non-rival and non-excludable? The answers are all no."
>
> — KESSLER

Days later, Mr. W.G. Miller handwrote a note to Clessie: "All of us (the Miller family) are greatly pleased with your reply to the policy statement . . . had it not been our desire to have a place to develop the young men around Columbus, we should not have taken the risks that we did."

Mr. Cummins was a close family friend, and he was a bit of a salesman. Some might have believed the Millers were being duped with Cummins consistently plying for advancements to be poured into a losing business. Clessie Cummins used his personal talents at promotion to win the affections of his successful benefactors, who had the money to take a charitable approach to investing for the sake of the rest of the city. There was little talk of return on investment, nor were there any "clawback" provisions if Cummins failed to hire the numbers of projected employees he hoped.

As a general rule, capital today is not concentrated in the hands of individuals with the vision of the Miller family. So, are TIFs an attempt to recreate the success of the past, copying the foresight of those early benefactors who had sufficient resources to make such long-term commitments?

Redevelopment board members would salivate at the chance to rack up the kind of community success found in the Cummins-Miller partnership. No one can seriously argue Columbus, Indiana, would be as blessed a southern Indiana city without this history. Can TIFs accomplish the same goal today? Without mission creep? With credibility? With success?

Obviously, the Cummins investment was a private one, not a public one. The Millers were financially rewarded by the ultimate success of Cummins, and took the risks upon themselves. The Millers and Cummins, on a handshake, did what today takes a series of proposals, projections, meetings and reams of data, all grounded on the debatable "but for" argument; that is, "but for" a willingness to pool our property-tax dollars, none of what we all wish to happen — growth, opportunity, quality of place — will occur.

If our local governments won't participate, the argument goes, won't we just lose future bids for investment to states with excessively generous incentives? If we cannot afford the high cost of crony capitalism, are we deferring to other cities and towns what could have been our future potential? Will the next Clessie Cummins settle in our state if we refuse to play the incentives game, as long as geographies around us are willing to play? Won't legitimate, honest, potential success in human capital chase even phony-baloney rigged systems if the incentives are grand, and genuine market funds are unavailable?

Tough questions. The goals are laudable. The intent, usually honorable. But the execution?

Greg Walker, Columbus, represents State Senate Distric 41.

John Kessler

(Aug. 27)— As a city councilman, you cannot address the questions on any agenda until you have decided the role of government: What should government do or not do? Economists, of course, have been thinking about this question for a long time. They can tell you two things that the government should do and a few that they shouldn't.

What the government should do falls into two categories: the "protective" function and the "productive" function.

The protective function — Government should protect our property rights through the legitimate use of force (police, military) and enforce contracts through the legal system. When the government does this well, citizens can be economically productive because they know they can reap what they sow.

The productive function — Government should provide certain kinds of goods that have special characteristics that make them difficult for the market to provide. These are called "public goods" (*i.e.*, broadcast television, national defense). Public goods have two characteristics: a) non-rival, *i.e.*, making the good available to one person makes it available to others and one person's use of it does not diminish someone else's use; and b) non-excludable, *i.e.,* you can't prevent people from using it, making it difficult to limit it to only paying customers.

The reason markets have difficulty providing these public goods is the "free-rider problem." That is, when people can benefit from resources, goods or services without paying for them, it results in an under-provision of those goods or services. The "free-rider problem" is why we may want to consider government production, if the market cannot find another way to pay for it (as with advertising for broadcast television).

Now that we know what the government should do, let's look at some of the problems government faces when it tries to do something. It is important to point out two economic concepts: incentives matter and opportunity cost.

Incentives Matter — It is important to realize that politicians and voters are people, and we know that people respond to incentives.

Parameters of an Economically Wise Vote

The foundation asked John Kessler to design a chart that would help the membership determine whether a public expenditure before their city council was economically sound.

No, that's not exactly true. Our impetus came from a couple of decades of frustration listening to self-proclaimed fiscal conservatives slipping and sliding on this vote or that, telling us it all was too complicated to explain, that we didn't understand how modern government worked.

Well, the below chart, which functions as a decision tree, dispenses with such folderol. That is true even though it concedes for our Democrat friends that some things give social benefits to everyone when people consume more of them and therefore could be subsidized.

This, of course, is what politicians claim for every proposal they raise. But economists make distinctions, dividing those proposals into at least four groups of less or more economic justification.

Education will serve as an example: the more educated people are, the better off we all are. If we apply it to the chart, though, we can see that this in itself does not make education a "public good" in the eyes of an economist. That is because it is "excludable" and because it is possibly "rival" in consumption (see definitions in the chart).

"The rule of thumb is that if the government is going to subsidize something they should always subsidize the consumer and never the producer," Kessler says.

None of this means that there are not reasons to vote for measures outside our chart's parameters. It just means that those reasons may be uneconomical and may involve personal ambition, cronyism and crass expediency — not the motivations we like to see in our public policy. — *tcl*

Rival in Consumption?

(Does one person's use of the item mean there is less available to others?)

Excludable? *(Can you prevent people from accessing the item if they do not pay for it?)*

	Yes	No
Yes	**PRIVATE GOODS** **Most things that we buy are in this category and are provided by the market. The government should not produce these items (example: ice-cream cones).**	**NATURAL MONOPOLIES** **Some things make sense to allow one company to produce because economies of scale allow them to do it cheaper. For the privilege of having monopoly power, the government regulates them to prevent overcharging customers (example: electric utilities).**
No	**COMMON RESOURCES** **The "tragedy of the commons" occurs when common resources are overused because they are rival, but non-excludable. The government can help by establishing private-property rights and converting these to private goods or regulating access (example: wildlife).**	**PUBLIC GOODS** **These are the only things the government should consider producing because of the "free rider" problem. The government may not need to produce these things if the market can find a way to pay for them (example: tornado siren).**

"The rule of thumb is that if the government is going to subsidize something they should always subsidize the consumer and never the producer."

— *KESSLER*

"The most important strain in (Adam Smith's) thinking, in my humble opinion, is that local council members and administrators should be humble."

— BOHANON

We all, it is hoped, grew up learning about the tyranny of the majority. The reason we don't have a direct democracy in America is because the Founding Fathers recognized the potential harm of the tyranny of the majority. So instead we have a representative democracy. What many of us did not grow up learning about is the tyranny of the minority — when a small group of people inflicts its will on the majority of people. This is when the economics of Public Choice Theory is helpful. It helps explain why we get some of the public policies that we do. In a representative democracy, special-interest groups have a disproportionate influence over the system, resulting in a) benefits to a few, usually the wealthy; and b) costs to the many, usually the poor.

When policy outcomes lead to benefits to a few and the costs of the policy are spread out over many, then the tyranny of the minority can happen. Let's illustrate this by looking at an example of an economic-development proposal through the lens of what we've discussed so far.

A favorite proposal of economic-development committees is construction of a sports stadium. Indeed, Scott Walker, a GOP presidential candidate and the governor of Wisconsin, recently voiced his support for a nearly $500-million subsidy to the Milwaukee Bucks to pay for a new stadium.

First, is this something that government should be involved in? Is it a protective function? Is it a public good? That is, is it non-rival and non-excludable? The answers are all no. So why would a savvy politician like Governor Walker try it? Because of those benefits to the few (the Bucks owners) and those costs to the many (taxpayers).

In a direct democracy, if someone said we are going to vote on whether to take some of your money and give it to another person, you would simply vote no. It wouldn't happen. But in a representative democracy, it might.

For the reason why, ask yourself two questions: What incentive do owners have to lobby in favor of the stadium? What incentive do taxpayers have to lobby against it? The owners are obviously set to make millions of dollars from the deal, but each individual taxpayer will only pay a small amount of that. So the owners spend a lot of time and resources lobbying in favor of the stadium, and taxpayers spend very little time and resources lobbying against it. And these incentives lead to policies that help the rich and hurt the poor being put into action by our government every year.

Opportunity Cost — This is the observation that when the government or anyone for that matter decides to do something, there is always an alternative use for the money and resources.

What else might the taxpayers have done with the money if it hadn't been taken from them? What other public issue might have been better served with the money? It is difficult for the government to spend money and create economic development that wouldn't have happened somewhere else instead. In the world of economic development, government involvement, as a rule, just shifts where money is spent without creating more economic activity (only a different kind).

To summarize, as a councilman, when thinking about what kind of activities government should pursue, you should limit yourself to those things that fall into the protective function category or are clearly public goods that are non-rival and non-excludable in nature and in which there is no alternative for the market to provide it alone.

Elected officials, of course, are continually tempted to go outside of these bounds because of the incentives of the political process. No matter what you choose to do, you should try to focus on the opportunity cost of your decisions in order to do the most good that you can with the limited resources of your community.

Finally, if you must subsidize something, subsidize the consumer and never the producer. A producer will take the subsidy and lose the incentive to give a quality product at a low cost. A consumer, though, will take a subsidy and shop around for the best deal, and the market will force producers to give them (and indirectly, the government) good quality at low cost.

John Kessler is an adjunct scholar of the foundation and head of the Center for Economic Education at Indiana University-Purdue University Fort Wayne.

Cecil Bohanon

(Aug. 17) — What is the key to prosperity for the state of Indiana and its counties and towns? Economist Adam Smith argued all that is necessary to raise a society to the highest level of "opulence" is "peace, easy taxes and a tolerable administration of justice."

If these conditions prevail, then prosperity will emerge "by the natural course of things." (The quote is from the 1755 lecture notes of his student Dugal Stewart.)

Unpacking the three conditions reveals Smith's insight to be as true today as in the mid-18th century. Civil order is necessary for prosperity. Who is going to make an investment in worn-torn Syria? Closer to home, it is unlikely investors will be fronting new businesses in

Ferguson, Mo., anytime soon. Protecting life and property is the first obligation of all governments.

"Easy" taxes also grease the skids. Note that the proposition does not say no taxes or even minimal taxes — rather, it suggests a tax burden that has some reasonable relation to the services the government provides. Unfortunately, this tells us little about what to tax at a local level (property? income?) or how to structure the tax (proportional or graduated scale?). However, we can surmise that if taxes are used to enrich a privileged class, or if they are designed to redistribute income from taxpayers to favored recipients, they are probably not easy taxes for everyone else.

Finally a "tolerable" administration of justice: Tolerable is one of those old-fashioned words my grandparents used. "Feeling tolerable today" meant that Grandma was doing OK, maybe OK plus, but not outstanding. Justice doesn't have to be perfect, but it must reach some acceptable benchmark. I suspect when a municipality receives a fifth of its revenues from fines for minor parking and traffic infractions, as is the case in Ferguson, taxes are neither easy nor is justice tolerable. I also suspect this has something to do with the absence of peace in the jurisdiction.

Smith made a number of other observations relevant to local prosperity in his well-known "Wealth of Nations" in 1776 and in his final revision of his "Theory of Moral Sentiments in 1790." The most important strain in his thinking, in my humble opinion, is that local council members and administrators should be humble.

The "magistrate" should avoid arrogantly believing he knows what is best for everyone or that his vision is the perfect fit for the community. He should carefully monitor local conditions and circumstances and listen to all his constituents — whether political allies or not. He should be wary of economic development fads. What works well in California or New York may not work at all in Indiana; what is good for South Bend may be irrelevant for Hartford City. And on the point: It is not what Mr. or Ms. Public Servant do that matters — it is what their constituents can do for themselves that is the key to prosperity.

Of course, this is all well and good until a specific action must be taken. Should EDIT funds be used for bicycle trails? Should the XYZ Company get a tax abatement? Should the governmental unit hire an extra worker for code ordinance enforcement or should the resources be used for better parks and recreation programs?

This far down in the weeds Smith gives no answer — nor is it reasonable to expect that any other expert can give definitive answers to local questions. Sound principles matter, but there is no substitute for local knowledge to answer local questions.

Cecil Bohanon, Ph.D., is a professor of economics at Ball State University.

Ryan Cummins

(Sept. 10) — My experience on a city council, in business and as a taxpayer tells me to beware when the government action being proposed is "for public safety," "for the children" or "for economic development." When you hear those words, grab your wallet and hold close your liberty; there is a hidden agenda.

Another dependable "tell" that your elected representative is gambling with your future is when, in the midst of a budgetary crisis, he proposes incidental cutbacks such as in office supplies, cell-phone use, take-home cars and the like. You can be sure that if he even understands your city's predicament he has no plan to extricate you. He is bailing with a thimble and reaching for a life vest.

For example, my hometown newspaper the other day carried comments that a councilman was "concerned" about the city budget (we are near bankruptcy) and urging "fiscal responsibility." So, is my city back on the right track? Getting things straightened out?

Unfortunately not. This fellow had voted yes to every salary ordinance and budget increase for two decades. Fiscal responsibility? He has no earthly idea what it might mean.

So much for holding politicians accountable on a day-to-day basis — that is the job of journalism, or at least should be. The rest of us need to get to work delineating the principles of sound governance long term.

To begin with the obvious, voters deserve to know what guides those they elect to office, what he or she will do when the time comes to raise a hand yes or no. Otherwise, democracy is a sham exercise. Meaningless are vague references to a "common good," "Hoosier values," "working in the best interests of the people."

The principles I would look for in the position of a particular candidate are these four: limited government, free markets, property rights and individual responsibility. Let me offer my definitions:

1. *Limited Government* — Holding a government (at any level) to only the protection of life, liberty, and property. Stated differently, it means that any government is only legitimate and can only claim to operate at the consent of the governed if they can only legally/ethically/

"For when it comes to economic-development planning, the only real question, the only real debate, is whose doing the planning and with whose property."

— CUMMINS

Everyone competes with everyone, everywhere, all the time. It is the nature of the market and capitalism and, when allowed to function within a framework of property rights and responsibility, it results in a miracle that provides everything we need more efficiently and effectively than any system ever devised by man.

— CUMMINS

morally do the things that an individual can also do legally/ethically/morally. You have the right to defend and protect your life, liberty, and property. You don't have the right to force someone to pay for your stadium, downtown apartment building, convention center, transportation, recreation, or other great idea. Neither does the government possess that right.

2. *Free Markets* — The free and voluntary exchange between one person or group of persons and another where our needs will be most efficiently and effectively met.

3. *Property Rights* — That every person has a fundamental human right, which cannot be legitimately violated by the state, in the fruits of the labor and in themselves as a human being.

4. *Individual Responsibility* — I am responsible to meet my needs and the needs of all those I voluntarily choose to be responsible for. That is my family first and then my neighbors.

Of those principles, the most likely to be violated by those rationales of big government mentioned earlier — children, public safety and economic development — is the last. There is nothing that happens when a person is elected or appointed as a bureaucrat that transforms him or her into an economic-development superhero. It is my view that these persons only to act as an agent for the individual citizen to ensure that government operates to protect their life, liberty and property.

When an elected or appointed person goes beyond this effort, then always and everywhere the results are ultimately destructive. Regardless of whether the intentions are honorable or nefarious, jobs are lost, opportunity is reduced, and wealth and property are compromised or destroyed.

Elected persons must understand that every business competes with every other business for the means of production (labor, capital, natural resources) and for customers. Every retail store, every wholesale warehouse, every machine shop, every heavy manufacturer, every service company, in short, everyone competes with everyone.

I own a garden center. I work hard to convince people of the value of landscaping, planting flowers, growing a garden, installing a stone patio, or any other aspect of gardening and landscaping that I sell. I want them to spend all their money on flowers and trees. I don't want them to buy a $50,000 car. I want them to buy a $1,000 jalopy, just good enough to get them to my store, and spend the other $49,000 on landscaping, preferably with me.

The car dealer is working to get them to do the opposite. I want them to buy the minimum insurance on the jalopy. The insurance agent is trying to sell them full coverage at high limits and to hell with the flowers. I compete with the local manufacturer for competent employees, for available trucks and forklifts, for infrastructure to run a business, for financing, and all the other tools of production.

Again, everyone competes with everyone, everywhere, all the time. It is the nature of the market and capitalism and, when allowed to function within a framework of property rights and responsibility, it results in a miracle that provides everything we need more efficiently and effectively than any system ever devised by man. A government that recognizes this fact and operates to facilitate free-market capitalism, will accomplish the only thing government can actually do for real, actual economic development.

When local governments engage in a misguided attempt to pick winners in the market, they will always create losers. The interventions take many forms: abatements, subsidies, giveaways, special tax treatment, infrastructure subsidies, direct investment, free land, and on and on. These interventions in the free and voluntary market only distort and limit the choices that would have otherwise been freely made.

A politician or bureaucrat cannot know which business should be located and operating in their city or county. It is extremely difficult and risky for an entrepreneur or investor to know how, where, when and why to open or expand a business — and it's their money and property at risk. How in the world could politicians and bureaucrats, risking someone else's money without consequence to their own assets and almost as often without accountability, make such difficult decisions?

Those communities that try will always suffer in a net loss, in reduced opportunities and in faltering prospects. Economists warn us not to be fooled by "the seen" for in the case of government intervention in the market it will be the "the unseen" that does the damage — businesses that don't establish or expand because resources are taken away, jobs that don't come into being for the same reason, ambitious youth who move to other places to realize their ideas and opportunities, wealth that is never created.

Citizens don't depend on the mayor or commissioner to find projects in which to invest their dollars. They never do that. When a parking garage, apartment building, convention center, stadium, industrial building is not built, it is not a failure of civic vision. Quite the contrary, it is because citizens, entrepreneurs, investors and businesses have weighed the pros and cons and decided that isn't the best use of their resources at the time.

And contrary to what some politicians and economic-development directors tell you, citizens are not in a muddle as to what to do with their personal property. They are actively and continuously deciding to invest it, to build with it, to start or expand business and residences in ways that the experts and politicians may disapprove. For when it comes to economic-development planning, the only real question, the only real debate, is whose doing the planning and with whose property.

Limited government, free markets, property rights, individual responsibility, freedom, and liberty stand with the individual citizen when such decisions are made. It needs to be kept that way.

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

Maryann O. Keating

(Aug. 21) — In a debate between Republican presidential candidates, Bobby Jindal referred to those in the cart versus those pulling the cart. The extent to which some are willing and able to assume responsibilities affects families, neighborhoods and towns. For better or worse, taxable income continues as a priority for government officials responsible for balancing their budgets.

We prefer that children and the severely limited remain sanguine with respect to their dependency. On the other hand, those responsible, including the elderly and infirm, are challenged by comments on the need to be productive. It is, therefore, extremely important not to equate pulling the cart with earning a paycheck. Although Gross Domestic Product (GDP) and tax-revenue figures fail to recognize it, raising children, caring for the needs of oneself and family members, maintaining a household and making sure bills are paid represent significant contributions to national productivity and well-being.

A crude measure used to estimate economic burden is the dependency ratio. The age-dependency rate is the ratio of dependents — people younger than 15 or older than 64 — to the working-age population. This ratio is sometimes presented for each country as the number of dependents (children and elderly combined) per 100 working-age persons. Higher ratios indicate potentially higher rates of dependency. In 2014, numbers range from 102 for Uganda to 37 in China. The rates for Singapore, the United States, Mexico, the United Kingdom and Japan are 36, 51, 53, 55 and 63 respectively. How these rates are interpreted as being desirable or otherwise is of major significance. Here, we assume that both longer life expectancy and children contribute to increasing our present and future quality of life.

Nevertheless, it is interesting to see how dependency rates translate into total national income divided by total population. The World Bank reports that 2014 GDP per capita (in current U.S. dollars) was $677 in Uganda and $7,594 in China. For Singapore, the United States, Mexico, the United Kingdom and Japan, per capita income was $56,287, $54,630, $10,361, $46,603 and $36,194 respectively. Dependency rates do not tell the whole story about living standards around the world but admittedly are a contributing factor.

In a free society, it is not expected that every working age person (ages 15-64) be willing to hold a job, but economic growth and well-being depend on a critical number doing so. Presently, about 48 percent of the total U.S. population of 322 million hold a job or are seeking employment. For most families around the world, a decent standard of living depends on wage income; it is therefore of paramount importance that one or more family members be willing and able to seek, obtain and hold a job or be self-employed. Likewise, in passing the torch onto a new generation, a nation relies on tax revenue generated in productive employment to provide security and infrastructure, and to honor its commitments.

The share of Americans at least 16 years old who are either employed or actively looking for work has dipped to a 38-year low of 62.6 percent. In June, 640,000 individuals exited the labor market. More troubling is the declining participation rate of prime-age workers between 25 and 54 years old (Andrew Soergel, U.S. News and World Report, July 16, 2015). In Indiana, presently, job holders as a percentage of the population is well below that attained in 2000.

So be it, if this decline represents personal choice or affluence. If the goal, however, is to increase the total number voluntarily and productively employed, we must figure out a way to make it more profitable for firms to hire workers, or permit each employee to earn and take home more of his or her earnings — or both.

A young colleague once asked either seriously or in jest, "Why is it that your child seems to have more social and political importance than my dog?" Perhaps in later life he came to realize that a pet, however wonderful, could not provide the full range of services needed when persons were unavailable or unwilling to pull that cart.

Maryann O. Keating, Ph.D., is an adjunct scholar of the foundation.

In Indiana, presently, job holders as a percentage of the population is well below that attained in 2000. So be it, if this decline represents personal choice or affluence. If the goal, however, is to increase the total number voluntarily and productively employed, we must figure out a way to make it more profitable for firms to hire workers, or permit each employee to earn and take home more of his or her earnings — or both.

— CUMMINS

Revisiting TIF

It's not working the way we were told it would.

Lisa Barnum, graphic design

by THOMAS HELLER

Research published previously in this journal found Indiana's tax-increment finance (TIF) mechanism worked in a curious way, one at variance with its central concept.[1]

That concept, the "hold-harmless" assurance, maintains that local government bodies will not lose any of their existing tax base when a TIF is established. At the same time, they are unable to share in any new, incremental tax revenue produced by subsequent private investment within the TIF area.

The article found the hold-harmless assurance to be hollow. The convoluted mathematics of TIF under Indiana law disguised substantial erosion of local government's pre-TIF tax base. This is the same base that is "frozen," if you believe the downtown Indianapolis law firms that market TIFs to local governments across the state.

That erosion translates into budgetary challenges and higher property-tax rates for cities, counties, schools, townships and libraries as it eats away at their pre-TIF tax base.

Meanwhile, through a series of opaque steps, the TIF mechanism harvests for itself what its math erodes from others, burdening local taxpayers with making up for the tax base and revenue lost by county and city government, schools and libraries. TIF, as practiced in Indiana, is a "heads I win, tails you lose" situation.

A False Aura of Success

This follow-on paper identifies two factors that together reveal as hollow the claims of TIF success. They expose as false that: a) TIF never erodes the pre-TIF tax base for local taxing jurisdictions; and b) it is an essential tool to stimulate economic development and attract new business investment.

A sobering example of how TIF has not worked as we were told it would is the experience of Bartholomew County since 2005. That was when the City of Columbus formed a Redevelopment Commission to establish and oversee the city's three TIFs. The subsequent history illustrates how TIF, twisted and torqued from its central principle, has functioned as a money-harvesting device for an appointed board that is largely independent of elected local government bodies.

Since its TIF district was established, the Woodside Industrial Park in Columbus has seen little new business investment. Yet, that TIF produces over $2.5 million annually for redevelopment coffers.

The "success" of the Woodside TIF lies in redirecting money eroded from the pre-TIF tax base, money that had benefited the county, the city, the schools, library and township. Woodside's tax base eroded by two-thirds since its TIF was created.

The earlier article found that in the first seven years of the three Columbus TIF districts, the supposedly frozen pre-TIF tax base declined by 43 percent. The Woodside TIF showed the greatest decline.

This erosion from tax base of the three TIFs has directly benefited the TIF incremental Assessed Value (AV), the "captured increment." That now is a pot holding $220 million in AV and producing $6 million revenue annually, money exclusively for the local redevelopment commission.

Meanwhile, local property tax rates increased by 28 percent. The county's tax rate alone rose 39 percent.

Down to 'Bare Metal'

The reality of this erosion is obscured by the complexity of TIF's accounting. Although the earlier article found clear evidence that erosion was happening in TIF districts all across Indiana, the pathways by which the erosion of pre-TIF tax base was accomplished were not specifically tracked.

This effort takes that work a step further by going down to bare metal in order to pinpoint the specific ways that tax bases in Columbus and in all likelihood many other Indiana communities have been compromised.

While this research is informed by the experience of Columbus in the period since TIF districts were initiated there a decade ago, a caveat is called for: The data requirements of going to such depth are too great for one individual to conduct parallel examination of TIFs elsewhere.

So for those who may wish to unravel the convoluted and complex numbers game that TIF apparently has become in Indiana, this paper may offer a roadmap.

Let's start by stipulating the following three outcomes of TIF accounting in Indiana (whether intended or coincidental is beyond the scope of this research):

Thomas A. Heller, an adjunct scholar of the foundation, earned his bachelor's degree in economics at the Wharton School and a master's degree in regional science, both from the University of Pennsylvania. Prior to his move to Indiana, he was principal and founder of Regional Analytic Sciences in Seattle, Washington. Heller's specialties in public finance, land economics and transportation were developed in an array of positions with the state of Washington. He is actively engaged in municipal issues in his hometown of Columbus. Contact him at regional.analytic@gmail.com.

1. *Unearned TIF income* is credited to local redevelopment commissions, providing them with a false signal of success.

2. *Local budgetary challenges* and higher property-tax rates become necessary to make up for a tax base eroded into TIF's "captured increment."

3. *A market* is created for hyped development schemes that rely on TIF financing, including TIF-backed debt.

Woodside Industrial Park

Now let's look in detail at one Columbus industrial park. Platted in the late 1970s, Woodside Industrial Park was developed in three waves during the 1980s and 1990s when Japanese firms and related automotive-industry supply firms located there. Approximately a quarter billion dollars of plant investment occurred there from 1989 through 2004. *(See Chart 1 on the following page.)*

But the park wasn't established as a TIF district until early 2005. And unfortunately, the Great Recession soon washed across the American economic landscape and construction of new facilities slowed markedly.

Nonetheless, the Woodside industrial TIF district from its formation displayed an impressive rise in "Captured Increment" and corresponding TIF revenues. In fact, the industrial park now produces about $2.5 million annually for deposit into the redevelopment commission account.

Understand that this does not owe to any success in attracting significant new industrial investment. There were only $21 million in construction permits issued to a sample of 20 parcels in Woodside since the advent of its TIF. *(See Chart 1 on the following page.)* This sample covers 87 percent of the Woodside TIF's taxable property.

All of which begs a question: Given Woodside's inability to replicate its success in the 1980s and 1990s in attracting new industrial development, how is it possible that its TIF can produce millions of dollars annually for the Columbus Redevelopment Commission?

The answer lies with a "but for." That is jargon trotted out by economic-development champions whenever they advocate forming a TIF — as in *"but for* this proposed TIF, there is no prospect for market-based investment that could bring new jobs, new income and higher property values."

Ironically, the "but for" associated with the Woodside TIF is that the TIF district would not be able to pump millions a year into redevelopment bank accounts *but for* the existence of two curiosities in TIF accounting — secrets, if you will.

The first relates to the expiration of property-tax abatements granted to attract investment prior to creation of the TIF. The second relates to "contested assessments" claimed in the TIF's annual filings with the state Department of Local Government Finance (DLGF).

A Wrecking Ball for Local Government

When they were drawn in 2005, the boundaries of three TIFs in Columbus, Indiana, encompassed nearly one-sixth (16 percent) of the city's gross tax base and a tenth (10 percent) of the county's tax base. Although these TIFs were adopted with the assurance that these TIFs would harvest their property taxes only from the value of new development that happens within their boundaries, little new development followed. Yet magically these TIFs produce a quite handsome revenue stream ($6 million annually) for redevelopment bank accounts, whose uncommitted cash balance now exceeds $12 million.

How did these TIFs make a silk purse out of a sow's ear? The answer lies in the convoluted, curious math of TIF. This follow-on to an earlier paper ("Indiana's Wobbly TIF Law," *Indiana Policy Review*, Summer 2013) reveals that TIF's bounteous annual revenue comes mostly from eroding pre-TIF tax base — something proponents assured would not happen. In just their first seven years, the base assessed valuation of these three TIFs in Columbus was eroded by almost half (see charts below). The erosion shifted it instead to benefit the TIF.

This paper finds base erosion is a key source of TIF "success" and produces substantial money for local redevelopment bank accounts. The erosion traces more to middlemen fudging the numbers than to any magical ability of TIFs to stimulate economic performance. This paper's findings amplify Kessler's political economy insight that public initiatives designed to benefit only a few attract intense interest by those few – and are fiercely defended by those few. Meanwhile, initiatives assured to have no downside lull the public into somnolescent if not eager acceptance.

TIFs neatly fit both categories: they bestow gain upon a few at the same time they're marketed as benign. The behind-the-scenes mechanics of TIF reveal a surprisingly powerful ability to manufacture money without much visible economic development. But TIF's money-making power relies upon sleight-of-hand similar to a Three-Card Monty game on the street corner.

TIF's "no cost" assurance is hollow. Local budgetary challenges and higher taxes unavoidably result. So, too, developer interests obtain an out-sized influence on local elections. Candidates wishing to appear responsive to their community's perceived shortcomings quickly fall in line, embracing the "visions" those interests bring to local media.

TIF instead should be understood as a bank created by local government, a bank susceptible to manipulation by an eco-devo infrastructure of well-heeled legal professionals and favor-seeking developers. Because it is controlled by a political body and its money is insulated from market forces, it's not surprising that TIF's lending standard is as suspect as its economic performance. By the stream of revenue they capture, TIFs appear to be successful. But that financial performance disguises unremarkable underlying economic performance. And because a TIF stealthily drains away so much tax base, its downstream effects on both taxpayers and local government finances are significant, lasting and oh so very real. *—tah*

The promoters of tax-increment financing claim a tax base that they do nothing to earn or produce. They send a false signal misdirecting local economic-development strategy.

Secret No. 1: Capture of Previously Granted Abatements

Either through confusion or intent, the math of Indiana's TIF mechanism enables the Woodside TIF district to capture — when existing property-tax abatements rollback into taxable status — the increase in taxable assessed value of facilities constructed in years prior to formation of the TIF. This is referred to here as "reach-back" because those abatements a) preceded creation of the TIF and b) were not granted by its redevelopment commission.

This lassoed $32 million in added AV for the Woodside TIF. That represents tax base that arguably should belong to local taxing districts who surrender, with each abatement granted, several years of property-tax receipts.

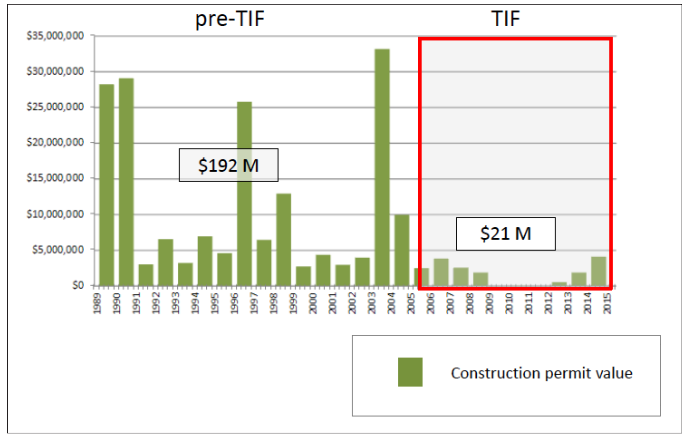
Reach-back produces $500,000 additional revenue annually for the local redevelopment commission account. It is likely this same reach-back phenomenon is at work in TIFs elsewhere in Indiana.

What is the statutory authority behind reach-back accounting? Prior to 2013, the interplay between abatements and TIF had not been clearly addressed in state statute. But when concerns arose in late 2012 about substantial TIF base erosion, the DLGF approached the Legislature and, with other parties, sought to explicitly codify this "existing practice." The 2013 Legislature accommodated the DLGF request.[2]

In the case of Woodside, the TIF now receives two-thirds of the property taxes paid from an industrial park developed prior to the formation of the TIF. (This reach-back feature may set our state's TIF mechanism apart from any other with tax-increment financing.)

The Columbus Redevelopment Commission is the sole beneficiary of the return of abated property to the local tax rolls. Thus, Woodside's TIF receives credit for business investments made well before the TIF was

Chart 1: Development Activity (Woodside Industrial Park, 1989-present)



formed — investments made in no small part because of generous property-tax abatements offered by local communities.

To summarize, the promoters of tax-increment financing lay claim to a tax base that they do nothing to earn or produce. This sends a false signal misdirecting local economic-development strategy.

Secret No. 2: Exploitive "Contested Assessments"

There is another curiosity in TIF accounting that also drains tax base from local taxing jurisdictions. It is called "contested assessments."*

For the Woodside TIF, a total of $66 million in "contested assessments" were entered in the TIF's annual filings to the DLGF, an amount representing about half the TIF's initial base AV. *(See Chart 2 on following page.)*

The math in the DLGF annual filing works to flow this $66 million of "contested assessments" directly out of the base and into the increment, pumping an extra $1.7 million annually into the Columbus redevelopment bank account.

These "contested assessments," because of their scale, played a pernicious role in pumping ever more of Woodside TIF's base AV — and thus annual property taxes — away from local taxing districts and to the favor of the redevelopment commission.

In 2010 alone, a $36,576,800 figure** was entered as "contested assessments" for

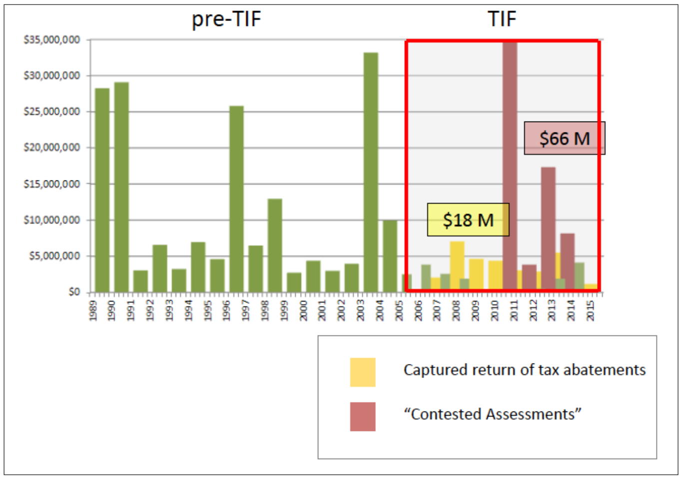
** I employ air quotes around "contested assessments" because I cannot rule out the possibility that these figures were simply paper entries like phony deductions claimed on a tax return. I was unable to obtain any substantiation for this category entered for four straight years into the annual TIF neutralization form filed with the DLGF. Nor was I able to discern subsequent assessment changes in the Woodside TIF district's properties consistent with such large "contested assessment" figures.*

***This is not the largest amount of "contested assessments" found by the author. The Greencastle Economic Development Area's TIF showed a $52.6-million "contested assessments" figure in its 2012 filing.*

the properties within the Woodside TIF. (The Bartholomew County assessor assures me he has no knowledge of this beyond what I've informed him was uncovered in the DLGF filing.)

Whereas abatement reach-back was codified into statutory language in 2013, "contested assessments" remain in legal limbo, existing without clear statutory authority. But the DLGF's recently revised TIF filing form still retains a line for this very adjustment, enabling continued use of what is an accounting trick or worse.

Chart 2: Woodside Abatement Capture and "Contested Assessments"



To summarize, these two secrets generate $2.2 million in additional revenue annually for the Columbus local redevelopment bank account, almost 90 percent of Woodside's total TIF contribution. In turn, affected local taxing jurisdictions suffered the loss of several tens of millions of AV from their tax bases. This is a permanent loss; TIF math does not allow it to be restored.

A Million Here, a Million There . . .

The power of the two accounting devices to pump unearned money into local TIF redevelopment accounts is astonishing. Table 1 presents the before-and-after picture of nine years of the Woodside TIF for that 20-parcel sample.

While the taxable value of real property for these parcels increased by only $8.7 million, their base AV suffered a whopping $74-million decline. That decline traces principally to "contested assessments" totaling $66 million.

These "contested assessments" swapped out huge amounts of base AV and pumped it into the TIF mechanism. The captured increment of this TIF sample has skyrocketed to $82.9 million in nine short years. There is no indication in the county's property-tax records that the claimed "contested assessments" did anything except enrich the TIF's bank account.

The Woodside example provides an illustration of the unreported but nonetheless real effect of these two TIF accounting secrets. One industrial parcel, developed in the late 1980s and with no building permits issued since 1994, shows 44 percent of its annual tax bill paid into the TIF's coffers. And that's on the low end; its neighbors on average pay 65 percent to TIF, and a handful of them pay over 90 percent.

What did TIF produce to earn this money? The answer is a single $10-million parking garage more than seven miles away in the renovated downtown district of Columbus — a garage that serves a half dozen new downtown restaurants, their evening diners and "perhaps one day" theater goers.

The TIF-financed garage also serves Cummins, Inc., a Fortune 200 company long headquartered in Columbus. The company, with a need to recruit and retain a talented young workforce — talent that otherwise could be lost to bigger, hipper cities — also benefits from the city's more vibrant downtown scene.

But truth be told, the downtown's rejuvenation is only part of a sleight-of-hand that creates the illusion of TIF economic-development success. For it is a stretch to claim that a $10-million parking garage can attract over $220 million in development that in turn produces $6 million annually in TIF revenue.

Again, in the case of the Woodside TIF, the vast majority of its money comes from "subsequent new development" that didn't really happen. Thanks to TIF accounting secrets, the success of a previous era is being claimed by this TIF. And even then, a turbo boost from "contested assessments" was thought necessary to make the TIF appear successful.

Conclusion

The "we'll-freeze-the-base-and-keep-only-what-we-produce" assurance appears to be commonly violated — at least as TIF has been practiced in Indiana. But the dark side of this financing system isn't confined to accounting trickery.

One industrial parcel developed in the late 1980s — with no building permits issued since 1994 — now pays 44 percent of its annual tax bill into the TIF district's coffers. And that's on the low end.

Analysis by the Ball State University Center for Business and Economic Research found virtually no beneficial result from tax-increment financing in terms of standard metrics of local economic performance, *e.g.,* added jobs, higher incomes, enlarged property-tax base.

Table 1: The "Before and After" Picture of Nine Years of the Woodside TIF

Reconciliation of components,
TIF accounting for 20 industrial properties
over nine years inside Woodside TIF district
($ in millions)

(properties represent 88% of TIF's total taxable AV)

	Total Taxable AV	TIF Assignment: Base	TIF Assignment: Captured Increment
Starting taxable AV (2005p2006)	118.7	118.7	0.0
Abatement adjustment:			
return, abated AV to taxable status	18.6	0.0	+18.6
Other adjustments , net:			63% erosion
1. addition of New development 2. reassessment* of existing development 3. loss of AV (demolition, change in tax status)	-9.9	-74.2	+64.3
Ending taxable AV (2014p2015)	127.4	44.5	82.9

* "contested assessments" totaled $66 million for allocation area in these years

data sources: DLGF annual TIF filings and Bartholomew County assessment records

Little or no connection exists between the public investment ("local public improvements" in statutory language) and the cornucopia of money TIF now bestows upon local redevelopment bodies and the passel of camp-followers they attract.

The $600 million a year in TIF revenues currently collected statewide implies that over $20 billion in new private, taxable development was created by strategic local public improvements (*e.g.,* the Columbus parking garage) undertaken by quasi-governmental redevelopment commissions.

But isn't it reasonable to expect that $20 billion in new private investment would make a detectable economic ripple? It hasn't.

Recent analysis by the Ball State University Center for Business and Economic Research found virtually no beneficial result from tax-increment financing in terms of standard metrics of local economic performance, *e.g.,* added jobs, higher incomes, enlarged property-tax base.[3]

The explanation may be that some large piece of that supposed follow-on economic development didn't really happen. That is, the supposed economic growth might be only borrowed from an earlier era, or it might be that the money pumped into tax-increment financing was an illusion created by "contested assessments."

In any case, the temptation to profit at the expense of others is strong. Joan Youngman of the Lincoln Institute astutely cautions that "a municipality may have an incentive to draw the boundaries of the TIF district as widely as possible, including development that may be unrelated to the TIF investment."[4] It is likely that not even a scholar like Youngman, however, could have foreseen how far afield TIF's temptation could go.

Was the public aware of these TIF secrets? Almost surely not, but a skeptic might ask whether the secrets indeed were known, albeit closely guarded, by the legal, eco-devo and architectural-engineering consultants who make up the cottage industry TIF has fostered in Indiana.

Twenty-two amendments to Indiana's TIF law since 1987 stand as testimony to the extraordinary influence this group has at the Statehouse. When it comes to economic development and TIF, justice and good government appear only hurdles to overcome.

Endnotes

1. Tom Heller. "Indiana's Wobbly TIF Law,." *Indiana Policy Review.* Summer 2013, pp. 2-7: http://www.pageturnpro.com/Indiana-Policy-Review-Foundation/52989-Fall-2013/index.html#1

2. HEA 1116; PL 218-2013, Sec. 16.

3. Michael Hicks, Dagney Faulk, Pam Guirin. "Some Economic Effects of Tax Increment Financing in Indiana." *Policy Brief.* Ball State University Center for Business and Economic Research, Jan. 28, 2015.

4. Joan Youngman,."TIF at a Turning Point." *State Tax Notes,* May 2, 2011.

A Statewide Broadband Plan

Will Rural Indiana Keep Up in the Info-Age?

By **ROBERT E. YADON, Ph.D.**
and **BARRY D. UMANSKY, J.D.**

Since 2006, Indiana has benefited from proactive telecommunication reform legislation resulting in increased competition and eliminating unwarranted legacy regulations that inhibited outside capital investment. As a result of this open, pro-competition environment, coupled with the development of a robust, fiber-optic backhaul network serving much of the state, plus a few forward-thinking public/private partnerships offering last-mile broadband services, Indiana leads the Midwest in establishing a statewide broadband fiber-optic infrastructure as a necessary prerequisite to further investment in both wired and wireless broadband services. To date, over $5 billion has been invested in improved wireline and wireless infrastructure in Indiana. But this isn't the end of the story; it's only the beginning.

According to a recent TechNet report, Indiana is currently considered an "overachiever" due to the presence of pre-existing optical-fiber networks — networks essential to the buildout of wired and wireless broadband services in rural areas.[1] Yet, fiber backbone alone won't wire middle-mile connections to cities and towns, nor last-mile connections to households, businesses, government offices and hospitals in unserved and under-served areas of our state. Nor will it encourage broadband adoption in these same areas. If Indiana is to remain a leader in broadband, clearly, a comprehensive strategy at the state level is required.

State Broadband Support

While most Indiana policy makers generally have supported the concept of a competitive broadband marketplace, Indiana has stopped short of any proactive legislation that provides a strategic roadmap or set of meaningful economic incentives for future broadband development or adoption in rural areas. As Tom Sloan, a Kansas state legislator, put it:

> If broadband truly is essential in the 21st century for economic development, health care, public safety and other societal goals, then policymakers and broadband providers must address disparities in availability, speed, bandwidth, affordability and reliability.[2]

The focus in Indiana must shift from removing regulatory obstacles to promoting and providing incentives for broadband deployment and adoption. For non-metro Indiana towns, deployment of broadband can have a significant impact on economic growth. Broadband is responsible for over 20 percent of new jobs across all businesses, and 30 percent of new jobs in businesses with fewer than 20 employees. Extending our current robust broadband backbone into rural areas by promoting middle-mile and last-mile construction can result in small-business creation, job growth, economic output and increased tax revenues.

We hear a lot about the economic impact of broadband. According to a 2013 study funded by the National Agricultural and Rural Development Policy Center (NARDeP), non-metro counties with the highest levels of broadband adoption are doing great — they have the highest levels of income and education, have more firms and have relatively low unemployment and poverty rates. The non-metro counties with the lowest adoption rates are doing the worst.[3]

Rural Indiana

According to the FCC's2015 Broadband Progress Report, 17 percent of all Americans (55 million people) lack access to 25 Mbps downstream and three Mbps upstream (25 Mbps/3 Mbps) service — the new definition for minimum "broadband" service levels

To date, over $5 billion has been invested in improved wireline and wireless infrastructure in Indiana. But this isn't the end of the story; it's only the beginning.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While Indiana does an adequate job of providing broadband service to urban centers, service to rural Indiana is worse than the least densely populated states and is part of the nation's under-served and unserved digital divide.

adopted by the FCC in that report.[4] Nationally, this includes over 52 percent of rural Americans (22 million people) who lack access to 25 Mbps/3 Mbps. By contrast, only eight percent of urban Americans lack access to 25 Mbps/3 Mbps broadband. Rural America continues to be under-served at all speeds: 20 percent lack access even to service at 4 Mbps/1 Mbps, down only one percent from 2011, and 31 percent lack access to 10 Mbps/1 Mbps, down only four percent from 2011.[5]

As for Indiana, the FCC's 2015 report titled "Broadband Availability in America"[6] indicates 14 percent of Indiana's population is without access to the minimum 25 Mbps/3 Mbps broadband service benchmark. While only three percent lack access to 25 Mbps service in urban areas, unfortunately over 44 percent of Indiana's rural population lack access at these speeds. In contrast, in states with the least population density (Alaska, Wyoming, Montana, North Dakota, South Dakota and New Mexico), only 37 percent of the population lack access to 25/3 Mbps. Thus, while Indiana does an adequate job of providing broadband service to urban centers, service to rural Indiana is worse than the least densely populated states and is part of the nation's under-served and unserved digital divide.

While the basic ingredients currently exist for broadband development in rural Indiana, future investment in rural areas must focus on "middle mile" and "last mile" construction, be technology agnostic, and follow a strategic plan that overcomes Indiana's inherent disadvantages, which include rural economies that depend less on technological advancements but more on terrain variations, lower population density and vast rural areas. In short, there can be no "one size fits all" broadband solution for the state.

Indiana's Leadership

Past legislation in Indiana matched up well in those years against efforts in other states to promote effective outcomes in terms of future rural broadband deployment. Over the past 10 years, DPI has examined regulations that impact the provision of telecommunication services, competition and outside capital investment in broadband infrastructure in Indiana.

The first DPI report — in 2006[7] — provided members of the Indiana General Assembly with a necessary factual and policy foundation to support the most comprehensive reassessment of outdated telecommunication rules in over two decades. Included were recommendations for a "light" regulatory approach patterned after 1996, federal deregulation, plus predictions of the benefits of telecom reform on growth in capital investments and jobs in the state. Further, the DPI report made the case for statewide franchising of multichannel video services. The resulting legislation, HEA 1279,[8] was passed with strong bipartisan support and signed into law by the Indiana governor on March 14, 2006.

The second DPI report — in 2008[9] — took a look at the early measurable benefits of telecom deregulation in Indiana. That report highlighted Indiana's leadership, as 20 other states subsequently passed similar telecom reform measures. During those two years, over $516 million in new capital investments were reported by Indiana's telephone industry[10] as it built out infrastructure to provide new and expanded services after relevant risk and uncertainty were eliminated in 2006, under HEA 1279. Most telephone carriers, both large and small, plus most incumbent cable firms, subsequently opted for statewide franchising of video services in Indiana. Similar patterns have been shown nationwide under Indiana-like statutory changes in those jurisdictions.

The third DPI report — in 2010[11] — was the presentation of an econometric model that evaluated the national impact of statewide franchising on broadband adoption. Evidence showed that statewide franchising had a significant effect on the adoption of broadband telecommunications, accounting for almost six percent of new subscriptions in those states where the market enjoyed long-time access for competing providers.

Finally, the fourth DPI report — in 2012[12] — evaluated the impact of telecom reform legislation in Indiana over the past five years, and examined the remaining administrative regulations of the Indiana Utility Regulatory Commission (IURC) that should be addressed in order to assure fairness and consistency with Indiana's "light" regulatory approach. The net findings of DPI's 2012 report were similar to the IURC's earlier 2010 review. Both documents confirmed that new capital investments had occurred, that there were increased build-outs of infrastructure using fiber optics and other digital transmission technologies, and that consumer complaints since deregulation have been relatively non-existent.[13]

As Table I indicates, Indiana has a strong legacy of providing incentive for telecommunication infrastructure investments through adoption of a "light" regulatory touch and an array of legislative mechanisms. For example, Senate Enrolled Act 560, passed in 2013, allows utility-related infrastructure development investors, including those

Table 1: Indiana Relevant Telecommunications Laws

Indiana HEA 1279-2006[14]	2006	Eliminated public-utilities commission oversight of pricing and service quality for all retail offerings, except for basic local service, which remained regulated until June 30, 2009. Also allowed statewide franchising for new multichannel video entry
Indiana HEA 1112-2012[15]	2012	Allowed a telephone company to withdraw as a carrier-of-last-resort (COLR) if there are at least one other service providers using any technology. Eliminated COLR requirement as of June 30, 2014
Indiana SB 0560-2013[16]	2013	Allowed utility-related infrastructure development investors, including broadband, to receive certain property-tax exemptions
Indiana SB 0492-2013[17]	2013	Eliminated the IURC's authority to order telecommunications carriers to report on service quality goals and performance data
Indiana SB 396-2014[18]	2014	Repealed the IURC's ability to dictate the establishment of reasonable rates for telecommunication providers
Indiana HB 1101[19]	2015	Established the Broadband Ready Communities Development Center within the Indiana Economic Development Corporation to facilitate certain communications projects
Indiana HB 1318[20]	2015	Established a uniform statewide procedure for applications for and issuance of permits for the construction and modification of structures and facilities for the provision of wireless communications service

Indiana has a strong legacy of incentivizing telecommunication infrastructure investments through adoption of a "light" regulatory touch and an array of legislative mechanisms.

investing in broadband-related facilities, to receive certain property-tax exemptions.[21] According to the 2014, annual IURC Report, to qualify for the property tax exemptions, the development areas must be termed "Infrastructure Development Zones" by county executives.[22]This increases the incentive for telecommunications providers to build out broadband infrastructure in these tax-exempt zones.

In early 2015, with much of the regulatory underbrush cleared away, DPI presented a fifth report[23] in the series, again focusing on how Indiana can continue its national leadership role in establishing a viable digital telecommunications ecosystem, both wireline and wireless, that promotes and helps sustain telecommunication services to all areas of the Hoosier state. During 2015, two pieces of legislation moved Indiana farther down the road. HB 1101 established the Broadband Ready Communities Development Center ("Center") within the Indiana Economic Development cCorporation ("IEDC") to facilitate certain communications projects. And HB 1318 established a uniform statewide procedure for applications for and issuance of permits for the construction and modification of structures and facilities for the provision of wireless communications service. While helpful in clearing the regulatory underbrush, neither piece of legislation offered a comprehensive statewide strategy for broadband development and deployment nor represented any financial investment by the state to provide new incentives for rural broadband deployment and adoption.[24] Clearly work still needs to be done.

Broadband Access and Deployment in Indiana

Many significant events have occurred over the past 10 years that propelled Indiana to the front of the broadband "friendly" line in the Midwest. Indiana has a long history of broadband telecommunications projects and initiatives, placing the state in a well-prepared position for expanding and enhancing broadband service and coverage.

Beginning in 2007, after the passage of HEA 1279-2006[25], Verizon added DSL capability to central offices in 69 rural communities serving 70,000 southern Indiana customers, while AT&T completed the upgrade of its remaining

Indiana has a long history of broadband telecommunications projects and initiatives, placing the state in a well-prepared position for expanding and enhancing broadband service and coverage.

central offices to DSL capability in 33 rural communities across the state.

Over the past five years, the National Telecommunications and Information Administration ("NTIA") Broadband Technology Opportunities Program (BTOP) and the Department of Commerce (under which NTIA operates), through the American Recovery and Reinvestment Act, have invested $4 billion in innovative projects that expanded access to and adoption of high-speed Internet services across the country, primarily to unserved or under-served rural areas.

For Indiana, two significant, federally-funded projects come to mind. First, Zayo Bandwidth received a federal award of $25,140,315 to provide a 626-mile fiber-optic network to provide one Gbps to 10 Gbps service among 23 Ivy Tech Community College sites and the 42 Indiana colleges and universities already on the I-Light network.[26] These connections enable online education and high-speed network connectivity in areas that were previously under-served. These new connections have also enabled Zayo Bandwidth to connect other institutions to I-Light, such as Hanover College and Franklin College. Second, Education Networks of America, a service provider, received a federal award of $14,257,172 to deploy 560 miles of fiber optics to deliver broadband Internet service to 145 public schools and libraries around the state to enhance services to an estimated 290,000 students and library patrons. In addition, this open network project proposed to offer affordable broadband Internet service to 200,000 households, 30,000 businesses and 630 community anchor institutions.[27]

Another fiber-based broadband success story is Smithville Communications, parent firm to Smithville Telephone, an incumbent local exchange telephone company and Indiana's largest independent communications firm, headquartered in Ellettsville, Indiana. Smithville has been a significant contributor in expanding broadband supportive infrastructure throughout Indiana. The company currently serves about 23,000 businesses and residences in southern and central Indiana. Communities such as Gosport, Indiana, considered an "all-fiber" gigabit community at the end of 2014, as a result of Smithville's $90 million fiber-optic, system-wide fiber upgrade. In addition, Smithville has expanded into other parts of Indiana, such as the Bloomington area, Jasper, Seymour, Evansville, Lafayette, Fishers, Indianapolis and Liston.[28]

Another broadband success story is NineStar™ Connect, the Rural Electric Membership Cooperative ("REMC") headquartered in Greenfield, Indiana. On January 1, 2011, Hancock Telecom and Central Indiana Power merged cooperatives into what is now known as NineStar™ Connect. The communications division serves as a telecommunications cooperative that offers services such as broadband Internet, telephone, video and security solutions to residential and business customers. The electric services division provides electric power to customers in Hancock and parts of Hamilton, Madison and Rush counties. NineStar™ Connect has approximately 14,000 customers with about 5,000 customers having services from both the communications and electric divisions.

Central Indiana Communications, Inc. ("CICI") is the holding company for all of NineStar's unregulated lines of communications business which includes Internet services (including DSL and Ethernet), digital IP video, cellular partnerships, long distance, phone and security, real estate, leasing and voicemail.

CICI also owns NineStar Communications, a company established to offer competitive local communications services, including telephone, long distance and broadband. NineStar Communications was the first competitive local exchange carrier licensed by the Indiana Utility Regulatory Commission in 1995, and currently offers local service in Greenfield, New Castle, Rushville, Pendleton, Shirley, Wilkinson, Fortville, Knightstown, Morristown and the Mt. Comfort area. It has extensive fiber optic facilities and offers direct fiber connections to many of its customers in these towns.

CICI also has invested in joint ventures with other independent telephone companies in Indiana to increase the number of services available to NineStar's customers as well as increase efficiencies through economies of scale; these ventures include Indiana Fiber Network. Hancock Telecom helped establish a statewide fiber-optic network that is owned by independent telephone companies. Currently, 20 companies own the most comprehensive Dense Wavelength Division Multiplexing ("DWDM")[29] network throughout the state, which consists of over 1,000 miles of fiber-optic cable that accesses all of Indiana's major population areas.[30]

Indiana Broadband Initiatives

Capital expenditure (CAPEX) requirements to build out middle-mile and last-mile broadband systems in rural areas are costly and often require incentives like pre-subscription of business customers to broadband service, loan guarantees, grants and/or establishing tax increment finance (TIF) districts.[31] Over the past 10 years, a number of Indiana economic-development groups have established TIF districts for their areas to attract and help fund fiber-to-the-premise (FTTP) projects. As an example, Metronet, an Evansville-based company, has worked with a number of smaller Indiana communities to establish TIF districts and establish bonds, which the firm purchases, to assist with the construction of a fiber-optic network directly to households for Internet, television and phone service. The revenue bonds are then retired, at no cost to the taxpayers, from property tax revenue generated from the project.

Metronet, which began operation in 2005, has grown to offer 100-percent fiber-optic service to 14 cities statewide, including Connersville, Huntington, Madison, New Castle, North Manchester, North Vernon, Seymour, Vincennes, Wabash, Lebanon, Franklin West Lafayette/Lafayette and Crawfordsville.

Another incentive example comes from Wabash County, where the construction of a 100-percent fiber-optic network serving LaFontaine was funded in 2013, using $100,000 in county economic-development income tax (CEDIT) revenue as seed money.[32] According to Bill Konyha, president of the Economic Development Group of Wabash County, as a result of a partnership with Metronet and their investment CEDIT funds, "we are able to extend 21st century technology . . . to enhance the quality of life for residents in Wabash County."[33]

Some broadband projects get their start providing service to the business sector of a community, and then later expanding to offer fiber-based services to residential customers. For example, AT&T recently announced "AT&T Business Fiber" in Indianapolis, a service that will initially offer between 25 and 300 megabits-per-second, with plans to support up to one gigabit-per-second in the future.[34] Other projects are simply the natural expansion of broadband into rural areas using wireless technology. For example, AT&T recently announced it is expanding its 4G LTE network in west central Indiana into the Owen County community of Spencer.[35]

In Blackford County, officials from Hartford City and Montpelier recently announced a project to install more than 20 miles of fiber optics to provide high-speed connections for businesses, nonprofits and municipal facilities in those communities. The project, a partnership with BG Networking, a Nashville, Indiana, private telecommunications firm, was scheduled to be completed by April 2015, and be able to handle speeds of up to one gigabit-per-second.[36]

Finally, the Indiana Metropolitan Area Network ("iMAN") is a fiber-optics network that started in Angola, serving northeast Indiana. The project began in 2002, with contributions from local government and businesses in Angola, Indiana, of $103,000. The network was expected to cost $406,000, create connections to thirty business customers within eighteen months and bring in revenue of $76,950. The team was able to raise an additional $300,000 and complete the project in 2009, at a total cost of $440,200, creating 13 connections and bringing in $103,350 in revenue during this time. To continue expansion of the network, the Steuben County Community Foundation invested $200,000 in the network in an effort to deploy fiber to Fremont, Indiana.

The foundation contributed $2,000,000 to extend the fiber network throughout the county in 2011. The foundation contributed an additional $10,000 in 2014 to extend the network to LaGrange County and create a connection to the Global access point in South Bend, Indiana. The foundation also contributed $100,000 to complete the network expansion in Hamilton, Indiana. In total, iMAN has raised more than $3.4 million to deploy the network across 130 miles of fiber. Twenty-seven miles of the network within the towns and communities were paid for by individual, local and community dollars. To date, the network only serves commercial businesses, government offices and K-12 education. No residential customers are now connected to the network.[37]

Federal Communications Law and Policy

In determining how Indiana's state government and Hoosier counties, cities and towns best can take steps to improve and extend broadband throughout the state, we must consider the current regulatory and legislative environment affecting broadband. In this paper we've already identified and largely praised the legislative steps taken so far in Indiana. Now we examine how federal law and policy currently affects broadband availability, technology, competition and consumer protection — relative "givens" that must be acknowledged and factored into any state law and policy initiatives.

In the 1996 Telecommunication Act [38] the United States Congress enacted, among many other things, a legislative framework under which cable television and traditional telephone companies were empowered to get into each other's traditional businesses and also encouraged to be Internet Service Providers

We need to examine how federal law and policy currently affects broadband availability, technology, competition and consumer protection — relative "givens" that must be acknowledged and factored into any state law and policy initiatives.

The U.S. Congress and the FCC look to states like Indiana to play a substantive and complementary role in making broadband universally available.

("ISPs"). It was deemed that both cable television and telephone companies should be empowered to compete as voice communications, video and Internet providers.

Section 706 of the Act — a section that also has been at the center of the ongoing debate on "net neutrality" (see below) — directs the Federal Communications Commission and state public-utility commission — such as the Indiana Utility Regulatory Commission — to take steps that encourage the deployment of "advanced telecommunications capability to all Americans," using a variety of regulatory and deregulatory tools to promote competition in the local telecommunications markets and to remove barriers to infrastructure investment.

Section 704 of the act contains provisions regarding the siting of antennas and towers for wireless services. Although that section maintains local authority over such antenna siting, this provision of the federal law prohibits states and local governments from unreasonably discriminating among wireless service providers and from prohibiting the provision of such service. It also requires state and local governments to act on such siting requests within a reasonable period time. However, and despite these federal law provisions, wireless antenna siting has remained a point of frequent dispute among local governments and wireless providers. As such, this is an area for additional, curative legislative and regulatory reform.

In March 2010, the FCC published its National Broadband Plan[39] — a document which has been used by that federal agency to implement the federal statutory goal of expanded broadband development in America. Major elements of the plan seek to further the development of broadband by:

- Designing policies to ensure robust competition and, as a result, to maximize consumer welfare, innovation and investment;
- Ensuring efficient allocation and management of local assets, government controls and influences, such as spectrum, poles and rights-of-way, to encourage network upgrades and competitive entry;
- Supporting deployment of broadband and voice in rural and other "high-cost" geographic areas, and boosting adoption and use of broadband to ensure that low-income Americans can afford broadband; and
- Reforming laws, policies, standards and incentives to maximize the benefits of broadband in areas such as public education, healthcare and government operations.

Thus, the U.S. Congress and the FCC look to states like Indiana to play a substantive and complementary role in making broadband universally available. Among the proceedings launched by the FCC itself to implement its National Broadband Plan are those governing the technical transitions from analog to all-Internet Protocol digital telecommunications systems and from wired to wireless infrastructure, as well as ensuring the resiliency and emergency communications operations of broadband services during weather emergencies and man-made and natural disasters.[40]

Much recent public attention has been given to the concept and controversies surrounding "net neutrality." As articulated in the FCC's 2010 "Open Internet" decision,[41] net neutrality is regulatory concept aimed at eliminating any type of discrimination in transmission and access of content on the Internet. However, that 2010 FCC decision was the subject of a successful court challenge brought by Verizon.[42] The appeals court, in ruling on the challenge, said that certain aspects of the FCC's 2010, order — those calling for no blocking of websites and barring speed and priority discrimination among Internet traffic — amounted to the kind of old-style telephone regulation constraints (the so-called "Title II" regulatory approach) the FCC earlier had vowed not to employ. The court went on to suggest that the FCC recast its net neutrality rules in a fashion that would rely upon the general authority over broadband granted it by Section 706 of the Telecommunications Act.

In May of this year the FCC chose generally to follow the recommendations of the court, but it also concluded that it had the ability to supplement its authority with Title II principles that had governed the Commission's traditional regulation of telephone companies. However, the Commission said it chose to "forbear" imposing on broadband Internet the entire range of regulations that fall within its Title II authority from Congress.[43]

Now the FCC's recast net neutrality rules are tied up in the federal courts.[44] The ISPs and others challenging this latest FCC net neutrality decision argue that the Commission again has exceeded its jurisdiction, that the rules were adopted with less than full notice to the public and that the rules will result in severely diminished investment in broadband infrastructure. However, it's worth noting that the recent proposal of Charter Communications to spend billions of dollars to acquire ISP and cable TV provider Time Warner[45] may place at least in some doubt the reduced investment argument. Also relevant is the fact that AT&T has pledged to comply with — at least for three years after the consummation of its merger with DirecTV — the basic net neutrality rules of "no blocking" and "no paid prioritization" as part of its successful effort to gain FCC and U.S. Department of Justice approval of its effort to acquire the satellite television provider.[46] And the FCC will be countering the procedural and substantive legal element of these latest court challenges. The ongoing litigation, which is likely to be taken to the Supreme Court following an appeals court decision, may last up to two more years.

But, regardless of the outcome of this net neutrality court appeal, or of current federal legislative efforts to enact a modified form of federal net neutrality that would place limits on further extension of FCC authority over the Internet, the State of Indiana still has an important role to play in assuring expanded broadband availability and use throughout the state. Indeed, the course of Indiana's legislative and regulatory efforts in support of broadband expansion likely will feel little effect from the net neutrality controversy.

The Dozen Needed Elements in an Indiana Statewide Broadband Policy

Within this framework of federal law, and building upon the legislative achievements already made in the state, Indiana can take steps, outlined below, to establish a more meaningful, multifaceted and effective statewide policy to stimulate consumer demand for broadband and to provide a variety of incentives for consumers, businesses and ISPs to enjoy/provide/expand high-speed broadband across the state. This list, which is not necessarily a fully comprehensive representation of legislative and regulatory steps that ultimately should be taken, is as follows:

1. Indiana should authorize and fund a survey of each Economic Development Region to ascertain the level and characteristics of demand and feasibility for broadband services across public/private stakeholders. The survey also should assess the willingness of existing providers and carriers to participate, independently or collectively, in a consortium to extend broadband services to unserved or under-served areas of the region.

2. The state should make all state-owned buildings and state-owned lands available for wireless broadband and mobile phone facility siting and for deployment of fiber, cable and other broadband-capable transport facilities. Indiana's 2015, House Enrolled Act 1318 directed that cities and towns make their geographic areas available, in exchange for reasonable compensation, for communications facility siting. However, no such accommodation was provided for the making available of state-owned lands or state-owned buildings for broadband and other electronic communications purposes. The Indiana legislature should pass, and the governor should sign, legislation providing such reasonable communications access to state-owned buildings and lands.

3. In light of, and building upon the successful experience of several such existing enterprises in many Indiana regions, the Statewide Policy and Plan should encourage electric/telecommunications cooperatives (REMC's) to deploy broadband in rural and other areas of the state, so as to expand and improve broadband service and create greater broadband competition throughout the state.

4. The state should encourage municipalities that can demonstrate their use of sound financial and technical plans to deploy broadband services — either as Public-Private Partnerships ("PPPs") or otherwise — so as to expand/improve broadband service and create greater broadband competition throughout the state. In making this recommendation, we acknowledge and caution over the fact that some efforts at "municipal broadband" around the country have not succeeded financially.[47] Additionally, the state should expect that municipalities considering offering broadband, either independently or as a PPP, should consider seriously whether their spending limited financial resources on broadband might jeopardize important funding for education and for matters such as roads and other infrastructure improvement. And to aid municipalities with reasoned approaches to the provision of broadband, Indiana should consider offering municipal debt financing to foster such projects and to encourage development of multi-community fiber networks, again with the possibility of these being PPPs.

5. The state also should consider, where consistent with reasoned state budget priorities, state grants and/or capital lease financing to help deploy broadband.

6. Similarly, the state should consider providing state tax credits, loan guarantees, project debt financing and "private use" tax exemptions for broadband infrastructure.

7. Going beyond the provisions in House Enrolled Act 1318, Indiana should consider providing state tax credits to consumers and to businesses contributing to the costs of extending broadband access to their locations. There are situations throughout the state in which potential broadband subscribers (including businesses and residential consumers) are located beyond the perimeter where ISPs might choose to extend broadband service. This amendment to Indiana law better would enable these citizens and businesses to enjoy and contribute to the broadband economy.

A list of legislative and regulatory steps that ultimately should be taken begins with a survey of each Economic Development Region to ascertain the level and characteristics of demand and feasibility for broadband services across public and private interests.

For Indiana, successful deployment of statewide broadband service is within reach. However, the state must take a proactive, leadership stance to provide the necessary incentives to bring public and private resources together to reach this goal.

8. The Indiana legislature should also consider providing tax and other incentives to consumers and businesses that invest in on-premises and mobile hardware and software to enable their full access to – and their ability to gain full benefits from – broadband.

9. Similarly, Indiana should consider the provision of tax and other incentives to broadband/Internet-related software and "app" developers within the state. By doing so, the state would encourage Hoosiers' creativity and their potential to add significantly to the state's broadband economy.

10. As part of its statewide plan for broadband adoption/expansion, the Indiana legislature should adopt clear policies and rules that will foster the optimal mix of fiber and wireless broadband systems/technologies to serve particular geographic areas within the state. Due to the wide variety of geographic and population density differences around the state, this flexible approach would maximize the potential for universal deployment and subscription to broadband services.

11. The state should use such an "all of the above" approach also for the deployment of a set of infrastructure paths that also could lead to the state leading the country in creating "all-Internet-Protocol" telecommunications connectivity by 2025 or some other near-term date. Achieving such a goal also would do much to promote Indiana as a location in which businesses, communities and citizens can thrive.

12. Indiana should create, and provide sufficient state funding for, digital literacy education programs to educate Indiana residents and businesses as to the benefits and uses of broadband Internet. These steps would increase consumer/business broadband adoption rates and the demand for additional broadband deployment and competition.

Creating a Broadband Center to Implement Statewide Policy

A recommendation, included in the Dec. 5, 2014, Final Report of the Indiana Rural Broadband Working Group (a group formed by Indiana Lieutenant Governor Sue Ellspermann), was to create a "Rural Broadband Center."[48] Such a center, which we recommend be recast as an entity to address "urban" as well as "rural" broadband, would work with state, county, municipal and economic-development officials.

That center's responsibilities would involve, among other things, the ascertainment of the levels and characteristics of local/regional broadband demand, the review of economic-development broadband plans, the identification of potential partners, investors and funding mechanisms and the development of customized broadband strategic plans for each economic development area in the state. The Digital Policy Institute at Ball State University, based on its long-established national reputation and work on broadband-related issues, has offered to administer such a center.

Conclusion

For Indiana, successful deployment of statewide broadband service is within reach. However, the state must take a proactive, leadership stance to provide the necessary incentives to bring public and private resources together to reach this goal. Failing a comprehensive state broadband strategic plan, each region would be left to the costly and time-consuming task of charting its own course independently. Given the economic structure of Indiana, failing to participate fully in promoting and using multiple funding strategies and incentives likely would delay for decades Indiana's full participation in the information economy, let alone prevent it from becoming the national leader for broadband as well as the national leader for the transition to an "all-Internet-protocol" telecommunications system.

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32. IC 6-3.5-7

33. Metronet press release, (January 30, 2013). Available at: http://www.metronetinc.com/pdf/press-releases/metronet-lafontaine_20130130.pdf

34. Inside Indiana Business, AT&T Launching 'Business Fiber' in Indianapolis (n.d.). Available at: http://www.insideindianabusiness.com/video.asp?id=-1&tags=&v=3868648519001

35. Inside Indiana Business, Indiana – AT&T Growing Wireless Network (December 3, 2014). Available at: https://www.insideindianabusiness.com/newsitem.asp?ID=68309

36. Inside Indiana Business, Blackford County Unveils Fiber Optic Project (November 14, 2014). Available at: https://www.insideindianabusiness.com/newsitem.asp?ID=68080

37. See http://www.imanfiber.com/.

38. Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (Feb. 8, 1996).

39. Connecting America: The National Broadband Plan; available at: http://www.broadband.gov/download-plan

40. See, *e.g.*, Report and Order, Order on Reconsideration and Further Notice of Proposed Rulemaking in GN Docket No. 13-5 and WC Docket No. 05-25, FCC 15-97, released August 7, 2015.

41. Preserving the Open Internet, GN Docket No. 09-191, WC Docket No. 07-52, Report and Order, 25 FCC Rcd 17905

42. Verizon v. FCC, 740 F.3d 623 (D.C. Cir.2014).

43. Report and Order on Remand, Declaratory Ruling, and Order, Protecting and Promoting the Open Internet, 30 FCC Rcd 5601 (2015).

44. United States Telecom Association, v. FCC and USA, Case No 15-1063 (and consolidated cases), United States Court of Appeals for the District of Columbia Circuit.

45. Charter Communications To Buy Time Warner Cable In $55.33 Billion Deal, Huffington Post, May 26, 2015.

46. AT&T is prepared to abide by the new net neutrality rules under the DirecTV deal, Washington Post, June 2, 2015.

47. See, *e.g.,* Understanding the Debate Over Government-Owned Broadband Networks, Advanced Communications Law & Policy Institute, New York Law School, June 2014.

48. http://www.in.gov/lg/files/RBWG_REPORT_12.5.14-_FINAL_v.2.pdf

Failing a comprehensive state broadband strategic plan, each region would be left to the costly and time-consuming task of charting its own course independently.

Although the incumbent Democratic President Grover Cleveland received 90,000 more votes, Harrison carried the Electoral College 233 to 168 and was inaugurated on March 4, 1889.

INDIANA AT 200

ANDREA NEAL

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

Benjamin Harrison

(Oct. 5) — Although his name does not show up on lists of greatest presidents, Benjamin Harrison did more during his one term in office than some better-known presidents accomplished in two. Consider the following:

- He expanded the U.S. Navy to both coasts and strengthened its fleet, which had no working battleships when he took office.
- Fulfilling a campaign pledge, he signed into law the Sherman Antitrust Act, landmark legislation that outlawed monopolistic business practices.
- He was a conservationist before environmental protection was popular. He lobbied for and signed the 1891 Forest Reserve Act and used it 17 times to set aside 13 million acres in the western United States for national forests.
- He opened Ellis Island, advocated for African-American voting rights, commissioned the Pledge of Allegiance and convened the first modern Pan-American Conference.

The only president elected from Indiana, Harrison was a man of action who believed in energetic and transparent government.

"He wasn't a Hoosier by birth but by choice," notes Charles A. Hyde, president of the Benjamin Harrison Presidential Site. "And Indiana could not have had any president more closely aligned with its altruistic values. In typical Hoosier fashion, he diligently went about his work, quietly doing what was right for the right reasons and never seeking undue recognition."

From a young age, Harrison seemed destined for a life in politics. His great-grandfather, Benjamin Harrison V, signed the Declaration of Independence; his grandfather, William Henry Harrison, was first governor of the Indiana Territory and ninth president of the United States. His father, John Scott Harrison, represented Ohio in Congress — the only American to be both child and parent of a president.

Harrison was born and educated in Ohio; he moved to Indiana with his wife, Caroline, in 1854 to start a legal career. While building his business, he held a variety of court positions and, in 1860, was elected State Supreme Court reporter.

When the Civil War broke out, Gov. Oliver P. Morton personally called Harrison into service. Immediately commissioned a lieutenant, Harrison raised a regiment of 1,000 volunteers and rose to the rank of brigadier general by war's end. As in other aspects of his life, Harrison led by example. Harrison the officer would fix coffee in the middle of the night and take it to enlisted men shivering on the picket line.

After the war, Harrison resumed his law practice, built a three-story 16-room home on the north side of Indianapolis and got deeply involved in Republican politics. From 1881 to 1887, he served as a U.S. senator. In 1888, he secured the GOP nomination for president – emerging as a consensus candidate at the national convention because he was most delegates' second choice in a field of seven.

Four times in U.S. history, a candidate won the election but lost the popular vote. It happened in 1888. Although the incumbent Democratic President Grover Cleveland received 90,000 more votes, Harrison carried the Electoral College 233 to 168 and was inaugurated on March 4, 1889.

Four years later, Cleveland got his revenge. Historians say a combination of circumstances cost Harrison reelection. He had refused to curry favor with party bosses, so they were a bit lukewarm about his second candidacy. And his wife was fatally ill during the campaign. Harrison suspended his efforts, and she died two weeks before the election.

His personal loss weighed heavily upon him but not the electoral defeat. He said laying down the burdens of the presidency was like being released from prison. Harrison returned to his home in Indianapolis, resumed his law practice and married again. Visitors to the Benjamin Harrison Presidential Site can see much of the home's original furniture and artwork, including the rosewood and satinwood bed in which Harrison died in 1901 at the age of 67.

Indiana Amish Thriving

(Sept. 21) — In an era of declining church membership for most Christian denominations, one group of believers is experiencing healthy, unprecedented growth.

In 2014, the estimated Amish population in Indiana exceeded 50,000, according to the Young Center for Anabaptist and Pietist Studies at Elizabethtown College. That's bigger than the cities of Columbus, Jeffersonville or Kokomo, and more than double the Amish population of 15 years ago.

"They are growing. It would be fair to describe them as thriving," says Jerry Beasley, executive director of Menno-Hof, an interpretive center in Shipshewana that tells the story of the Anabaptist religion. That includes both the Amish and Mennonite denominations, which emerged from the same Reformation-era movement in Europe and ascribe to adult baptism and strict separation from the affairs of state.

The trends defy what's happening in the general population, which is less likely to connect with formal religion than in generations past. A 2015 Pew Research Center survey found that 28 percent of first-year college students reported no religious affiliation at all, up 12 percentage points since the question first was asked in 1971.

Beasley says it's a matter of mathematics. "The Amish continue to have large families, and they have been fairly effective in retaining the children in the church."

Although Indiana Amish are spread throughout the state, the largest concentration is in Elkhart and LaGrange counties, where the population has grown from 5,000 in 1964 to close to 23,000 today. It is the third largest settlement in the United States after Lancaster, Pennsylvania, and Holmes County, Ohio.

It is also the state's oldest Amish community, dating to the 1840s when families in pursuit of more farmland moved west from Pennsylvania and Ohio.

For most Hoosiers, a horse-and-buggy driving alongside cars on rural highways is the most familiar symbol of Amish life, a reflection of the religion's desire to live simply without influence of modern possessions that would create inequality among members. For the same reason, they generally forbid higher education, dress in plain clothes, and avoid using telephones or Internet.

Far from being reclusive, however, Indiana's Amish are significant contributors to the economies where they reside and to a thriving tourist business around Shipshewana in LaGrange County and Nappanee in Elkhart County.

"Farmland is very difficult to get and hard to find," Beasley observes. "The Amish have diversified their activity for earning a living." Many own businesses, work in retail shops or are employed in factories, in particular Elkhart's recreational-vehicle industry, which provides one of every four jobs in the region.

Increasing contact with the outside world might appear a threat to Amish life, but a 1992 research project found the opposite was true.

As explained by sociologist Thomas J. Meyers, "If they all had to farm with horses, there would be far fewer Amish men today . . . There simply is not enough land for all young people to begin married life on farms."

In 1988, in an effort to tell their story to the general public, members of the Amish and Mennonite churches opened Menno-Hof in Shipshewana, a museumlike center with interactive exhibits that tell the story of their faith.

Tourists who want to immerse themselves in the culture can also visit Amish Acres in Nappanee, which preserves the Stahly-Nissley-Kuhns farmstead settled by German immigrants circa 1840. The site features the Round Barn Theatre, which perennially presents the show Plain and Fancy, a musical comedy about the customs, morals and unique attire of the Amish.

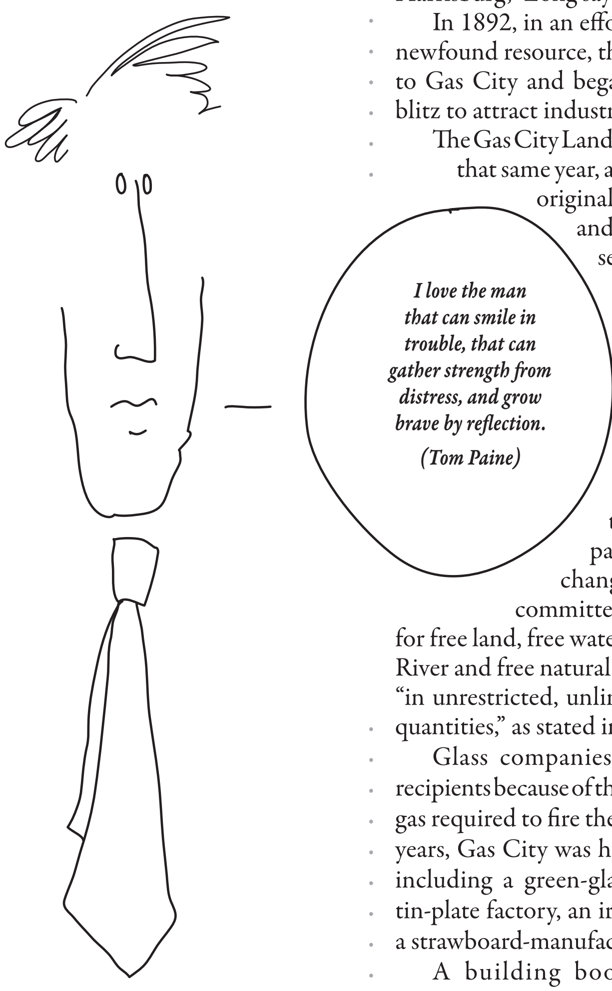
A City Built on Gas

(Sept. 7) — It was Indiana's version of the Gold Rush. In the 1880s, the discovery of a massive natural-gas field in east central Indiana launched a gas boom of historic proportion. The news spread fast — as it did with California gold — and folks poured into Indiana in search of fortune.

"There was so much gas here people thought it would last forever," says Jerry Long, president of the Gas City Historical Society, which operates a museum dedicated to the town's colorful past.

In 2014, the estimated Amish population in Indiana exceeded 50,000. That's bigger than the cities of Columbus, Jeffersonville or Kokomo, and more than double the Amish population of 15 years ago.

The Gas City company offered economic-development incentives that make today's tax-abatement packages look like chump change.



That misguided belief led to wasteful practices. Residents burned "flambeau" lights 24-7 on city streets and set wells afire just to see how high the flames would go.

By 1910 the boom was over, and places such as Gas City would never be the same.

The story of Gas City is typical of the communities that found themselves located in what was believed to be the largest natural-gas field in the world. Before the boom, "Our town was a little hamlet of 300 people called Harrisburg," Long says.

In 1892, in an effort to capitalize upon its newfound resource, the city changed its name to Gas City and began an all-out marketing blitz to attract industry.

The Gas City Land Company, incorporated that same year, acquired land around the original town plat of Harrisburg and subdivided it in order to sell plots to homeowners and businesses. At their most ambitious, town fathers forecast a population of 25,000. The company offered economic-development incentives that make today's tax-abatement packages look like chump change. Manufacturers that committed to Gas City qualified for free land, free water from the Mississinewa River and free natural gas for fuel and lighting "in unrestricted, unlimited and inexhaustible quantities," as stated in advertising circulars.

Glass companies were especially eager recipients because of the vast amounts of natural gas required to fire their furnaces. Within two years, Gas City was home to five glass plants, including a green-glass bottling business; a tin-plate factory, an iron and steel works, and a strawboard-manufacturing plant.

A building boom accompanied the industrial activity. Construction workers put up a bank, hotel and opera house. Newcomers lived in tents and shanties while awaiting housing.

In 1900, Gas City reported a population of 3,622 (25 times larger than in 1890). And then, all of a sudden, the gas was gone. By 1902, low pressure affected most of the wellheads. By 1913, Indiana was importing natural gas from West Virginia to meet demand.

In Gas City, only two factories survived the loss of the wells: Thompson Bottle Works and United States Glass, both of which closed during the industrial decline of the 1980s.

In contrast to the Gold Rush, most Hoosier boomtowns did not become ghost towns. Gas City, Marion, Portland, Kokomo and others persevered and "used the industrial foundation bestowed by natural gas to lure additional factories and commerce," James A. Glass noted in the 2000 Indiana Magazine of History.

A visitor to Gas City can't help but notice tokens of the town's glory days. Street signs in the shape of gas derricks line Main Street. The grandest homes date to the days when business owners got rich quick off liquid gold.

Gas City's population holds steady at 6,000 — twice what it was during the gas boom — and its proximity to Interstate 69 makes it an attractive site for the logistics sector. In 2007, the retail giant Wal-Mart opened a distribution center on the east side of town big enough to house 16 football fields.

A Capital Hoosier Gathering Place

(Aug. 24) — The most poignant moments in Indiana history have taken place under its dome and on its front steps.

- Suffragettes lobbied for the right to vote.
- Mourners filed past the casket of President Benjamin Harrison to pay last respects.
- Actress Carole Lombard raised the American flag and sold war bonds the day before her untimely death in a plane crash.
- Union members jammed the halls to protest repeal of a prevailing-wage law.

From its official opening in 1888 to the eve of the Indiana bicentennial in 2016, the Indiana Statehouse has been a gathering place for Hoosiers of all political stripes.

The three branches of government have offices there: executive, legislative and judicial. So do the news media. In a way, so does the public.

During the legislative session, citizens observe action from the balconies or hallways. Groups schedule Statehouse space for meetings, award ceremonies, receptions, rallies and displays. Tours set off from the information desk near the Rotunda from 9 a.m. to 3 p.m. daily.

"The Statehouse belongs to everyone, and as long as the metal detector allows you in, you have the right to absorb as much of its majesty as you can take," says Donovan Wheeler, a Greencastle High School English teacher who takes his seniors on a field trip to the Capitol every year.

The first thing visitors are reminded of is that Indianapolis was not the original Capitol. Corydon claimed that distinction until

1825, when the Legislature moved the seat of government to Indianapolis in order to be closer to the population center, which had gravitated north in the years since statehood.

The General Assembly at first met at the Marion County Courthouse while other state offices operated out of houses and storefronts.

The Legislature approved construction of a Capitol in 1832 to be built on the south end of the present site, facing Washington Street. Completed in 1835 for $60,000, this Statehouse was made of brick, wood and stucco in Greek Revival style with porticos on both ends modeled after the Greek Parthenon.

In 1867, the ceiling of the House chamber collapsed. Although it was repaired, lawmakers worried about the building's long-term safety. In 1877, the Legislature passed a law authorizing construction of a new capital with the process to be overseen by a board of Statehouse commissioners at a cost not to exceed $2 million.

The board held a contest to select the architect and chose Edwin May from Indianapolis out of more than 20 submissions.

His design drew heavily on the national Capitol building — a classical Renaissance revival style, with a central domed rotunda and the House and Senate chambers on opposite sides.

May died in 1880. His draftsman, Adolph Scherrer, succeeded him as supervising architect. Legal and contractual disputes and limestone delivery problems delayed the project from time to time; nonetheless, it was finished in 1888 slightly under budget, to the delight of legislators.

Although construction was still underway, the General Assembly convened there on Jan. 6, 1887, and discovered "a monumental, stately and fireproof edifice," with Corinthian columns, grand courts with skylights and abundant natural light, writes James A. Glass in "The Encyclopedia of Indianapolis."

During the 20th century, the Statehouse was repeatedly remodeled to accommodate an increase in government employees in a way that detracted from the building's interior aesthetics. In 1988, for its 100th birthday, it underwent an $11 million renovation aimed at restoring much of the original historic atmosphere.

Indiana's First Black Lawmaker

(Aug. 10) — James Sidney Hinton, a Union Army veteran and Republican Party orator, was a 19th-century torchbearer for civil rights who became the first African American elected to the Indiana General Assembly.

Hinton achieved this distinction during an era of sweeping social and political change – and at a time when blacks in the Hoosier state faced much of the same racial prejudice as those living in the South.

Indiana's 1816 Constitution prohibited slavery and indentured servitude, making it a "free" state, yet few white Hoosiers were willing to accept racial equality. The revised state Constitution of 1851 prohibited Black migration into Indiana; other laws kept Blacks from voting, sending their children to public schools or testifying in a trial involving white citizens.

"Indiana was often described as being one of the more southern of the northern states because of its laws that openly oppressed and discriminated against African Americans," said historian Wilma Moore. "James Hinton played an important and significant role in Indiana political history."

Hinton was born on Christmas Day in 1834 to free Black parents in Raleigh, North Carolina. His father, John Cook Hinton, was a successful businessman. His mother, Hannah (Mitchell) Hinton, was a piano teacher who was active in the Methodist Episcopal Church. The family moved to Terre Haute around 1848 when James Hinton was still a teen. He attended schools organized and taught by African Americans.

Hinton worked as a teacher and a barber, then moved to Indianapolis around 1860 and opened a "real estate and intelligence office," according to historical records.

Because Blacks were prohibited from joining the military in Indiana, Hinton volunteered for military service in Massachusetts after the Civil War erupted. He served as a recruiter for the Massachusetts 54th and 55th U.S. Colored Regiments and returned to Indiana in 1863 to assist with the organization of the Indiana 28th U.S. Colored Troop, Moore said.

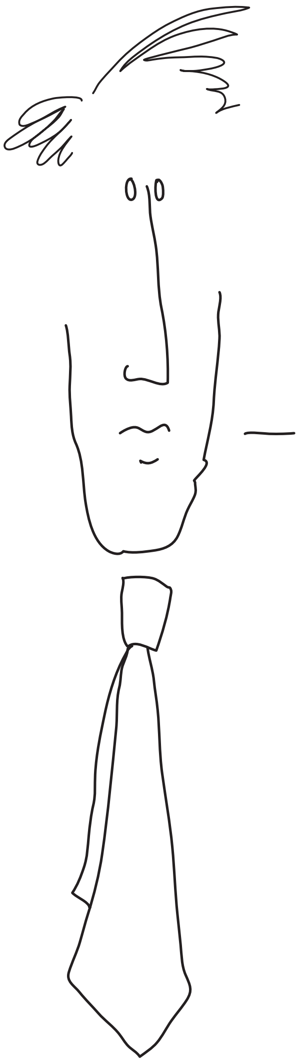
Following the war, Hinton, a staunch Republican, stumped on behalf of the "party of Lincoln" to Black voters in Alabama, Georgia, Indiana, Mississippi and Tennessee. It was during these travels that Hinton advocated for educational opportunities for Black children, and for public funds to be allocated for schools and teachers.

He served as a presidential elector-at-large and was one of two Black delegates to the National Republican Convention in 1872. In 1874, he became the first African-American to hold statewide office when he was appointed Trustee of the Wabash and Erie Canal.

His greatest political achievement was his election to the Indiana General Assembly in 1880, making him the first African-American to represent Indianapolis in the House of Representatives.

Completed in 1835 for $60,000, this Statehouse was made of brick, wood and stucco in Greek Revival style with porticos on both ends modeled after the Parthenon.

In 1873, Gov. Oliver P. Morton proclaimed that Indiana coal was "more valuable than the gold and silver mines of California, Colorado or Nevada."

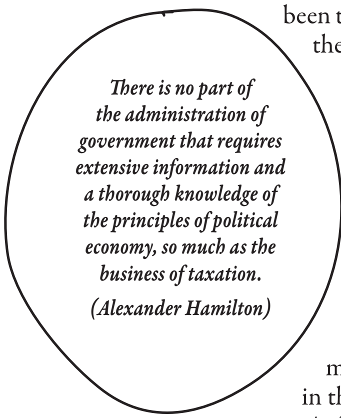


"Thirty years ago, the Indiana Legislature was engaged in concocting brutal laws to prevent the entrance of colored people into this state," proclaimed the Indianapolis Leader, a Black newspaper, after his election. "Now a member of the race then proscribed is a member of the Legislature. Time sets all things right."

Hinton served one term. He was the first of four Blacks to serve in the Legislature in 19th-century Indiana. The others were James M. Townsend of Richmond, elected in 1884; Richard Bassett of Howard County, elected in 1892; and Gabriel Jones of Indianapolis, elected in 1896.

Coal Was King in 18 Counties

(July 27) — Coal is to Indiana what oil is to Texas. Since the mid 1800s, it's been the fuel that powers the Hoosier economy. "We get 85 percent of our energy from coal," explains Indiana Coal Council President Bruce Stevens. "That's huge because Indiana is the number one manufacturing state in the nation."



A fossil fuel millions of years in the making, coal is essentially combustible rock formed by dead plant material. Some is near the surface and easily obtained through strip mining. The rest is deep beneath the earth and must be mined underground. Southwest Indiana has plenty of both.

Although coal was discovered in the 1700s along the banks of the Wabash River, there was no organized effort to mine it until 1825 in Warrick County, according to "Indiana in the Civil War Era" by Emma Lou Thornbrough.

In the 1830s, Perry County had the first of many "company towns" whose existence depended on coal. Miners employed by the American Cannel Coal Company — and their families — lived in cabins owned by the boss and did all their shopping at a company-owned store.

An early study identified 18 counties in Indiana with sizable coal reserves, extending south from Vermillion County to the Ohio River and stretching from Posey to Perry along the state border. In 1873, Gov. Oliver P. Morton proclaimed that their vast mineral wealth was "more valuable than the gold and silver mines of California, Colorado or Nevada."

He was right. By 1900, coal was the country's fuel of choice, used to power steamships and railroad engines, to generate electricity and as an essential ingredient for making iron and steel (Indiana coal is not suitable for metallurgy, so the Northwest Indiana steel industry had to buy its coal elsewhere). In 1950, the U.S. Geological Survey reported that the value of coal production in Indiana exceeded $100 million, more than that of all other natural-resource industries combined.

In the second half of the 20th century, demand for coal nationally began to fall as trains switched from coal power to diesel fuel, and homes converted to oil or gas furnaces. Starting in the 1970s, the federal government set rules on air quality, which required coal-fired plants to install cleaning equipment to reduce pollutants released into the atmosphere. This especially affected Indiana coal, which has high sulfur content and is dirtier than the coal found in western states.

Today, natural gas is displacing coal as an energy source in much of the country but not Indiana, which is the nation's second largest consumer of coal behind Texas. In 2014, 15 companies operated underground and strip mines in 10 counties employing 2,370 Hoosier miners and producing 39 million tons. As for the future of the industry, Stevens says it will depend on environmental rules imposed by the government and technological innovations.

The Museum of the Coal Industry in Lynnville in Warrick County maintains an extensive collection of mining equipment, safety helmets, union memorabilia and other items documenting the history of coal in Indiana. Visitors can climb aboard a switcher locomotive that picked up coal cars at the Peabody Lynnville Mine, sit at the control panel of a 3270 dragline built for AMAX Coal or walk through a replica company store. A memorial wall remembers those who have died while on the job, a recognition that coal mining — despite modern safety enhancements — remains one of the most dangerous occupations in the country.

Indiana's Covered Bridges

(July 13) — Like an heirloom jewel passed down through generations, covered bridges are Hoosiers' most threatened inheritance.

From 1835 through the 1920s, more than 600 covered bridges were built in Indiana. "Only 89 are still standing today," according to the Indiana Covered Bridge Society, which works to preserve and restore them.

Of those, some still carry traffic, others have been bypassed or relocated and five are on private property.

Indiana lost most of its covered bridges before communities realized they were worth saving. They were blown down, burned down, torn down or replaced by newer structures made with steel and concrete.

Starting in the 1970s, preservationists worked to get surviving bridges on the National Register of Historic Places, giving them a degree of protection from intentional demolition. Like anything fragile, they are still vulnerable — to fire, floods, vandalism and bad driving.

The first covered bridge in the United States was built over the Schuylkill River at Philadelphia by the famed New England bridge-builder Timothy Palmer. It was dubbed the Schuylkill Permanent Bridge because, up to that time, folks wanting to cross the river had to take a ferry or use a floating pontoon bridge.

Its completion in 1805 ignited a covered-bridge building craze. "Immediately wooden bridges all over America added coverings, and new bridges planned were thenceforth designed as covered bridges," said historian Eric Sloane in the American Geographical Society's July 1959 journal.

The building of the National Road through the middle of the state launched Indiana's covered-bridge era, with the first one erected in Henry County in 1835, according to the Indiana Historical Bureau.

Two of the top builders were J.J. Daniels and Joseph A. Britton who lived near Rockville, explaining the concentration of covered bridges in Parke County, which calls itself "Covered Bridge Capital of the World." Starting the second Friday in October, Parke County hosts an annual 10-day festival with special tours of its 31 bridges – the most of any Indiana county.

Why were bridges covered? "To keep them dry," explains Karin Woodson, curator at the Parke County Historical Society Museum. Wood rots rapidly when exposed to rain and snow. Covering bridges kept moisture out of the joints, prevented sagging boards and protected the floors from becoming slippery.

A friendly competition between Indiana's Medora Covered Bridge and the Cornish Windsor Covered Bridge in New England has yet to determine which is the nation's longest.

Medora, which crosses White River's east fork in Jackson County, claims to be longer with a clear span of 430.4 feet. That is the length of the bridge between abutments. The bridge was built in 1875 and closed to vehicles in 1972. The Cornish Windsor, which crosses the Connecticut River between New Hampshire and Vermont, claims to be longer at 449.5 feet based on the length of its lattice truss, which extends past the abutments. It is two lanes and still open to car traffic.

Bridgeton in Parke County claims to have the state's "most famous covered bridge" because it crosses a waterfall. The 267-foot bridge, once the most photographed bridge in the state, was destroyed by arson in 2005. Citizens came together and built a replica the following year that is almost identical to the original built in 1868 by J.J. Daniels.

The building of the National Road through the middle of the state launched Indiana's covered-bridge era, with the first one erected in Henry County in 1835.

A Legislative 'Dead Parrot'

Washington crushed the states long ago. Today, most laws passed in Albany, Austin, or Augusta are implemented only if the White House or some federal bureaucrats don't object too strongly. The Feds can tie them up in litigation for years or simply yank the funding that now underwrites so many state and local programs. Even areas like K-12 schooling, which were local matters until recently, have become nationalized. I heard the death knell sound during the 1970s oil crisis, when Washington mandated that no car could travel faster than 55 miles per hour and every state must pass laws allowing cars to turn "right on red" (to save gas). . . . If states cannot decide on their own traffic laws, then that part of the Founders' Constitution is like Monty Python's Dead Parrot. It is deceased, expired, gone to meet its maker. It 'wouldn't "voom" if you put 4 million volts through it!' The Corker Bill on Iran raises the same Dead Parrot Question: Is the legislative branch bleedin' demised? If an Iran deal is finally reached, it will be the most important nuclear agreement in several decades. It will be the most important international agreement the U.S. has reached since the end of the Cold War. Whether you call it a treaty or not, Congress is absolutely right to insist on reviewing the final deal and having final authority to lift sanctions. Otherwise, Congress has voluntarily forfeited its role as a counterweight to executive power, the very essence of America's constitutional framework. — *From an online post by Charles Lipson, a University of Chicago political scientist, for RealClearPolitics, April 15*

BACKGROUNDERS

Expert commentary on Indiana issues of moment

"In Pence World, capital expenditures that may actually result in fewer jobs are enough to trigger taxpayer subsidies in the name of economic development."

— HUSTON

"A week after the Subaru incentives were announced in an Indiana Economic Development Council news release, the agency admits it has not sent the $7.9 million incentive package to the board for a vote, and that probably won't happen for several more months." — Bob Segal of WTHR

Welcome to Indiana Eco-Devo

By TOM HUSTON

(Oct. 7) — Back before Hoosier Republicans succumbed to shameless crony capitalism, they applied a "but for" test when considering whether to provide taxpayer incentives to private business, the question being whether the proposed development would occur but for the public investment.

This was always something of a fraud since only the guy with his hand out knew whether he was willing to proceed with the project notwithstanding the unavailability of subsidies, but at least it resulted in the application of some standard to the process other than political expediency. As long as the "but for" standard prevailed, politicians at least had to pretend that distorting markets was necessary to growing the local economy.

Another old-fashioned criterion long applied to determining the extent of the public subsidy was the number of new jobs to be created. Another old fashioned criterion long applied to determining the extent of the public subsidy was the number of new jobs to be created.

Barack Obama introduced a new wrinkle to this standard when he justified his nine hundred billion dollar economic stimulus program on the basis of the number of jobs "saved." Gov. Mike Pence's team, not to be outdone by a community organizer, took the next leap: no jobs have to be created or saved in order to justify public investment. In Pence World, capital expenditures that may actually result in fewer jobs are enough to trigger taxpayer subsidies in the name of economic development.

Over the years, a cottage industry of economic-development consultants has made it easier for business to solicit handouts from governments as a price of new investment in their communities. A modern CEO would lose his job if he failed to seek public assistance for a capital project or the expansion of the firm's payroll. Businessmen understand that there is nothing government officials love more than taking credit for "economic development," and none of those politicians has any incentive not to give away the store in the process.

In Indiana today, the publicity machine is cranked up even before the statutory formalities for handing out pubic money have been complied with. The announcement of incentives routinely precedes the approval of incentives, the priority being to afford politicians the opportunity to pose as job creators by exchanging high fives with corporate officials (often flown in for the occasion) at elaborately staged announcement ceremonies.

As these things go, the $35 million in tax dollars to be paid to Rolls Royce to modernize its aging Indiana plant and equipment is at the lower end of the egregiousness scale. My negotiating assumption would have been that Rolls Royce wasn't going to close its main plant, negotiate with its union the termination of 1,100 jobs, relocate 1,400 engineers and end up spending more money elsewhere in order to maintain its competitiveness because of the frugality of the Indiana state government.

By today's standards, however, it would have no doubt appeared unwelcoming not to have offered millions to the British company as an expression of the high regard in which it is held by Hoosiers. And these days the last thing Indiana and its beleaguered governor can afford is to appear to be unwelcoming.

Tom Charles Huston, A.B., J.D., is an adjunct scholar of the foundation.

The Secrets Of Pair-Bonding

by BRUCE IPPEL

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

(July 30) — Our republic is alive and well. You can tell that most recently by how many fireworks the LGBT (Lesbian-Gay-Bisexual-Transgendered) subject is causing without crashing our democracy. But might it be crashing something else?

As a doc of many years, I see the consequences of how one does what's called pair-bonding. With a few exceptions, humanity pair-bonds more intensely than any other species. I remember several decades ago hippies made the case for communes to replace family as an advance for humanity. Children and parents were all to share and share alike.

That advance didn't even get to first base because we're not wired like that. Married or not, we pair-bond as our first choice. I'm not naïve. Cheating occurs a lot more than anyone admits, but everyone admits it's cheating. Cheating means not playing by the rules of one-on-one — cultural rules, emotional rules, pair-bond rules.

It's not the chat-bonding you might do with a fishing buddy or hair stylist. Rather, it is the intense, emotional, durable, sexual bond with only one other. Of course, pair bonds come in different colors. The gay pride movement has a rainbow flag implying that these different sexually oriented "colors" are all equal. Our Supreme Court recently said it's not OK for us to discriminate against the different varieties of sexual orientation through marriage.

All this high-pressure goofiness about who is allowed to be "legally" married would go away if the government would just butt out. Let people use the marriage word how and where they want. I know people who say they are "married" to their morning coffee. For conservative Christians like myself, it becomes a deep commitment before God Who makes us "one flesh" not to separate until death. This promise is strictly between my God, my wife and myself, period. No Supreme Court is needed — or wanted.

Experience and research say the kind of pair bond you have or don't have has significant impact on your quality and quantity of life — arguably more important than just about anything else.

So what kind of bond is it you want?

We should start with durability. I suppose the ideal is "one and done" but "second time around" or even "third time's the charm" work as long as you live out your days in a solid bond.

Being each other's helpmate confers economic, health and domestic benefits that none other will do for you both. And the older you are, the more you'll need each other. You also need that bond to have peace — much like the peace among nations. Certainly war, physical and emotional abuse should be, well, never. There should be an ongoing give-and-take so that finances, purchases, who does what, are arranged so both feel it's reasonably fair.

The last important piece or result from that bond you really want is family, specifically children. Your own child or children. Why children? They're a big pain in the keister for a while, but then they become valuable, even precious — family-bonded to you. And you need them for all manner of good and scary reasons as you accumulate birthdays.

Love? Romantic and sexual love are icing on the cake. I certainly know it's wonderful to have that icing. But it's high-risk and high-stress icing outside of the kind of bond described above. No, I'm not preaching; I'm reading the data. My ideal car might be candy-apple red with an interior-to-die-for, but do I want to drive a "sexy" car without good brakes, tires, motor, even windshield wipers? As I said, high risk, high stress.

Forging the best pair bond you can means a long-term investment in the best person who'll have you. Someone who'll invest in you because you do what it takes to be worth it. How long and how well you both shall live depends on it.

Maybe long and well enough to deserve a big helping of icing on your cake.

"I remember several decades ago hippies made the case for communes to replace family as an advance for humanity. Children and parents were all to share and share alike. That advance didn't even get to first base because we're not wired like that."

— IPPEL

The Duty of Disobedience

by STEPHEN M. KING

(July 30) — I am re-reading Francis Schaeffer's "The Christian Manifesto," and I am struck by the accuracy of his prophetic warning regarding civil and social chaos and unrest in the United States.

Schaeffer clearly demonstrates how U.S. culture, education and civil government, for example, would deviate from the principles of faith and freedom set forth by the Founders. Modern society, instead of embracing a foundation of justice and morality, has established and propagated the false doctrine and theology of humanism.

No longer are laws and rules formed with the intention of promoting the greater good for the public as a whole; no longer do institutions of religion, culture, government or

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>
> — KING

education engage the world for the good. Now these institutions clearly and unabashedly dismiss the needs of the whole, primarily for satiating the wants of the few, whether individuals or groups.

Two recent Supreme Court cases regarding adopting same-sex marriage and protecting Obamacare's special interests are prime examples. In *Obergefell v. Hodges,* the court, led by Anthony Kennedy's poorly reasoned and poorly written opinion, did not base its decision on constitutional grounds but on emotion; and in *King v. Burwell,* Chief Justice Roberts ignored clearly written statutory language in order to continue the debacle known as Obamacare.

In both cases, the will of the people *(e.g.,* 32 states passed popular referendums banning same-sex marriage) and the authority of the legislative body *(i.e.,* the Affordable Care Act clearly stated that states must establish the exchanges in order for coverage to be legitimate) was ignored and overridden. Religious freedom and legislative authority was jettisoned in favor of exalting ultra-liberal political and ideological positions.

In "Federalist 45," James Madison wrote that the powers delegated to the federal government "are few and defined" and the remaining powers delegated to the states "are numerous and indefinite." This should include the decision whether or not to accept same-sex marriage or set up health exchanges in their jurisdiction. Yet, according to a majority of blacked-robed justices, without any realistic means of checks and balances applied to them, same-sex marriage is now a national civil right, and states must abide by federal rules and regulations governing the establishment of federal exchanges in their states.

What can be done?

We must return to the work of Francis Schaeffer. Citing Samuel Rutherford's "Lex Rex" (1644), or "The Law and the Prince," Schaeffer argues that civil disobedience is the logical next step. Civil disobedience comes in three progressive stages: protest, flee and force: First, citizens should use all available legal, political and cultural means to change laws and overturn arbitrary bureaucratic rules and regulations. For example, the Founders knew that at some point the federal government would exceed its constitutional jurisdictional authority, and as a result they included in Article V the opportunity of the states to call a state-led constitutional convention. Second, in the case of individual citizens, flight to another country or nation is possible. But in the case of a state or other organized body, flight is impossible; thus, resistance, either physical or otherwise, is the next and last step of resistance against an unlawful political body.

Given the weakened position of the Christian faith in American today, one cannot expect spiritual resistance unless and until national, even worldwide, reformation and transformation occurs.

Political challenges are effectively worthless. Politicians, whether at the state or national levels, are creatures of habit, and as such are de facto cut from the same cloth: they are in office to hold and demonstrate power to meet their personal and organizational ends, *i.e.,* political party and interest groups. Expecting them to pass laws to counter abuses of power by the executive or judicial branches is unrealistic.

So, where will the resistance come from?

It must originate with the people. Grassroots or community resistance is the key to challenging and usurping the unlawful activity of the federal and, in many instances, state governments. Boycotts, sit-ins, demonstrations, economic and financial disruptions, political and legal challenges, and ultimately blatant disregard for unjust laws are necessary to regain balance of power and restore self-government.

Unless and until resistance is engaged, the train wreck that is authoritarianism is speeding down the track and will ultimately dismantle our natural and legal freedoms, leaving citizens no longer citizens, but slaves to the powers that be.

Stephen M. King, Ph.D., an adjunct scholar of the the foundation, teaches political science in central Indiana.

> "I intend to directly attack the monopolistic cartel we call the two-party system — a system based upon special deals for special people, and those special people have built amazing defenses against us regular folks."
>
> — HORNING

Wanted: A Lawyer To Save the Law

by **ANDY HORNING**

(July 25) — George Washington warned us about political parties. Andrew Jackson waged war on the "den of vipers" central bankers. Woodrow Wilson described the "worst ruled, one of the most completely controlled and dominated governments in the civilized world." Dwight Eisenhower revealed a "military-industrial complex."

Even today's politicians scold us about political corruption. Yet here we are with a government that's embarrassingly, destructively,

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violently corrupt. It's danged peculiar we all talk like we know it and then vote as if we don't. So I propose we make some changes. I intend to directly attack the monopolistic cartel we call the two-party system — a system based upon special deals for special people, and those special people have built amazing defenses against us regular folks.

To make those changes I will need help. For despite the Indiana Constitution's clear mandate in Article I, Section 12, that "Justice shall be administered freely, and without purchase," or the First Amendment's unequivocal right to petition the government for a redress of grievances, our taxes do not pay for justice.

Sure, they pay for courts, lawyers and judges and such, not to mention professional sports, abortions in China, investments by Puerto Ricans and studying the gambling habits of monkeys. But your day in court? You pay through the nose for that.

For example, you're not allowed to represent yourself in certain kinds of cases, one being a class-action suit that I'd like to press. And lawyers who would take such a case cost more money than any 100 of us 99 percenters could ever afford. That's firewall #1 of "the system."

Therefore, I can only bring suit on behalf of myself. And because there are special Latinate incantations for everything, including representing yourself, I would be precariously pro se.

That still costs a lot of money, of course, and if I don't fill out my forms correctly, or if I misspell Suvoir Dire, my case could be, ab irato, dismissed with prejudice, res judicata, with collateral estoppel, and absolutum dominium ad infinitum. I'd never even see the courtroom. That's firewall #2.

And to whom would I be making this appeal? People who make their living off of all the division and discord created by corruption; people who are elite members of the private clubs we call the Democratic and Republican parties; people who have no desire to see me win my case and every reason to make me lose it. That's firewall #3.

Finally, even the best, most fair-minded judges would understand that I'm seeking a huge structural, systematic change to our society and would be fearful of repercussions from making a correct, constitutional, fair judgment. What I'm asking, you see, would fundamentally change the way the United States works. That is firewall #4 (with an alligator-infested moat).

If I would make it to court, after breaching the various obstacles of legal discovery and more paperwork, it could end up costing me even more should the judge invoke lex talionis and make me pay all legal fees plus any pain and suffering I might cause the rich and mighty.

Let Locals Set Their Own Food Tax

by CECIL BOHANON

(Oct. 11) — The Indiana State Legislature is contemplating letting local counties and municipalities impose a local tax on restaurant meals. Current rules require a locality that wants to impose such a tax to petition the Legislature for permission to do so. I have never understood why a state legislature should be in charge of what local government units can tax.

Well to be honest, I do understand. Local governments, in Indiana as elsewhere, are constitutional creatures of the state government. Their taxing authority is, therefore, limited by the state. Nevertheless, as an advocate of the doctrine that political affairs ought to be handled by the least centralized competent authority, a doctrine called subsidiarity, I see no reasons why local governments ought to be prohibited from taxing whatever they want at whatever rate they desire.

A state legislature should mandate the procedure local government is to follow. I like the idea that any local tax must be passed by a local referendum. The principle of local people determining local issues of public finance is a sound principle of political economy. Local control breeds local responsibility and develops habits of self-government. Good habits of citizen-run government are in my humble opinion the essence of the American system of government. We don't have dukes or barons; we rule ourselves.

That said, why would local jurisdictions want to tax restaurant meals? One answer: they want the money. This is a common cry from local governments since property tax caps went into place. A second answer is that they perceive much of the tax will be paid by non-residents patronizing restaurants in the jurisdiction. The most popular local tax around is one paid by non-locals. Don't tax me, don't tax thee, tax that guy from Ohio at the McDonalds.

However, such mercenary and predatory motives may be self-limiting. Economic analysis suggests that taxes tend to fall more heavily on the side of the market that is least able to avoid the tax. A simple example illustrates the point.

"While it may be true that visitors to the shores of Lake Gichigoomi have little alternative but to eat at restaurants by the lake, they have many alternatives to a visit to Gichigoomi."

— BOHANON

Cecil Bohanon, Ph.D., is a professor of economics at Ball State University.

"The point made is that immigration is not a race issue; it is a jobs issue. The economic impact of immigration is to expand the domestic labor pool. This inevitably places downward pressure on wages. How can it not?"

— BOHANON

Suppose a lakes district with a number of similar and competing resort towns. Tourists enjoy rest and relaxation in charming cabins on the various lakes' shores. Typical cabins rent for $100 a day in the region. Now the locals in Gichigoomi decide to impose a $20 per night tax on rental cabins. At first blush you'd think the tourists would just suck up the $20 fee. However, since there are many untaxed alternatives to Gichigoomi lake cabins, owners of Gichigoomi cabins will feel pressure to absorb most if not all the tax. The cabin bills may record — $80 rent, $20 tax —but it is the owner of the cabin who actually bears the tax.

If on the other hand the proceeds of the $20 tax are channeled to financing something that makes the environment of Gichigoomi more attractive to the tourists, landlords may be able to pass on the tax to tourists. In any case the prospects for simply fleecing unwitting tourists to the benefit of the locals are quite limited.

So I say make sure that local taxes are decided by local referenda and then let communities compete with one another to find the best mix of taxes and spending that suits their purposes and ends. It's called self-government.

Trump and the Numbers

(Sept. 21) — Yes, he is crass. He is a protectionist, a mercantilist and anti-immigration. The GOP political class/intelligentsia uniformly condemns him. The Dem political class/intelligentsia love to hate him because they figure they can "tar" their ultimate opponent with his opprobrium. When he was at 15 percent — an amusing anomaly; at 20 percent a phenomenon; at 30 percent it's not a joke anymore: What's with Donald Trump?

Sandwiched between the Todd Young ads and the three-hour GOP debate was an explanation of Trump. An anti-immigration group ran an ad that featured males and females, young and old, whites, blacks and Hispanics with the tag line "It's all about the numbers."

The point made is that immigration is not a race issue; it is a jobs issue. The economic impact of immigration is to expand the domestic labor pool. This inevitably places downward pressure on wages. How can it not? This is Econ 101. A lot of native workers understand this, yet the political class doesn't. Legal or illegal immigration is not the question. The illegal immigrant from Guatemala competes with the Black youth for the kitchen job. No wonder Trump's poll numbers don't look bad among blacks. The Indian worker on an HI-B visa competes with a second-generation Mexican-American college graduate in computer sciences.

Add to this the response of the progressive chattering class: "If you are not thrilled about this competition in the labor market, then you must be a racist." Trump's appeal is that he says politically incorrect things. There is a large swatch of the American public, primarily but not exclusively native whites, who don't want immigrants taking their job, and don't appreciate the invectives of the enlightened class and politicians and pundits intimidated by them — and I suspect they see Mr. Trump as the only one who gets it.

The concern about native wages falling as a result of immigration is nothing new. It is as old as the Republic. In the 1880s, the U.S. actually excluded all Asians from entering the United States. Was this racist?

Oh, yes, certainly. There was also ethnic and religious animus against the Irish and German immigrants in the antebellum period and the Southern and Eastern Europeans who flooded into the U.S. in the four decades after the Chinese Exclusion Act. Nor is a racial, religious or ethnic animus against newcomers uniquely or particularly American. In fact, what is amazing, to paraphrase Harvard scholar Claudia Goldin, was that no substantive immigration restrictions were set up in the United States until 1920 (the Chinese Exclusion Act excepted).

Two opponents of the Chinese Exclusion Act were Massachusetts Republicans. The libertarian idealism they express would not play well with Bernie Sanders or the AFL-CIO or for that matter most Republicans. But I find it much more appealing than the current "you are a racist" cant of the left in justifying a more open immigration policy. It's all about economic freedom.

From Congressional Record Senate p. 3265, April 25, 1882, Sen. Hoar of Massachusetts: ". . . I will not deny to the Chinaman any more than I will to the Negro or the Irishman or the Caucasian the right to bring his labor, bring his own property to our shores, and the right to fix such a price upon it as according to his own judgement and his own interest may seem to him best."

From Congressional Record Senate p. 3312, April 26, 1882, Sen. Dawes of Massachusetts: "I do not know any particular difference between Asiatic labor and European labor; it is labor, and it never occurred to me that the difference between men was the difference in the places where they were born. I always supposed it was a difference in the character of men."

Daffodils and Civil Society

(Aug. 31) — Did you know there is an Indiana Daffodil Society?

I don't know much about daffodils except they come up after the crocuses and before the tulips and irises. Nor do I desire to acquire detailed knowledge about a flower that shows its face for 20 days a year. However, I think it is great that there are people in Indiana who do.

A quick view of the organization's website indicates it began in 1956, is associated with a larger national organization and that around 50 of its members and friends posed for a picture at a recent Midwest regional meeting. The photo featured two babies in strollers; this indicates the group has a future.

From the best I can tell, the organization is entirely self-supporting, gets no taxpayer subsidies and, aside from satisfying its members' quests for better daffodils, it actually makes all of our lives better by making spring more magnificent — at no charge to the public.

I discovered there was such an organization when I attended the Indiana State Fair with our exchange student from China. He and I both noted that Hoosiers have abundant interests — both commercial and hobby. Farmers show their hogs, sheep, goats, cattle and horses. There are trucks, cars, tractors and harvest combines on display. Hormel Meat Co. shows us new uses for Spam. And there are competitions in everything from playing the piano, to painting china, to baking cookies, to decorating scrapbooks, to canning pickles, to growing peppers.

It is all a glorious display of the great American panache for forming voluntary associations that are self-organized and self-governed. All the hobby groups at the fair undoubtedly have constitutions and bylaws. They are all voluntary associations. They enrich their members' lives and their communities. And they are not generally supported by the public purse. The French scholar Alexander de Tocqueville noticed this when he visited the United States in the 1830s. This is civil society — neither a creature of the market nor the state — and it is what makes America great.

But wait, you say, isn't the State Fair a creature of the State of Indiana? Wouldn't a doctrinaire libertarian like you, Bohanon, insist it be spun off and privatized? I suppose in this case my conservative instincts trump my libertarian proclivities: The state has been supporting the fair since 1852, and if it ain't broke don't fix it. In any case, the state appropriation is just under three million dollars for the fair — a drop in the bucket in a $15-billion budget. For every $100 the state of Indiana collects, less than two cents goes to the fair.

Whatever the cost, the operation of the fair gives an instructive lesson in civics: citizens engage in activities with the government merely facilitating a place where self-organized groups can display and share with other citizens what they are doing. This is different from the state organizing, directing, financing and bureaucratizing all civic activity.

I checked online and found there is an Indiana Daylily and Iris Society but alas no tulip or crocus societies. The interventionist progressives — you folks know who you are — see an opening for a new state program, an additional appropriation, a new mandate to improve society from a top-down plan. After all, we all agree that flowers generate external benefits. But we traditional conservatives and libertarians (sigh) just hate you well-meaning progressives' instinct to plan, manage and cajole us for our own interests.

It is better, as the Chinese say, to "let a thousand flowers bloom" — but from the bottom up.

Making the Hard Call On Indiana's Reserves

(July 20) — It is almost becoming a summer ritual. The state of Indiana closes its books on June 30th. It reports a healthy reserve fund. Spending constituencies pop out of the woodwork clamoring for more funds, insisting the reserves are excessive and that their cause du jour is the most pressing problem the state will ever face.

A couple of facts about the state's reserve funds. The close-out statement for this year shows that state reserves are $2.141 billion. This is the second-highest dollar amount on record. As a percentage of operating revenue, however, they are at 14.1 percent, which is the 11th highest on record since 1980.

Many of us are old enough to recall the late 90s. Indiana state reserves as a percentage of operating revenue were consistently above 20 percent. Tax cuts and spending increases became the order of the day, and, by 2004, the reserves were all gone. We don't want to go there again.

In the old days, Savings and Loans encouraged their customers to have six-month spending as a prudent reserve. If the state government were to follow that advice, Indiana's reserves would be three-and-a-half-times larger. Reserves of 50 percent probably are excessive for a state government; however, Indiana's current level does not seem that out of line.

One of the causes du jour is the ACLU lawsuit against the Department of Child Services alleging that a social worker has a caseload of 40 children, whereas state law

"The State Fair is all a glorious display of the great American panache for forming voluntary associations that are self-organized and self-governed."

— BOHANON

"As appealing as the redistributive notion of justice sounds to some — who wants to see poor people suffer — the long-run consequences are disastrous."

— BOHANON

makes the maximum 17 children. But wait, didn't the Supreme Court just tell us in *King vs. Burwell* that pesky little things like what the law actually says doesn't matter as much as what administers want to do? But I digress.

I am sure that reducing the current caseload of child-services workers is a noble and worthy cause. In fact, the Legislature appropriated additional funds to that end last session. It will be interesting to see how the lawsuit shakes out, but it seems to me that is not the issue.

A recent PBS report indicated that a Greek hospital had its budget cut from $375 million last year to $50 million this year. It was duly noted that this is placing tremendous stress on the hospital's ability to meet basic services. Now consider the following conceptual exercise. Suppose the Greek hospital had "put back" $50 million of its 2014 appropriation for a rainy day. The hospital's level of service provision would have been less in 2014. That would have been bad. However, if they had squirreled away the $50 million in 2014, $50 million in additional services could be provided in 2015. That would be good. You make the call: would the $50 million be better spent in 2014 or 2015?

Sure it's good to reduce child-service caseloads and fill in additional potholes in the second half of 2015. But is it better to give up benefits today to ensure that if there is a major downturn in 2017, child-service caseloads won't go to 80 per worker, or that the worst monster potholes don't get filled?

Again, you make the call. For my money, I say let's hang on to the reserves. Things can always get worse.

The Greek Crisis and Two Views of Justice

(July 6) — Unless you have been living under a rock, you know about the Greek crisis. The government there ran up a lot of debt by issuing government bonds. For the last five years, the Greeks have obtained debt relief from their European partners in exchange for spending cuts and tax increases.

Yet, even with these mutual concessions, Greece did not have the cash to pay off a loan from the International Monetary Fund (IMF) that came due June 30. Neither side would budge on the terms, and now Greek voters have indicated they support their government's hard-line stance of no more Greek budget cuts or tax increases.

The way forward is uncertain at the time of this writing. My initial thoughts begin with a reminder that Greece is the home of ancient philosophy, a central question of which is the meaning and nature of justice. Two alternative views of justice permeate thinking about the Greek financial crisis.

The first is what we might call contractual justice. Adam Smith in "Theory of Moral Sentiments" illustrated it well: "If I owe a man 10 pounds, justice requires that I should precisely pay him 10 pounds."

Smith's view is echoed in Jane Austen's "Persuasions." In that novel, the feckless baronet Sir Walter Eliot has borrowed beyond his means. When the debts become overwhelming, a family friend, Lady Russell, compiles a plan so that "in seven years he will be clear." Lady Russell notes that "after all, the person who has contracted debts must pay them."

In this view, justice requires one to fulfill one's obligations as outlined in the original agreement. Paying one's debts is, in Lady Russell's world, central to "the character of an honest man." To avoid paying a debt is morally shameful.

This is in marked contrast to another view that we might call redistributive justice. For example, the United Kingdom's Global Justice Now, a political-action group active in this discussion, describes itself as "a democratic social justice organisation working as part of a global movement to challenge the powerful and create a more just and equal world." It is currently "taking action against Greek debt and an end to the enforcing of austerity policies that are causing injustice and poverty."

We suspect it is this concept of justice that the Greek prime minister, Alexis Tsipras, had in mind when, on the day before the default on the IMF loan, he tweeted: "We have justice on our side."

In this view, justice requires that in any economic arrangement, the interests of the poorest folks impacted by the transaction take first priority. This view sees justice as concerned with income and wealth distribution. To force a poor man to pay his debt is morally shameful. And because Greece is poor, it is shameful for rich Germans to insist they get paid.

As appealing as the redistributive notion of justice sounds to some — who wants to see poor people suffer — the long-run consequences are disastrous. If the European Union (EU) accommodates Greece's financial demands, what is to prevent any EU member from following Greece's example: overspending and then expecting, indeed demanding, that the rest of the EU cover its losses?

No economic arrangement can survive if it degenerates into a system in which everyone tries to live off everyone else. Such a system simply ensures eventual poverty and suffering for all. It is in the long-run interests of the EU, then, to pursue justice as viewed by Adam Smith and Jane Austen and not Alexis Tsipras.

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NOT YOUR FATHER'S INDY STAR

A grumpy review of the post-modern media

McCarthy

(Oct. 7) — The Indianapolis print media occasionally gives us a glimpse into the positions of the two mayoral candidates by relating "interviews" with, or statements by, the two men. Frankly, I've been disappointed by what I've read so far.

The media is humbly asked to bring more subjects into the public conversation. Specifically, I would like to see the following questions asked — with straightforward answers demanded.

1. With a high priority indicated, you both promised a significant increase in police officers. We don't recall any statement as to how you expect to finance this action.

Q — Considering the history of the promise of more police officers, I hope you'll forgive my cynicism in asking how you will pay for it?

2. The Food and Beverage Tax was enacted to pay for the construction of the RCA Dome (once the Hoosier Dome). After more than two decades of collecting that tax, through the terms of mayors of both parties, and as the building was being destroyed, we were informed that we still owed the full amount of that debt.

Q — Will you find out what happened to 20-plus years of tax revenue that was supposed to have paid this debt? Will you investigate the possibility of malfeasance?

3. History has shown a predilection in Indianapolis for mandatory taxpayer financial support of private, for-profit corporations in the entertainment business.

Q — Will you support the proposal of a taxpayer-funded soccer stadium, downtown or otherwise? Will you continue the annual gift of $16 million for the basketball team? Would you consider proposing an "adjustment" of the contract with the football team to the advantage of the taxpayer?

4. Hundreds of millions of dollars have been committed for downtown real-estate development projects, most of which have somehow demanded the assistance of public monies.

Q — Do you favor continued use of tax abatements, loans, grants and the expansion of the tax increment financing (TIF) approach to these programs? In other words, will you seriously probe the current investment (expenditure, waste) of public revenues before suggesting (proposing, demanding) new or increased taxation?

(Sept. 30) — Nearly two months ago, I posted an essay under the title "An Explanation, Please?" It concerned a morning paper story headlined, "Brewer, Hogsett Need to Share Plans" that described a meeting of the two mayoral candidates with the paper's editorial board. The author was disappointed in a lack of specifics in campaigns.

This week, I saw an editorial headed "Indy Voters Deserve Better." The point seems to be a lack of debates, which presumably would enlighten voters. A specific paragraph caught my attention:

> The scheduled debate time is simply not enough to adequately explore the many complex challenges and opportunities facing this city, and for voters to get a firm handle on which candidate is best qualified to lead Indy for the next four years.

It occurs to me, perhaps wrongly, that a reason for the existence of a daily newspaper is to dig out, verify and print the very type of material the editorial laments is missing from the public discussion.

But I must plead ignorance. Exactly which individual at a daily paper decides what is truly important to its readers and to the welfare of its city? I don't know. But I am disappointed in the decisions reflected in the one in front of me.

Section A (12 pages) presumably carries general news of interest and importance. Of those pages, one is devoted to a football game, including most of the front page for art and text. A little more than five pages are advertising.

Section B (six pages) carries the Gannett version of national news, with two pages devoted to sports and entertainment.

Section C (12 pages) is more sports news, about one-quarter of one page being used for an ad.

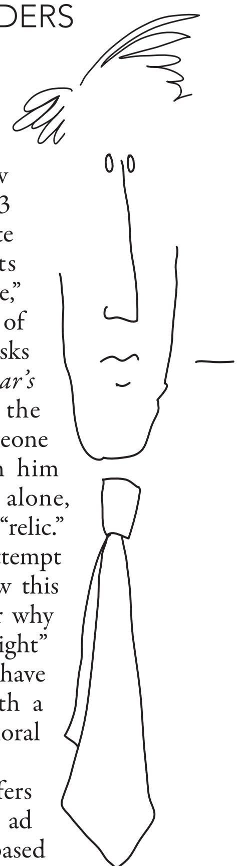
With about two-thirds of the total content of the morning's paper devoted to sports, the editorial plea that something really germane to the improvement of city government needs to come out of a debate strikes us as odd. Rather, it would seem the editor could assign his staff to ask the serious questions about the specific issues he finds missing from the public discussion, because press releases are too unreliable.

"It occurs to me, perhaps wrongly, that a reason for the existence of a daily newspaper is to dig out, verify and print the very type of material the editorial laments is missing from the public discussion."

— McCARTHY

> "The central idea is that problems arise not from personal corruption but from external influences, and the role of journalists is to put a spotlight on those influences. The hope is that if man's environment is changed, man himself changes, and poverty, war, and so on, are no more."
>
> — MARVIN OLASKY

Ladwig



(Sept. 25) — Dear Editor: Matthew Tully's Sept. 23 column, "The Debate over LGBT Rights Should Be so Simple," was a personal attack of the worst sort. Tully asks *the Indianapolis Star's* readers to dismiss the arguments of a someone who disagrees with him because of his age alone, disparaging him as a "relic."

There was no attempt to detail exactly how this "relic" was wrong or why the columnist was "right" or how age would have anything to do with a position based on moral conviction.

How is this differs from any other such ad hominem attack — based on skin color, sexual preference, income level, or, in the case of many of us, former readership of *the Indianapolis Star?*

(Aug. 28) — Dear Editor: There are those of us still around who grew up in newsrooms where the model city editor was Jack Webb playing Sam Gatlin in the 1956 film "-30-." We are limited in what we can add to the debate over your behind-the-back campaign to reorder Hoosier views on sexual orientation and gender.

Nonetheless, no reader of your newspaper can be surprised by your recent actions. Advocacy is what corporate editors do these days, in secret or on the front page. They maintain that it is the only real journalism.

That's why *the Star* unabashedly hires an "equality matters" reporter to walk around the city pretending to be homeless. And the new ethnically correct "community engagement" editor, "a proud liberal," has settled into her desk to "give voice to the marginalized, underprivileged or forgotten."

What bothers some of us, though, is that *the Star* would pretend to be something else — our father's newspaper. But its actions are not as your recent editorial claims, *i.e.,* merely a continuation of a historic journalistic spirit dating back to Martin Luther and his pamphlets.

Your *Indianapolis Star,* rather, is of later innovation, a type described by Dr. Marvin Olasky in his "Central Ideas in the Development of American Journalism."

Dr. Olasky, at the time a professor at the University of Texas School of Journalism, wrote that today's journalism is a deviant of a traditional newspaper, which, we fondly remember, was content to accurately report events and occasionally expose the mischief of the powerful. This new school, in contrast, is totalitarian in that it not only insists we do as it says but demands that we agree in our heart it is "the right side of history," as your columnist likes to say.

> *"If by liberty of the press we're understood merely the liberty of discussing the propriety of public measures and political opinions, let us have as much of it as you please."*
>
> *(Ben Franklin)*

"The central idea is that problems arise not from personal corruption but from external influences, and the role of journalists is to put a spotlight on those influences," Olasky explains. "The hope is that if man's environment is changed, man himself changes, and poverty, war, and so on, are no more."

Olasky warns that this has changed not only journalism content but also method. Sam Gatlin and the old-school reporters tended to have limited personal agendas because they emphasized individual transformation rather than social revolution — and they were too busy just getting the facts straight.

You new journalists, though, believe your own work could be the breakthrough to a better world. "As the great ends of their journalism (peace, justice, freedom) began to seem attainable, the means began to be negotiable," Olasky concludes.

Thus your newspaper sees nothing wrong with organizing a cabal of civic leaders and corporate executives to pressure legislators to conform to your social vision — and, despite your proclamations of innocent intent, castigate them on the news pages.

There are critics within the journalism community but most value continued employment. An exception is Doug McCollam, who wrote some years ago in *the Columbia Journalism Review:* "What newspapers really need, above all else, is ownership that values journalism and understands that the work of gathering, writing and publishing the news is an inherently inefficient business that is in a period of profound transition."

The private press baron might have been a "blowhard propagandist with the ethics of a wharf rat," McCollam concedes, "but compared with the lineup of bloodless managers and mandarins currently squeezing the life out of journalism, Charles Foster Kane looks pretty good."

Given your newspaper's particular journalism culture, the only practical solution for a hapless readership is an age-old consumer option — to await new ownership.

(Aug. 1) — Walking into a metropolitan newsroom in the early 1970s, you were struck by the size of the place — a full city block, or so it seemed. You could look up from the copy desk and see a hundred people at a hundred desks. It was a sociological Petri dish.

In that expanse of faces, you could find fewer than a half dozen African-Americans. It was typical — they made up less than 5 percent of newspaper staffs nationwide at the time.

Among them was the religion editor a few desks over. One Sunday morning in August, she was stabbed by a woman who asked her for a ride. The attack put a 5-inch gash in her neck. More on that later.

It was about that time that management decided to get serious about diversity. That 5 percent would not do. Ambitious programs were put into place to quantify the new openness to all races, religions and creeds. Faces in photos were counted for ethnicity.

And now we read, just last week, after 40 years of organizational contortion and posing, that African-Americans represent only 4.78 percent of newsroom staff, virtually the same as when I walked into that newsroom long ago.

So what was it all about?

The industry rightly boasts of Pulitzers won fighting prejudice and promoting better race relations. That low percentage, though, begs some sort of explanation. Perhaps the quality if not the quantity of African-American journalists has improved.

That is subjective, of course, but there is a study showing that if you raise entry-level salaries for teachers, say, you don't necessarily get more good teachers. What you get is more applicants who, although attracted by the higher pay, really wanted to be doctors or lawyers but find it to be too much work.

Perhaps journalism, like teaching, is a calling independent of recruitment campaigns or even salary level — independent of preferred racial proportions.

Surely, though, there is more opportunity today at the executive level. Or maybe not. April Ryan of The American Urban Radio Network reports that African-Americans make up only 10 percent of staff in even the politically correct Washington bureaus, traditional doorways to senior management. Consider that 24 percent of journalism-school graduates are Afrrican-American.

As the diversity drive got into full swing at my particular paper, a friend, a son of the rural South, found himself in contention for one of the most coveted slots: covering the local professional football team. He got the job and did well despite inexperience. A few years later, before he had had time to really settle in, he was tapped to fill a new minority seat on the editorial board. He did a good job there, too.

It was widely thought that this fellow had the intelligence and leadership qualities to be a managing editor and eventually a publisher. Indeed, some of us felt the newspaper needed him at the top if it were going to make the transition into the 21st century.

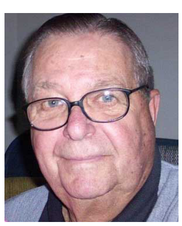
But sports reporter and editorial writer are the fun jobs. They are not the jobs that prepare you for an executive suite, the ones that offer the chance to learn and demonstrate people-management skills, mastery of budgets or a grasp of strategic goals.

So my friend went parallel, as they say, taking one convenient but unchallenging position after another. He ended up in middle-age teaching in a journalism school — that is, doing what journalists do when they are sick to death of journalism.

The religion editor, hired long before management counted African-American faces, was back at her desk within a few weeks. She forgave her attacker in person and in her column, filing a report of the incident on deadline exactly as it was scheduled in the weekly news budget.

Nobody was surprised. She was a working journalist, after all, and of a stature far above that which any policy directive could confer. She had made a habit of exceeding expectations. The place couldn't run without her.

Somewhere in there is why we work for equality of opportunity and not equality of results.




Fred McCarthy, publisher of Indy Tax Dollars, *at left, was a registered lobbyist for taxpayer and business organizations for every regular and special session of the General Assembly from 1949 through 1988. Craig Ladwig, editor of* The Indiana Policy Review, *is a veteran of 40 years in metropolitan newspapers.*

"And now we read, just last week, after 40 years of organizational contortion and posing, that African-Americans represent only 4.78 percent of newsroom staff, virtually the same as when I walked into that newsroom long ago."

— LADWIG

THE OUTSTATER

What Indianapolis doesn't want you to know

Tippy-toeing about crime is understandable — at least if you are an ambitious political consultant with the morals of a squid. Fighting crime uses up political energy that otherwise could leverage self-advancement.

The Crime-Fighting Pose

(Oct. 8) — The times are too serious to take potshots at politicians for being politicians. But the constant and empty promises to "fight" for us on issues ranging from ethanol pumps to unisex bathrooms to mortgage rates beg comment. And when it comes to an issue in which the allusion of fighting is apt — crime — they are frozen in a pose.

Yes, they launch training programs and expand the rolls of the local police union. That, however, has not lowered citizen angst. And they may throw statistics at us like confetti but at certain times and at certain places, increasingly in our homes and businesses, we are certain we are unsafe. Murder rates in select American cities are from 46 to 83 percent higher than last year. We drive through our own town and can see how crime taxes to despair those on the economic margin.

Faced with this reality, outgoing Mayor Greg Ballard of Indianapolis dedicated his administration to finding ways to provide more mental-health resources and more food for needy children in high-crime areas. He proclaimed this the "more holistic" way to address crime. Those who would succeed him vie only in their agreement with his approach.

And in Fort Wayne, with a steady rise in murder and robbery, the mayor's "district-policing" system seems to work best in the district encompassing a favorite stool at a northside tavern — there and the district with a shiny new baseball stadium and other crony-capitalist venues. His challenger takes a more broad-based approach but makes sure to throw a "community-policing" bone to those who treat their officers as armed sociologists.

Such tippy-toeing is understandable — at least if you are an ambitious political consultant with the morals of a squid. Fighting crime uses up political energy that otherwise could leverage self-advancement. And it's hard work; you have to involve yourself in the messy business of actually identifying, arresting and prosecuting criminals, who, to your opponent's glee, will be referred to as "youth" or even "kids" in the morning newspaper. You will hear the word "racist." You will have to grapple with gun "control."

And after all of this, your efforts will seem for naught. That's because the benefits of crime-fighting are economically obtuse and delayed to the point of political invisibility. Michael Barone, a political analyst, notes that the current resurgence of the once dangerous South Bronx, a heroic feat accomplished over a quarter-century by two successive administrations, is taken for granted by the current generation of New York voters.

Barone critiques a *New York Times* report on the point: "Left unmentioned (in the newspaper's account of the resurgence) is the five-letter word that explained the 'blight' and 'burning' of the South Bronx — crime. Very high rates of homicide, robbery and burglary, committed almost entirely by young males, caused law-abiding citizens to flee the South Bronx whenever they could."

Now that investment is returning, the long-suffering citizens there who could only watch as crime rates destroyed their property values — a hidden cost of mock crime-fighting — should not be begrudged huge profits. "Good luck to all involved in this virtuous cycle," Barone cheers.

Without such wise leadership, the high-crime sections of Indianapolis and Fort Wayne might not experience any cycle whatsoever, only a flat-line malaise. If so, our prospects are grim, says political scientist James Q. Wilson, quoted in "Still Pretending to Help," the this issue:

> If there are no fathers who will help raise their children, acquire jobs and protect their neighborhoods; if boys become young men with no preparation for work; if school achievement is regarded as a sign of having 'sold out' to a dominant culture; if powerful gangs replace weak families — if all these things are true, then the chances of reducing by plan and in the near future the crime rate of low-income youth are slim.

It will require true political grit to minimize the damage, let alone inspire a change. We should stand ready after the elections next month to applaud those politicians, once in office, who actually do fight for us on this all-important issue.

The Teacher Shortage Is Old News

"Our country's worst enemy could not have designed a more effective system for keeping smart, qualified people out of public-school teaching and administration." — Economist John Wenders,

writing on the subject of public-sector collective bargaining

(Sept. 22) — Reading news reports this week of "dueling studies" on the teacher shortage, you might assume that a vigorous examination is under way to ensure that the state complies with its constitutional imperative to "impart knowledge and learning" to Indiana youth.

You would be wrong. Neither side, not the Democrat superintendent of public instruction nor the GOP lawmakers, is coming anywhere near the elephant in this room — namely, the Indiana Collective Bargaining Act, a law designed to do little else but create a teacher shortage.

Before we get into that, ask yourself what could be so hard about correcting the supply-demand problem of a teacher shortage. Businesses do it every day. Indeed, best-selling author Darcy Olsen solved it for public schools years ago in an article for the Cato Institute: "If a school faces a teacher shortage, let wages increase to attract them. Let schools compete to secure, retain and reward the best teachers. Let schools say *sayonara* to those unable or unwilling to get the job done."

The catch, as Olsen concedes, is that a collective-bargaining law won't allow you to do any of that. Wages are set in lockstep grids pegged to seniority so that schools cannot compete in any meaningful way by rewarding or even retaining the best teachers. And most important in this context, school districts by law cannot dismiss their overpaid and underperforming teachers to increase the number of their skilled and eager ones.

"Like any other profession, teaching contains individuals who are remarkably talented and others who are remarkable only for their incompetence," Olsen concluded. "Uniform pay protects the worst at the expense of the best. Why do union leaders support this? Simple self-interest. If every teacher negotiated his or her own salary, there would be no need for union leaders."

The foundation examined this and more in an issue of its quarterly journal 14 years ago. Both Superintendent Glenda Ritz and her GOP detractors would do well to suspend their posed debate long enough to go over a few of its points:

A professor of economics at Indiana University estimated that the state would need at least 44,000 new teachers by this time, a historic 75 percent turnover in the professional population. He specifically warned there were not enough students entering the teaching field to meet this demand.

An award-winning teacher wrote *the Indianapolis Star* back then to say this: "Large numbers of us sit ready, willing, and quite able and yearning for the chance to teach children again. The problem is too much experience." She went on to explain that collective-bargaining laws prohibited her from negotiating with the school district to teach for a smaller salary than her experience-ranking dictated.

Finally, economists recognize Indiana's compensation system for teachers as price-fixing, which ultimately causes shortages of products or services — in this case, a shortage of Indiana teachers, particularly in the high-demand fields of special education, math and science.

So despite the scare quotes in this week's headlines, none of this can come as a surprise to the experts in Indianapolis who are paid to manage our schools or the politicians elected on the promise to save them. The author of our study anticipated a failure of diligence in these two sectors and concluded with a dire prediction:

> A major reason for the mediocrity of Indiana's public schools can be found in the state's legal framework with its factory-union model, one-deal-fits-all, interchangeable-parts compensation system, penalties for the best teachers and rewards for the worst teachers, the chilling effect imposed on management by the constant threat of litigation and the plain futility of it all, the bureaucratic rigidity of job-protection rules and, finally, the shortages of the most desired teachers.

With the problem identified so long ago, most will find it inexcusable that a generation of bureaucrats and politicians has retired with pensions and gold-toned watches leaving us with this mess. Worse is the realization that it will remain unsolved unless this generation finds the political courage to repeal a ruinous but politically calcified law.

This will require that rarest of human events, a change in civic character in which those in high office begin to worry less about their position and more about their duty, in this case the imparting of "learning" so purposefully mentioned in our state Constitution — which, by the way, is the justification for their exalted titles.

Resources

1. John T. Wenders, professor of economics, University of Idaho. Letter to the editor, *the Wall Street Journal,* Aug. 24, 2001.

2. Indiana Constitution, Article 8; Section 1: "Knowledge and learning, generally diffused throughout a community, being essential to the preservation of a free government; it should be the duty of the General Assembly to encourage,

"If a school faces a teacher shortage, let wages increase to attract them. Let schools compete to secure, retain and reward the best teachers. Let schools say *sayonara* to those unable or unwilling to get the job done."

— *DARCY OLSEN*

If Republicans means what they say about winning a reasonable percentage of the Black vote, why don't they urge their candidates to speak out against same-sex marriage? That would be a wedge issue for them, according to a recent poll.

by all suitable means, moral, intellectual scientific, and agricultural improvement; and provide, by law, for a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all."

3. Darcy Olsen. "Teachers Deserve Merit Pay, Not Special-Interest Pay." *Commentary,* Cato Institute, May 22, 2001.

4. Charles M. Freeland. "Public Education Without Romance: The Impact of Collective Bargaining on Indiana Schools." *The Indiana Policy Review,* Vol. 12, No. 3, Oct. 25, 2001.

5. Stanley Wigle, dean of education, Indiana University Northwest. Press release, February 2001.

6. Veronica Mount. Letter to the editor, *the Indianapolis Star,* Aug. 7, 2001.

The Timidity of the Indiana GOP

(Sept. 14) — This being both football and election season, a gridiron analogy for the Indiana GOP seems apt. It has long been said that Republicans here play politics "between the 40-yard lines" — these days, "stopped dead at midfield" is more like it.

Rare is the Indiana Republican willing to articulate the difference between public-sector and private-sector collective bargaining, a difference that both accounts for the mediocrity of education and threatens to bankrupt our cities. That's an issue at the 20-yard line headed for the goal.

Our adjunct Fred McCarthy notes that the GOP candidate for Indianapolis mayor is proposing to hire precisely the same number of new police officers as his opponent, and with the same fudge as to where the city might find the money to pay for them and their eventual pensions. Nor are Indianapolis Republicans able to take advantage of public disenchantment with economic-development schemes such as tax-increment financing or sweetheart deals with billionaire owners of sports teams.

And the governor? He's in Japan on another "job-hunting" mission.

A county chairman once explained all this to me. The Indiana GOP's strength has been in an election-day apparatus that could get out a sufficient number of rank and file to win most local elections. When difficult issues were raised, however, issues outside those 40-yard lines, it tended to bring out . . . well, low-information voters who threaten the hand-picked candidates as well as upset the base.

But that GOP apparatus is no more. In Fort Wayne, a city once counted on to negate the Gary vote, it is at best 50-50. And Indianapolis soon will be entirely in Democratic hands, not that anyone will be able to tell the difference.

Tom Huston, another adjunct, threw out a challenge that tests the very seriousness of the GOP. If it means what it says about winning a reasonable percentage of the Black vote, urge its candidates to speak out against same-sex marriage? That would be a wedge issue for Republicans, according to a YouGov poll:

> The growing conflict between religious liberty and gay rights might in time create space for Republicans to grow their take of the black vote. It won't happen overnight, but our survey shows that the Democratic coalition isn't as lockstep on gay marriage as it likes to portray itself as being. They'd better be careful about taking socially conservative Black opinion for granted, especially once it's someone beside the first Black president trying to sell them on the new orthodoxy.

A clear majority, including 53 percent of Blacks and 58 percent of Latinos, believes that the right of religious liberty is under threat, the poll found. Among Democrats generally just 33 percent say so, compared with 81 percent of Republicans.

Stephen M. King, another adjunct weighing in on this general subject, offered what will serve as our conclusion: "Political parties today are antiquated organizations that do not have the financial, organizational and goal-oriented wherewithal to compete with the hundreds of thousands of interest groups that form coalitions and networks, that team with public-opinion polls to meet self-seeking private interests as opposed to community-seeking public interests."

Wait, this just in: A Fort Wayne candidate has posted a picture of his winning entry in the gourd division of the Grabill Country Fair. So football may not be the best analogy after all. It's an off-Broadway musical, a stanza from the "Fantasticks":

> *Plant a cabbage.*
> *Get a cabbage.*
> *Not a sauerkraut.*
> *That's why I love vegetables.*
> *You know what you're about.*

Why Government Fails

(Sept. 10) — It is good every once in a while to push personalities and ideology out of the way and look at public policy in its purist form. It is bad for the blood pressure to always be imagining little Stalins, Trotskys and Obamas lurking in the back desks of the county planning department (although history tells us they surely are there).

So the work of a favorite analyst, Chris Edwards, is always welcome here. He has a gimlet eye for the misaligned incentive or the good intention gone awry. Most recently, he put down the reasons why government always falls short. Here are the nuggets, applied not just to the federal government but state and local ones as well:

• Government policy relies on top-down planning and coercion. "That tends to create winners and losers, which is unlike the mutually beneficial relationships of markets. It also means that government policies are based on guesswork because there is no price system to guide decision-making. A further problem is that failed policies are not weeded out because they are funded by taxes, which are compulsory and not contingent on performance."

• Its officials lack knowledge about our complex society. "That ignorance is behind many unintended and harmful side effects of government policies. While markets gather knowledge from the bottom up and are rooted in individual preferences, the government's actions destroy knowledge and squelch diversity."

• Legislators act counter to the general public interest. "They use debt, an opaque tax system and other techniques to hide the full costs of programs. Furthermore, they use logrolling to pass harmful policies that do not have broad public support."

• The bureaucratic system rewards inertia, not the creation of value. "Various reforms over the decades have tried to fix the bureaucracy, but the incentives that generate poor performance are deeply entrenched."

• Government has grown unmanageable in size and scope. "Each increment of spending has produced less value but rising taxpayer costs. Failure has increased as legislators have become overloaded by the vast array of programs they have created."

Edwards reminds us that both private enterprise and government bureaucracy fail, but only the government fails more and corrects itself less. He quotes the British economist Paul Ormerod on the point: "Governments of all persuasions appear chronically unable to admit that any single aspect of their policy has failed."

The result, whether it be in Washington or in Indianapolis, is stifling obstruction of the economy and of the society. It isn't a matter of following our particular vision of a better world. The fact is that bigger government doesn't work — for anybody, regardless of personality, religion, race, sex, immigration status, carbon footprint, tattoo placement, ideal weight or ideology.

And that is why, dear friends, we work for public policy that prunes rather than merely reorders, policy that ensures government will be neatly trimmed to the smallest possible size in every place and in every time.

A Conflict of Visions Over Regional Cities

(Sept. 6) — Forgive skeptics of the tableau vivant unfolding for Regional Cities initiatives across the state. They seem dumbstruck. They don't have the data to challenge the expansive vision and supporting PowerPoints of economic-development directors and their armies of experts. That does not mean, though, that they don't have a vision of their own.

In my city, the economic-development group has documented its vision in a 200-page Regional Cities grant proposal. It is a good bet that the plan — political skids having been greased — will win the managed competition for part of the $84 million that the governor and Legislature have set aside for this sort of thing. Indeed, our entry is said to be the perfect model of a public-private partnership.

Its strongest point, repeated with chest-poking intensity during lobbying this summer, is that if our region doesn't put its heart and soul behind the plan, we will fall behind. Sen. Greg Walker, a corporate accountant writing elsewhere in this journal, calls this the "but for" position, as in "but for this hull patch the ship will sink." It in turn prompts a "then why" counter position, as in "if creating wealth is merely a matter of filing paperwork, then why isn't everywhere wealthy?"

And so the argument begins. Most agree that the $84-million, one-time prize should be kept in perspective. Just this year, my city alone is expected to issue 1,460 building permits for $600 million in investment. Should we be curious what motivates so many individual permits, such a sizable investment? Would you be surprised to learn that public-private partnerships have little to do with those numbers?

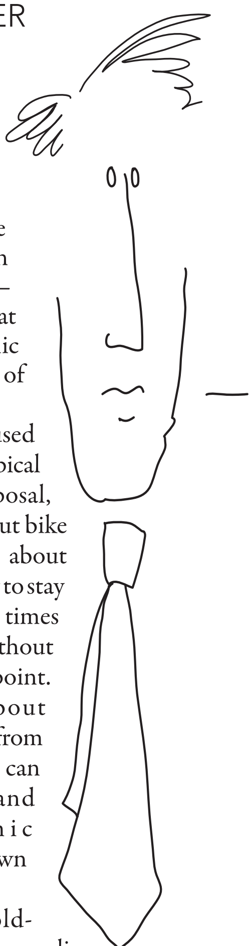
It might be that our economic group has us facing in the wrong direction, distracting and diverting precious civic impulses. A city councilman raised that thought during a tour some years ago of the depressed area of my city. The purpose was to show off the area's infrastructure in roads, sewers, utilities and, most impressive, the inexpensive and utterly available property ready for investment — "shovel ready," as they say.

This property was not vacant for lack of public-private partnerships. There had been one such project after another for the previous 40 years, not to mention tens of thousands of

The fact is that bigger government doesn't work — for anybody, regardless of personality, religion, race, sex, immigration status, carbon footprint, tattoo placement, ideal weight or ideology.

"Crony capitalist" is not some bugbear invented by Democrats. They are real, live, influential men and women, usually Republican, who sincerely believe that the way out of our economic dilemma is through closely held arrangements empowered by government and managed by experts — them.

dollars in direct government aid. It was vacant because the two features most prized by private investors had been allowed to languish — order and liberty, what has driven our economic growth for hundreds of years.



Lest this be confused with elements of the typical Regional Cities proposal, we are not talking about bike trails. We are talking about allowing a restaurateur to stay open during whatever times are most profitable without being robbed at gunpoint. We are talking about shielding a hairdresser from city inspectors so she can risk sweat equity and define economic development in her own way.

When Steve Goldsmith was mayor of Indianapolis, he had the most beautiful idea. He formed a unit of government with the sole purpose of negating the other units of government. It worked this way: individual pastors, neighborhood entre-preneurs and others in central Indianapolis could call a number at City Hall to explain the obstacle (many of them governmental) standing in the way of their particular vision. Goldsmith then would dispatch his government watchdogs to the site to try to work out a solution. It was called the Front Porch Alliance.

On the flip side of that example, you should know that "crony capitalist" is not some bugbear invented by Democrats. They are real, live, influential men and women, usually Republican, who sincerely believe that the way out of our economic dilemma is through closely held arrangements empowered by government and managed by experts — them.

Don't get me wrong. There is nothing wrong with taking free money, even from people who think they are smarter than you — that is, not unless it perverts your operational plan, which, unfortunately, free money generally does, often purposefully.

In any case, the last time economists considered a Regional-Cities-type setup viable, Shakespeare was writing sonnets. Adam Smith has since explained that the "public" to which enthusiasts of a public-private partnership allude is simply the government with all its commands, controls and taxation. The "private" is merely the economy. What kind of partnership is that?

"Where an excess of power prevails, property of no sort is duly respected. No man is safe in his opinions, his person, his faculties, or his possessions."

(James Madison)

Better would be across-the-board municipal codebook reform — make it regional, if you wish — unlocking the resources that bad public policy holds captive. The investors (you and me and your rich uncle John) are already here. Our talents don't have to be summoned from distant points for an $84-million money drop.

Ultimately, bike trails and river promenades can benefit the public and spur economic development, but to pin our hopes on a few accompanying publicly subsidized partnerships is small thinking. That is especially so considering the hundreds of millions of dollars being invested through the free market.

Can you imagine that — order and liberty spurring local human capital to invest in itself? Now there's a vision for you.

It is more involved than filing a bureaucratic proposal with the governor, to be sure, but there are local politicians throughout Indiana who believe in it, and there are thousands of local businesses investing in it. We should hear them out before dismissing their reservations as obstructionist.

Again, our economic-development director is surely right that a community without a vision will fail. He and his experts, though, don't have the only one.

Indiana's Eco-Devo Pyramids

"Just weeks away from submitting a proposal for a chance to be awarded $42 million, the Northeast Indiana Regional Development Authority is taking the final steps in completing its Regional Cities plan." — July 15, 2015, NBC33, Fort Wayne

(July 16) — There comes a time, alas, when you think a lot about economics. In fact, most people of a certain age are begrudgingly good at it, which is not to be confused with being wealthy as a result of it.

For years they have sat at kitchen-table board meetings, some of them tense, managing job changes and even unemployment, applying for loans, reworking mortgages, budgeting for education and automobiles, comparing insurance premiums, negotiating hospital bills and so forth.

They are not financial idiots. They know that "investing in the future" means something more than giving a speech promising to use revenue from a tax increase to improve things somehow, some indefinite day. And they know what "jobs" mean — gainful work for themselves, their families and their neighbors, not paydays for politicians or cronies.

The Needmore, Indiana, pyramid: http://www.roadsideamerica.com/story/11213

The broader and more distant the financing for a public-private project, the more likely it is driven by political forces, not local economic ones. Adding to our suspicion is a study that found the timing of Economic Development Administration project announcements inexplicably coincided with election periods.

Most important, they understand that they will have to be productive — competitively productive — if they expect to maintain or improve their family's standard of living. That's why some are having trouble buying into the regional economic-development concept now sweeping Indiana. It is unclear how it is connected to productivity.

If a roomful of local bigwigs can create wealth, say, by setting up a 10-county regional "authority" to attract a federal grant and then funnel it to the exact right people who could put it to the best possible use, then why isn't everywhere rich?

Tad DeHaven, an adjunct scholar of the foundation and a former state economic-development official in the Daniels administration, asked a similar question in a report to the Cato Institute.

The Economic Development Administration (EDA) claimed that for every tax dollar it gave to these regional groups, taxpayers got $24 back in value. DeHaven, though, says few independent economists believed it:

> How would it be possible for federal employees to find such high-value investments that the private sector or local governments have missed? If the payoff from projects really was 24-to-1, for example, then surely local entrepreneurs and venture capitalists would be interested in funding such projects without any help.

The real story is that the broader and more distant the financing for a project, the more likely it is driven by political forces, not local economic ones. Adding to our suspicion is a study that found the timing of EDA project announcements inexplicably coincided with election periods.

Even the best of them seem to be of the build-them-and-they-will-come variety, *e.g.,* high-visibility, low-margin projects such as convention centers, sports venues, tourist attractions, plus the wayward manufacturer or questionable real-estate venture that depends on creative bookkeeping to justify the cost.

As a worst example, DeHaven carries an architectural drawing of the unfortunately named Needmore Pyramid north of Bedford, Indiana. EDA grants were approved in the late 1970s during a sales slump at the big quarries there.

The idea, eventually abandoned due to public ridicule, was to build limestone replicas of the Great Wall of China and an Egyptian pyramid.

The lesson here is that if your region needs economic development, it may not be because you lack the Pyramid of Cheops. It may be because your policies are not conducive to growth (high taxes and burdensome regulations).

"With the high mobility of workers and investment capital these days, any jurisdiction that creates an inviting climate for businesses and skilled workers can prosper without outside help," DeHaven advises.

That's pretty much what you would hear at a typical kitchen-table board meeting. — *tcl*

Q: *What do you think it means for someone to say they are an Indiana Republican? To say they are a member of the Indiana Chamber of Commerce?*

The GOP

• Supposedly that the person subscribes to public policy of the Indiana Republican platform, *i.e.,* promoting free-market solutions for solving problems of society, keeping government from interfering in our lives, getting government out of the way of entrepreneurs and businesses, lower taxes, balancing budgets through lower spending instead of raising taxes, upholding the right to life of the unborn, upholding the right of citizens to keep and bear arms. But that's rarely what it actually means. Today the Party has been reduced to nothing but a label; it gives little indication of a person's political philosophy. It's more like a social club.

• Lower taxes, small government and an overriding principle of liberty.

• They support a donor class that thinks it knows what's best for them — no matter what they think.

• Not a darn thing if the person lives in Indianapolis and thinks his party leadership has any interest in his thoughts on government size, cost and integrity.

• For many, it means that they are conservatives. For others, it means that they will use any party to be elected and get power.

• They're trying to "fit in."

• The person is a sucker.

• They are happy to vote for and support politicians who lie to them and claim to share their values.

• I don't know. It's not the Republican Party that I have known for many years.

• The person suffers from fear-aggression syndrome and is unable to see past the status quo.

• I have to check their track record to ensure they are a conservative and not the usual moderate.

• Not much anymore. I can no longer tell the difference between an Indiana Republican and an East Coast liberal.

• Less and limited government, fiscal responsibility, and family and religious values — or at least that is the hope.

• The individual believes and adheres to the values that are generally articulated in the Party's platform.

• That the person is disgusted with the evolution of the Party these past three years.

• They don't like people who are different from them.

The Chamber of Commerce

• From one who spent a lifetime on the staff of various business organizations, including two local chambers and two years at the state Chamber, it is apparent that far too many chambers of all sizes have become virtual arms of government — speaking for free enterprise while begging for government assistance, both financial and regulatory.

• Protection of business interests, corporate welfare promotion and liberal social experimentation.

• Progressives who are leading a Lesbian-Gay-Bisexual-Transgender offensive against rights of conscience and are burying our country in bonding debt.

• I used to think the Chamber wanted what was best for the small businessperson. I no longer believe that. It has sold out to special interests, government deals and payouts. That is truly a shame.

• They're getting a discount on their insurances?

• They are justified in taking measures to mitigate against the predations of the state.

• They are announcing their love of crony capitalism and cultural Marxism.

• The person expects to gain something for themselves whether or not that is good for Indiana.

• They are a crony sell-out.

• They just want to network. Also, they may understand and support the liberal stances taken by the Chamber, which is sad.

• I am suspicious of them, based on the Chamber's "Indiana Vision 2025" agenda, which unfortunately includes support for so-called economic "development' corporations, national one-size-fits-all education standards (Common Core) and other policies inconsistent with a free society.

• Not much to me, if anything at all. It was once a strong conservative body but somehow lost track of its goals.

• The person supports a group that is a heavy-handed manipulator of state government and a lobbyist for progressive issues.

• The person has a low IQ if he or she is part of the Chamber leadership.

• They're determined to improve and maintain the business climate in the state despite their Legislature.

• They are a Republican in sheep's clothing.

Seventeen of the 104 members contacted completed this quarter's opinion survey for a response rate of 16 percent. The survey was conducted Oct. 23-24.

People who know about opinion surveys don't think much of ours. The sample is inherently biased and so small as to be little more than a focus group. The questions, sometimes confusing, are casually worded and transparently drive at one point or another. That said, we have learned to trust our members and eagerly await their thoughts on this and that.

THE DESTINIES OF THOSE WHO SIGNED

Emanuel Gottlieb Leutze, oil on canvas, 1851

Thomas Hoepker, photograph, Sept. 11, 2001

From an essay on the signers of the Declaration of Independence by Rush H. Limbaugh Jr., distributed by the Federalist Magazine

• **Francis Lewis** — A New York delegate saw his home plundered and his estates, in what is now Harlem, completely destroyed by British soldiers. Mrs. Lewis was captured and treated with great brutality. She died from the effects of her abuse. • **William Floyd** — Another New York delegate, he was able to escape with his wife and children across Long Island Sound to Connecticut, where they lived as refugees without income for seven years. When they came home, they found a devastated ruin. • **Phillips Livingstone** — Had all his great holdings in New York confiscated and his family driven out of their home. Livingstone died in 1778 still working in Congress for the cause. • **Louis Morris** — The fourth New York delegate saw all his timber, crops and livestock taken. For seven years he was barred from his home and family. • **John Hart** — From New Jersey, he risked his life to return home to see his dying wife. Hessian soldiers rode after him, and he escaped in the woods. While his wife lay on her deathbed, the soldiers ruined his farm and wrecked his homestead. Hart, 65, slept in caves and woods as he was hunted across the countryside. • **Dr. John Witherspoon** — He was president of the College of New Jersey, later called Princeton. The British occupied the town of Princeton, and billeted troops in the college. They trampled and burned the finest college library in the country. • **Judge Richard Stockton** — Another New Jersey delegate signer, he had rushed back to his estate in an effort to evacuate his wife and children. The family found refuge with friends, but a sympathizer betrayed them. Judge Stockton was pulled from bed in the night and brutally beaten by the arresting soldiers. Thrown into a common jail, he was deliberately starved. • **Robert Morris** — A merchant prince of Philadelphia, delegate and signer, raised arms and provisions which made it possible for Washington to cross the Delaware at Trenton. In the process he lost 150 ships at sea, bleeding his own fortune and credit dry. • **George Clymer** — A Pennsylvania signer, he escaped with his family from their home, but their property was completely destroyed by the British in the Germantown and Brandywine campaigns. • **Dr. Benjamin Rush** — Also from Pennsylvania, he was forced to flee to Maryland. As a heroic surgeon with the army, Rush had several narrow escapes. • **William Ellery** — A Rhode Island delegate, he saw his property and home burned to the ground. • **Edward Rutledge** •**Arthur Middleton** • **Thomas Heyward Jr.** — These three South Carolina signers were taken by the British in the siege of Charleston and carried as prisoners of war to St. Augustine, Fla. • **Thomas Nelson** — A signer of Virginia, he was at the front in command of the Virginia military forces. With British General Charles Cornwallis in Yorktown, fire from 70 heavy American guns began to destroy Yorktown piece by piece. Lord Cornwallis and his staff moved their headquarters into Nelson's palatial home. While American cannonballs were making a shambles of the town, the house of Governor Nelson remained untouched. Nelson turned in rage to the American gunners and asked, "Why do you spare my home?" They replied, "Sir, out of respect to you." Nelson cried, "Give me the cannon" and fired on his magnificent home himself, smashing it to bits. But Nelson's sacrifice was not quite over. He had raised $2 million for the Revolutionary cause by pledging his own estates. When the loans came due, a newer peacetime Congress refused to honor them, and Nelson's property was forfeited. He was never reimbursed. He died, impoverished, a few years later at the age of 50. • **Abraham Clark —** He gave two sons to the officer corps in the Revolutionary Army. They were captured and sent to the infamous British prison hulk afloat in New York harbor known as the hell ship "Jersey," where 11,000 American captives were to die. The younger Clarks were treated with a special brutality because of their father. One was put in solitary and given no food. With the end almost in sight, with the war almost won, no one could have blamed Abraham Clark for acceding to the British request when they offered him his sons' lives if he would recant and come out for the king and parliament. The utter despair in this man's heart, the anguish in his soul, must reach out to each one of us down through 200 years with his answer: "No."

Please Join Us

IN THESE TRYING TIMES those states with local governments in command of the broadest range of policy options will be the states that prosper. We owe it to coming generations to make sure that Indiana is one of them. Because the foundation does not employ professional fundraisers, we need your help in these ways:

• **ANNUAL DONATIONS** are fully tax deductible: individuals ($50) or corporations ($250) or the amount you consider appropriate to the mission and the immediate tasks ahead. Our mailing address is PO Box 5166, Fort Wayne, IN 46895 (your envelope and stamp are appreciated). You also can join at the website, http://www.inpolicy.org, using your credit card or the PayPal system. Be sure to include your e-mail address as the journal and newsletters are delivered in digital format.

• **BEQUESTS** are free of estate tax and can substantially reduce the amount of your assets claimed by the government. You can give future support by including the following words in your will: "I give, devise and bequeath to the Indiana Policy Review Foundation *(insert our address and amount being given here)* to be used to support its mission." A bequest can be a specific dollar amount, a specific piece of property, a percentage of an estate or all or part of the residue of an estate. You also can name the foundation as a contingency beneficiary in the event someone named in your will no longer is living.

"The Battle of Cowpens," painted by William Ranney in 1845, shows an unnamed patriot (far left) firing his pistol and saving the life of Col. William Washington.

INDIANAPOLICY
Review

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