

INDIANAPOLIS

Review

Winter 2018



From Whence We Come; In What We Believe

A politics of cronyism, race, class, gender, ethnicity or religion defeats the American exception and dooms us to the ancient default: the tyrannical regimes of Rome, Gaul and the Normans.

“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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From the South Wall

The protests themselves are not the problem. What is worrisome is that many of the protesters are unable to articulate what they are protesting.

Andrea Neal, an adjunct scholar of the foundation, recently served on the state Board of Education. She is a former editorial page editor of the Indianapolis Star and before that she covered the Supreme Court of the United States for UPI.



In Civic Education, We Have Failed a Generation

(Oct. 28) — James Madison and the Founding Fathers believed an informed citizenry was the chief protection of the republican government they had created. Madison stated, “Knowledge will forever govern ignorance: And a people who mean to be their own governors must arm themselves with the power which knowledge gives.”

Sad to report, the latest Constitution Day survey shows Madison’s advice goes largely unheeded in the age of Twitter, 20-second sound bites and fake news. The 2017 survey, released Sept. 12 by the Annenberg Public Policy Center at the University of Pennsylvania, found that:

- More than a third of Americans (37 percent) can’t name any of the rights guaranteed under the First Amendment.
- Only a quarter of Americans (26 percent) can name all three branches of government.
- More than a third (39 percent) would support allowing Congress to stop the news media from reporting on national security absent government approval, a clear violation of the First Amendment.

“Protecting the rights guaranteed by the Constitution presupposes that we know what they

are. The fact that many don’t is worrisome,” said Kathleen Hall Jamieson, director of the Annenberg Center.

Nor is it what the Founding Fathers had in mind when they devised our democratic, constitutional republic. As envisioned by Washington, Madison and Franklin, people were to call the shots in our system of government. They were to vote for representatives who would be accountable to them and promote the common good.

But how can we hold government accountable when so many are so disengaged?

The system is not functioning properly. In Washington, partisans are mired in gridlock over President Trump’s tax, health care and immigration proposals. Public admiration for Congress is near its historic low. An October Gallup Poll showed an 80 percent disapproval rate for Congress and 58 percent for the President.

And many people think their vote doesn’t matter. In the latest Indiana Civic Health Index (2015), Indiana ranked 37th in the rate of citizens who are registered to vote — 69.2 percent, an improvement over previous years but still lower than the national average.

“Investing in education, including civic education, leads to higher levels of civic participation for virtually all indicators of civic health,” said the report by former Congressman Lee Hamilton and retired Indiana Chief Justice Randall T. Shepard. “Our challenge will be to devise ways to improve our civic health, build on our unique strengths and interest and recognize the value of education to building strong communities.”

It is essential that the K-12 education system train young citizens in the people’s business of government. Although this is important for all age groups and incomes, civic illiteracy is especially pronounced among the least educated, the poor and minorities.

Families that make above \$75,000 per year are twice as likely to vote — and six times as likely to be politically active — as the poor. This civic achievement gap is a reflection of the overall education achievement gap we suffer in our schools.

The problem is not limited to the least educated. At both K-12 and college levels, diminishing class time is spent on the liberal arts that prepare young citizens to be intelligent members of political society. In Indiana, it's the rare exception for students to get more than a smattering of civics in the K-8 grades. In high school the requirement is a year of American history and one semester each of government and economics.

The American Council of Trustees and Alumni issued a report in 2016 titled, "A Crisis in Civic Education." It reached its conclusion after a study of 1,100 liberal arts colleges and universities found that only a handful — 18 percent — require students to take even one survey course in American history or government before they graduate. From the ACTA report:

"Recent college graduates are alarmingly ignorant of America's history and heritage. They cannot identify the term lengths of members of Congress, the substance of the First Amendment, or the origin of the separation of powers. They do not know the Father of the Constitution, and nearly 10 percent think that Judith Sheindlin — 'Judge Judy' — is on the Supreme Court."

What are the consequences of this lack of civic knowledge? Let's start with the worst-case scenario: Our democratic republic is no more.

Being a good citizen is a job, and if Americans are not well trained they will do the job poorly. Citizens don't just vote of course. They serve in the military and on school boards and liquor licensing commissions and police review boards and zoning bodies.

Benjamin Franklin said, "This will be the best security for maintaining our liberties. A nation of

well-informed men who have been taught to know and prize the rights which God has given them cannot be enslaved. It is in the religion of ignorance that tyranny begins."

The militant Antifa (anti-fascist) movement is a reflection of the ignorance that Franklin referenced. On the morning of President Donald Trump's inauguration, Antifa members lit trash cans on fire, threw rocks and bottles at police, and tossed pieces of pavement through store windows. Self-described as socialists, anarchists and communists, Antifa protesters have continued to show up on college campuses to protest conservative speakers and to shut down voices with which they disagree.

The protests themselves are not the problem. Demonstrations and civil disobedience are legitimate forms of political speech. What's worrisome is that many of the Antifa protesters interviewed by media are unable to articulate what they're protesting.

One wonders if they first tried writing a letter to the editor or to their congressman, or if they even know who their congressman is. Many are just caught up in our culture's increasingly inflammatory approach to public affairs. Or maybe they just see it as the closest thing to being on reality TV.

Civic education must become of equal priority to job preparation, which is the trend *du jour* of the public school system. It is the school's job to coach students to read the newspaper, attend community meetings and write their representatives so they can vote wisely when they turn 18.

It is the school's job to give children the opportunities to practice self-governance — so that when their time comes, they will have the ability and the desire to run for office or hold government jobs to serve the public good.

Finally, it is the job of all of us — family, church and school — to cultivate well-informed men and women who will prize the rights God has given us, as Ben Franklin so wisely said. ♦

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The Origin of our Liberty

What makes us different? We retain all rights not delegated to government. The citizens of nations whose law code is Roman-Napoleonic enjoy only those rights devolved to them by their government.

Mark Franke, an adjunct scholar of the foundation, is formerly the Associate Vice Chancellor for Enrollment Management at Indiana University-Purdue University Fort Wayne.



(Oct. 23) — Ask any adult today for the source of our freedoms as Americans, and you will likely hear the Bill of Rights or the Constitution as the guarantee. Some may refer to Jefferson's famous phrase in the Declaration of Independence as the basis, although they may not know from where Jefferson got the phrase or the idea behind it.

Fewer still will point back to our English heritage and claim Magna Carta as the original foundation for all our freedom. And only a few, but perhaps many among the membership of this foundation, will point to natural law as the divine source.

Three recent books have taken on this topic and presented different but not irreconcilable viewpoints.

"Our First Revolution" (Crown Publishing, 2007) by journalist Michael Barone posits that our American Revolution was just an extension to the colonies of England's Glorious Revolution of

1688 in which the role of the sovereign was subjected permanently to the will of Parliament.

Without going into the geo-political environment of the times and William of Orange's need for English support in his war with France's Louis XIV, the end result was the granting of the English crown to William and his wife Mary Stuart by Parliament after declaring, again by parliamentary vote, that James II had abdicated by fleeing the island. Dynastic issues aside, the relevant point here was that the king ruled through and with Parliament and not by divine right as the Stuarts (and others throughout Europe) claimed.

This was followed in 1689 by Parliament's Declaration of Right, commonly now known as the English Bill of Rights. This comprehensive bill included a list of usurpations by James II and a list of what it called "the ancient rights and liberties." While these rights are mostly directed at protecting Parliament from arbitrary action by the king, there are a few that speak to individual rights, and Barone points to the English set as the origin of most of the first 10 amendments to our own constitution.

William appeared to have no qualms with agreeing to the limitation of his powers. Some may argue cynically that all he really cared about was getting English military support. Perhaps, but his Declaration of the Hague in 1688 contained the following statement:

"It is both certain and evident to all men, that the public peace and happiness of any state or kingdom cannot be preserved, where the Laws, Liberties, and Customs, established by the lawful authority in it, are openly transgressed and annulled."

Note that liberties and customs are listed distinctly from laws. This suggests, even if inadvertently, that liberty is rooted in something more fundamental than acts of government.

The Glorious Revolution wasn't the final statement on liberty. It did not offer true religious liberty, although dissenting Protestants were tolerated in their worship if still debarred from holding public offices. The Test Act directed against Roman Catholics was not revoked. The limitations on the monarchy redounded to increased power in Parliament but with a balance of power among crown, Commons and Lords. It would take several centuries more before the House of Commons became unilaterally supreme and monarch and peers of the realm consigned to irrelevancy.

These events in England reverberated to her colonies in the New World. The colonial assemblies had their own experiences with absolutist dictates from the British monarchy.

Myron Magnet in "The Founders at Home" (W. W. Norton & Company, 2014, and reviewed in this summer's journal) argues successfully that the colonists looked to the Glorious Revolution as the basis for their increasingly vocal demands to restore their liberty and right to self-government. The American revolutionaries, he contends, did not try to establish new rights but merely wanted to reassert their former rights as Englishmen and as codified in 1688 and 1689.

What would motivate 17th century Englishmen to make this fundamental change in the relationship between the governed and the government? Was this a new idea coming out of the Enlightenment?

Not according to British politician Daniel Hannan in his book "Inventing Freedom: How the English-Speaking Peoples Made the Modern World" (Broadside Books, 2013). Going much further back in English history, Hannon argues that the origin of our rights resides in the tribal customs of the Angles and Saxons who invaded and conquered Britain in the early Middle Ages.

Hannan points to the Saxon period of English history as the embryo of liberty now enjoyed across what he names the Anglosphere — those nations where English is spoken and there is a cultural link to the British empire. Here we see the beginning of what we today would call constitutional government: popular selection of tribal chieftains, common-law approach to property and personal rights, equality before the law regardless of status, representative government, and so on. These rights were lost or at least mitigated by the Norman Conquest and rule by Norman French kings. It took Magna Carta, the English Civil War and the Glorious Revolution to restore liberty, not advance it. Each of these was a step backward toward a more Edenic time, Hannon asserts.

How would these tribal groups know anything about that? After all they were barbarians and this was the Dark Ages, right? Which brings us back to Mr. Jefferson's famous statement.

Notwithstanding the irony of an avowed deist-atheist appealing to the Creator as the source of our rights, Jefferson's language does compel one to give thought to an important philosophical statement too often lost in the political debate today: Are we by nature a free people who voluntarily surrender a modicum of freedom for the purpose of establishing a secure society which can protect the essential liberty of its citizens or do we look to an authoritarian governmental framework to provide us with a defined and limited number of freedoms?

Ben Franklin's often-misquoted advice is informative: "Those who would give up *essential* liberty, to purchase a little *temporary* safety, deserve neither liberty nor safety." Emphases are mine to show what is conveniently left out by many, but the point is that Franklin clearly saw the exchange as originating in the people who choose to give up a little liberty to secure its preponderance.

Many of our founders argued against including a bill of rights in our Constitution because in their minds to do so would acknowledge that rights

flow from government to the people. Merely by preparing a list of rights makes the implicit statement that rights not on the list do not exist, they argued. Recall the nomination process of Robert Bork for the U. S. Supreme Court in which he was asked if the right to privacy was guaranteed by the Constitution. In that highly politicized debate, the philosophical question was lost, to wit: Why does this right need to be enumerated specifically in the Constitution if our rights are endowed by our Creator?

At least our Bill of Rights was enacted as a statement of “negative rights” to be viewed against “positive rights.” While the taxonomy may be recent, the philosophy behind these categories is not. Take our Bill of Rights. All but one of the first eight (the exception being Amendment VI regarding a speedy trial) are written in the negative sense, with the initial words of Amendment I — “Congress shall make no law” — the best and most remembered of these negatories. Amendment IX is there as the Founders’ attempt to get around the worrisome prospective argument that the people held only those rights enumerated in the first eight amendments. Amendment X then adds to this by reserving all non-listed powers and authority to the states or, more importantly, to the people.

What then, you ask, are “positive rights”? You won’t hear the term used in the popular media but you will recognize current political demands that fall into this category. The whole healthcare debate revolves around this principle. Do Americans have the right to healthcare, with free governmental-controlled care even better? (Read: “single payer plan.”) What about a “living wage”? Governmental subsidized housing? And, God helps us, “safe spaces.”

It’s difficult if not impossible to conceive of the Founders sitting in Independence Hall compiling a list of these rights to be provided by the government. But that’s the point. These so-called rights must be granted, not to mention paid for, by the government. They originate within the government and not inherently within a free

people endowed therewith by their Creator. Let’s call it what it is: a post-modern idolatry that puts a presumably wise and compassionate government at the center of the universe.

So back to Hannan’s overarching point, which is this: Why is the Anglosphere different from the Latinized West? The answer is simple yet profound. We in the Anglosphere retain any and all rights not delegated to government. The citizens of nations whose law code is Roman-Napoleonic enjoy only those rights devolved to them by their government.

How does this play out in 21st century America? In Franklin’s words, do we give up an essential liberty when we consent to being x-rayed before boarding an airplane? Most would say no, extreme libertarians and Vance Hartke aside, but where is the tipping point between our inconvenience and the invasion of our privacy?

Answers to other questions are not so obvious. Take eminent domain. A road needs to be widened to accommodate more traffic. Can the government take a few feet of residents’ front yards to do it? Most would probably say yes, at least when it’s not their front yard.

What about a city’s condemning of a block of privately owned property to turn it over to a developer who has promised new construction that will produce greater tax revenue? *Kelo vs. the City of London* notwithstanding, most members of this foundation will give a resounding no.

These are not arcane arguments better left to an undergraduate philosophy course. They are practical matters, but they can only be resolved safely in context of the state of our liberty. That is why Public Choice economics has become so important to teach and to practice.

It is incumbent on all free citizens to do the hard thinking when these questions arise in our daily affairs. The proposal may sound good but how much additional liberty will you surrender?

Just don’t expect the government’s press release praising this or that new project to phrase the question so clearly. ♦



A Reading List for Legislators

Editor's Note: Hans Eicholz and David Hart of the Liberty Fund compiled this reading list at our request for state legislators and others wrestling with the issues of the day. We recurrently encourage the serious reader to visit the Fund's Online Library of Liberty (OLL) at <http://oll.libertyfund.org/>. There he will find a treasure of related links and references. The OLL, a virtual university, is where electronic versions of classic books are stored by the Fund. These texts go back some 4,000 years and cover the disciplines of economics, history, law, literature, philosophy, political theory, religion, war and peace. They are in a variety of formats — facsimile PDFs so scholars can view the original text, HTML for ease of searching and attractive layout, and text-based PDF eBooks for personal use. The OLL also contains bibliographic information about the books as well as other metadata about the authors and editors.

Thomas Jefferson,
"Notes on the State of
Virginia" (1781-1782)



ALL THE POWERS
of government, legislative, executive, and judiciary, result to the legislative body. The concentrating these in the same hands is precisely the definition of

despotic government. It will be no alleviation that these powers will be exercised by a plurality of hands, and not by a single one. 173 despots would surely be as oppressive as one. Let those who doubt it turn their eyes on the republic of Venice. As little will it avail us that they are chosen by ourselves. An elective despotism was not the government we fought for, but one which should not only be founded on free principles, but in which the powers of government should be so divided and balanced among several bodies of magistracy, as that no one could transcend their legal limits, without being effectually checked and restrained by the others. For this reason that convention, which passed the ordinance of government [215] laid its foundation on this basis, that the legislative, executive and judiciary departments should be separate and distinct, so that no person should exercise the powers of more than one of them at the same time. But no barrier was provided between these several powers. The judiciary and executive members were left dependent on the legislative, for their subsistence in office, and some of them for their continuance in it. If therefore the legislature assumes executive and judiciary powers, no opposition is likely to be made; nor, if made, can it be effectual; because in that case they may [21] put their proceedings into the form of an act of assembly, which will render them obligatory on the other branches. They have accordingly in many instances, decided rights which should have been left to judiciary controversy: and the direction of the executive, during the whole time of their session, is

becoming habitual and familiar. And this is done with no ill intention. The views of the present members are perfectly upright. When they are led out of their regular province, it is by art in others, and inadvertence in themselves. And this will probably be the case for some [216] time to come. But it will not be a very long time. Mankind soon learn to make interested uses of every right and power which they possess, or may assume. The public money and public liberty, intended to have been deposited with three branches of magistracy, but found inadvertently to be in the hands of one only, will soon be discovered to be sources of wealth and dominion to those who hold them; distinguished, too, by this tempting circumstance, that they are the instrument, as well as the object, of acquisition. With money we will get men, said Cæsar, and with men we will get money. Nor should our assembly be deluded by the integrity of their own purposes, and conclude that these unlimited powers will never be abused, because themselves are not disposed to abuse them. They should look forward to a time, and that not a distant one, when a corruption in this, as in the country from which we derive our origin, will have seized the heads of government, and be spread by them through the body of the [22] people; when they will purchase the voices of the people, and make them pay the price. Human nature is the same on every side of the Atlantic, and will be alike influenced by the same causes. The time to guard against corruption and tyranny, is before they shall have gotten hold of us. It is better to keep the wolf out of the fold, than to trust to drawing his teeth and talons after he shall have entered.

Benjamin Constant, “The Liberty of Ancients Compared with that of Moderns” (1819)



I WISH TO SUBMIT for your attention a few distinctions, still rather new, between two kinds of liberty: these differences

have thus far remained unnoticed, or at least insufficiently remarked. The first is the liberty the exercise of which was so dear to the ancient peoples; the second the one the enjoyment of which is especially precious to the modern nations. If I am right, this investigation will prove interesting from two different angles.

Firstly, the confusion of these two kinds of liberty has been amongst us, in the all too famous days of our revolution, the cause of many an evil. France was exhausted by useless experiments, the authors of which, irritated by their poor success, sought to force her to enjoy the good she did not want, and denied her the good which she did want. Secondly, called as we are by our happy revolution (I call it happy, despite its excesses, because I concentrate my attention on its results) to enjoy the benefits of representative government, it is curious and interesting to discover why this form of government, the only one in the shelter of which we could find some freedom and peace today, was totally unknown to the free nations of antiquity.

I know that there are writers who have claimed to distinguish traces of it among some ancient peoples, in the Lacedaemonian republic for example, or amongst our ancestors the Gauls; but they are mistaken. The Lacedaemonian government was a monastic aristocracy, and in no way a representative government. The power of the kings was limited, but it was limited by the ephors, and not by men invested with a mission similar to that which election confers today on the defenders of our liberties. The ephors, no doubt, though originally created by the kings, were elected by the people. But there were only five of them. Their authority was as much religious as political; they even shared in the administration of government, that is, in the executive power. Thus their prerogative, like that of almost all popular magistrates in the ancient republics, far from being simply a barrier against tyranny became sometimes itself an insufferable tyranny.

The regime of the Gauls, which quite resembled the one that a certain party would like

to restore to us, was at the same time theocratic and warlike. The priests enjoyed unlimited power. The military class or nobility had markedly insolent and oppressive privileges; the people had no rights and no safeguards.

In Rome the tribunes had, up to a point, a representative mission. They were the organs of those plebeians whom the oligarchy -- which is the same in all ages -- had submitted, in overthrowing the kings, to so harsh a slavery. The people, however, exercised a large part of the political rights directly. They met to vote on the laws and to judge the patricians against whom charges had been leveled: thus there were, in Rome, only feeble traces of a representative system.

This system is a discovery of the moderns, and you will see, Gentlemen, that the condition of the human race in antiquity did not allow for the introduction or establishment of an institution of this nature. The ancient peoples could neither feel the need for it, nor appreciate its advantages. Their social organization led them to desire an entirely different freedom from the one which this system grants to us. Tonight's lecture will be devoted to demonstrating this truth to you.

First ask yourselves, Gentlemen, what an Englishman, a French-man, and a citizen of the United States of America understand today by the word 'liberty'. For each of them it is the right to be subjected only to the laws, and to be neither arrested, detained, put to death or maltreated in any way by the arbitrary will of one or more individuals. It is the right of everyone to express their opinion, choose a profession and practice it, to dispose of property, and even to abuse it; to come and go without permission, and without having to account for their motives or undertakings. It is everyone's right to associate with other individuals, either to discuss their interests, or to profess the religion which they and their associates prefer, or even simply to occupy their days or hours in a way which is most compatible with their inclinations or whims. Finally it is everyone's right to exercise some

influence on the administration of the government, either by electing all or particular officials, or through representations, petitions, demands to which the authorities are more or less compelled to pay heed. Now compare this liberty with that of the ancients.

The latter consisted in exercising collectively, but directly, several parts of the complete sovereignty; in deliberating, in the public square, over war and peace; in forming alliances with foreign governments; in voting laws, in pronouncing judgments; in examining the accounts, the acts, the stewardship of the magistrates; in calling them to appear in front of the assembled people, in accusing, condemning or absolving them. But if this was what the ancients called liberty, they admitted as compatible with this collective freedom the complete subjection of the individual to the authority of the community. You find among them almost none of the enjoyments which we have just seen form part of the liberty of the moderns. All private actions were submitted to a severe surveillance. No importance was given to individual independence, neither in relation to opinions, nor to labor, nor, above all, to religion. The right to choose one's own religious affiliation, a right which we regard as one of the most precious, would have seemed to the ancients a crime and a sacrilege. In the domains which seem to us the most useful, the authority of the social body interposed itself and obstructed the will of individuals. Among the Spartans, Therpandrus could not add a string to his lyre without causing offense to the ephors. In the most domestic of relations the public authority again intervened. The young Lacedaemonian could not visit his new bride freely. In Rome, the censors cast a searching eye over family life. The laws regulated customs, and as customs touch on everything, there was hardly anything that the laws did not regulate.

Thus among the ancients the individual, almost always sovereign in public affairs, was a slave in all his private relations. As a citizen, he decided on peace and war; as a private individual,

he was constrained, watched and repressed in all his movements; as a member of the collective body, he interrogated, dismissed, condemned, beggared, exiled, or sentenced to death his magistrates and superiors; as a subject of the collective body he could himself be deprived of his status, stripped of his privileges, banished, put to death, by the discretionary will of the whole to which he belonged. Among the moderns, on the contrary, the individual, independent in his private life, is, even in the freest of states, sovereign only in appearance. His sovereignty is restricted and almost always suspended. If, at fixed and rare intervals, in which he is again surrounded by precautions and obstacles, he exercises this sovereignty, it is always only to renounce it.

**Thomas Paine,
“Common Sense” (1774)**

SOME WRITERS have so confounded society with government, as to leave little or no distinction between them; whereas they are not only different, but have different origins. Society is produced by our wants, and government by our wickedness; the former promotes our happiness positively by uniting our affections, the latter negatively by restraining our vices. The one encourages intercourse, the other creates distinctions. The first is a patron, the last a punisher.

Society in every state is a blessing, but Government, even in its best state, is but a necessary evil; in its worst state an intolerable one: for when we suffer, or are exposed to the same miseries by a Government, which we might expect in a country without Government, our calamity is heightened by reflecting that we furnish the means by which we suffer. Government, like dress, is the badge of lost innocence; the palaces of kings are built upon the ruins of the bowers of paradise. For were the impulses of conscience clear, uniform and



irresistibly obeyed, man would need no other law-giver; but that not being the case, he finds it necessary to surrender up a part of his property to furnish means for the protection of the rest; and this he is induced to do by the same prudence which in every other case advises him, out of two evils to choose the least. Wherefore, security being the true design and end of government, it unanswerably follows that whatever form thereof appears most likely to ensure it to us, with the least expence and greatest benefit, is preferable to all others.

In order to gain a clear and just idea of the design and end of government, let us suppose a small number of persons settled in some sequestered part of the earth, unconnected with the rest; they will then represent the first peopling of any country, or of the world. In this state of natural liberty, society will be their first thought. A thousand motives will excite them thereto; the strength of one man is so unequal to his wants, and his mind so unfitted for perpetual solitude, that he is soon obliged to seek assistance and relief of another, who in his turn requires the same. Four or five united would be able to raise a tolerable dwelling in the midst of a wilderness, but one man might labour out the common period of life without accomplishing any thing; when he had felled his timber he could not remove it, nor erect it after it was removed; hunger in the mean time would urge him to quit his work, and every different want would call him a different way. Disease, nay even misfortune, would be death; for though neither might be mortal, yet either would disable him from living, and reduce him to a state in which he might rather be said to perish than to die.

Thus necessity, like a gravitating power, would soon form our newly arrived emigrants into society, the reciprocal blessings of which would supercede, and render the obligations of law and government unnecessary while they remained perfectly just to each other; but as nothing but Heaven is impregnable to vice, it will unavoidably happen that in proportion as they surmount the

first difficulties of emigration, which bound them together in a common cause, they will begin to relax in their duty and attachment to each other: and this remissness will point out the necessity of establishing some form of government to supply the defect of moral virtue.

Some convenient tree will afford them a State House, under the branches of which the whole Colony may assemble to deliberate on public matters. It is more than probable that their first laws will have the title only of Regulations and be enforced by no other penalty than public disesteem. In this first parliament every man by natural right will have a seat.

But as the Colony encreases, the public concerns will encrease likewise, and the distance at which the members may be separated, will render it too inconvenient for all of them to meet on every occasion as at first, when their number was small, their habitations near, and the public concerns few and trifling. This will point out the convenience of their consenting to leave the legislative part to be managed by a select number chosen from the whole body, who are supposed to have the same concerns at stake which those have who appointed them, and who will act in the same manner as the whole body would act were they present. If the colony continue encreasing, it will become necessary to augment the number of representatives, and that the interest of every part of the colony may be attended to, it will be found best to divide the whole into convenient parts, each part sending its proper number: and that the elected might never form to themselves an interest separate from the electors, prudence will point out the propriety of having elections often: because as the elected might by that means return and mix again with the general body of the electors in a few months, their fidelity to the public will be secured by the prudent reflection of not making a rod for themselves. And as this frequent interchange will establish a common interest with every part of the community, they will mutually and naturally support each other, and on this, (not on the unmeaning name of king,)

depends the strength of government, and the happiness of the governed.

Here then is the origin and rise of government; namely, a mode rendered necessary by the inability of moral virtue to govern the world; here too is the design and end of government, viz. Freedom and security. And however our eyes may be dazzled with show, or our ears deceived by sound; however prejudice may warp our wills, or interest darken our understanding, the simple voice of nature and reason will say, 'tis right.

I draw my idea of the form of government from a principle in nature which no art can overturn, viz. that the more simple any thing is, the less liable it is to be disordered, and the easier repaired when disordered; and with this maxim in view I offer a few remarks on the so much boasted constitution of England. That it was noble for the dark and slavish times in which it was erected, is granted. When the world was overrun with tyranny the least remove therefrom was a glorious rescue. But that it is imperfect, subject to convulsions, and incapable of producing what it seems to promise, is easily demonstrated.

Absolute governments, (tho' the disgrace of human nature) have this advantage with them, they are simple; if the people suffer, they know the head from which their suffering springs; know likewise the remedy; and are not bewildered by a variety of causes and cures. But the constitution of England is so exceedingly complex, that the nation may suffer for years together without being able to discover in which part the fault lies; some will say in one and some in another, and every political physician will advise a different medicine.

I know it is difficult to get over local or long standing prejudices, yet if we will suffer ourselves to examine the component parts of the English constitution, we shall find them to be the base remains of two ancient tyrannies, compounded with some new Republican materials.

First. — The remains of Monarchical tyranny in the person of the King.

Secondly. — The remains of Aristocratical tyranny in the persons of the Peers.

Thirdly. — The new Republican materials, in the persons of the Commons, on whose virtue depends the freedom of England.

The two first, by being hereditary, are independent of the People; wherefore in a constitutional sense they contribute nothing towards the freedom of the State.

To say that the constitution of England is an union of three powers, reciprocally checking each other, is farcical; either the words have no meaning, or they are flat contradictions.

To say that the Commons is a check upon the King, presupposes two things.

First. — That the King is not to be trusted without being looked after, or in other words, that a thirst for absolute power is the natural disease of monarchy.

Secondly. — That the Commons, by being appointed for that purpose, are either wiser or more worthy of confidence than the Crown.

But as the same constitution which gives the Commons a power to check the King by withholding the supplies, gives afterwards the King a power to check the Commons, by empowering him to reject their other bills; it again supposes that the King is wiser than those whom it has already supposed to be wiser than him. A mere absurdity!

There is something exceedingly ridiculous in the composition of Monarchy; it first excludes a man from the means of information, yet empowers him to act in cases where the highest judgment is required. The state of a king shuts him from the World, yet the business of a king requires him to know it thoroughly; wherefore the different parts, by unnaturally opposing and destroying each other, prove the whole character to be absurd and useless.

Some writers have explained the English constitution thus: the King, say they, is one, the people another; the Peers are a house in behalf of the King, the commons in behalf of the people;

but this hath all the distinctions of a house divided against itself; and though the expressions be pleasantly arranged, yet when examined they appear idle and ambiguous; and it will always happen, that the nicest construction that words are capable of, when applied to the description of something which either cannot exist, or is too incomprehensible to be within the compass of description, will be words of sound only, and though they may amuse the ear, they cannot inform the mind: for this explanation includes a previous question, viz. how came the king by a power which the people are afraid to trust, and always obliged to check? Such a power could not be the gift of a wise people, neither can any power, which needs checking, be from God; yet the provision which the constitution makes supposes such a power to exist.

But the provision is unequal to the task; the means either cannot or will not accomplish the end, and the whole affair is a *Felo de se*: for as the greater weight will always carry up the less, and as all the wheels of a machine are put in motion by one, it only remains to know which power in the constitution has the most weight, for that will govern: and tho' the others, or a part of them, may clog, or, as the phrase is, check the rapidity of its motion, yet so long as they cannot stop it, their endeavours will be ineffectual: The first moving power will at last have its way, and what it wants in speed is supplied by time.

That the crown is this overbearing part in the English constitution needs not be mentioned, and that it derives its whole consequence merely from being the giver of places and pensions is self-evident; wherefore, though we have been wise enough to shut and lock a door against absolute Monarchy, we at the same time have been foolish enough to put the Crown in possession of the key.

The prejudice of Englishmen, in favour of their own government, by King, Lords and Commons, arises as much or more from national pride than reason. Individuals are undoubtedly safer in England than in some other countries: but the will of the king is as much the law of the land in

Britain as in France, with this difference, that instead of proceeding directly from his mouth, it is handed to the people under the formidable shape of an act of parliament. For the fate of Charles the First hath only made kings more subtle — not more just.

Wherefore, laying aside all national pride and prejudice in favour of modes and forms, the plain truth is that it is wholly owing to the constitution of the people, and not to the constitution of the government that the crown is not as oppressive in England as in Turkey.

An inquiry into the constitutional errors in the English form of government, is at this time highly necessary; for as we are never in a proper condition of doing justice to others, while we continue under the influence of some leading partiality, so neither are we capable of doing it to ourselves while we remain fettered by any obstinate prejudice. And as a man who is attached to a prostitute is unfitted to choose or judge of a wife, so any prepossession in favour of a rotten constitution of government will disable us from discerning a good one.

**Frédéric Bastiat,
“Selected Essays
on Political
Economy,” (1848)**



I WISH that someone would offer a prize, not of five hundred francs, but of a million, with crosses, crowns, and ribbons, to whoever would give a good, simple, and intelligible definition of this term: the state.

What an immense service he would render to society!

The state! What is it? Where is it? What does it do? What should it do?

All that we know about it is that it is a mysterious personage, and certainly the most solicited, the most tormented, the busiest, the most advised, the most blamed, the most invoked, and the most provoked in the world.

For, sir, I do not have the honor of knowing you, but I wager ten to one that for six months you have been making utopias; and if you have been making them, I wager ten to one that you place upon the state the responsibility of realizing them.

And you, madame, I am sure that you desire from the bottom of your heart to cure all the ills of mankind, and that you would be in no wise embarrassed if the state would only lend a hand.

But alas! The unfortunate state, like Figaro, knows neither to whom to listen nor where to turn. The hundred thousand tongues of press and rostrum all cry out to it at once:

“Organize labor and the workers.”

“Root out selfishness.”

“Repress the insolence and tyranny of capital.”

“Make experiments with manure and with eggs.”

“Furrow the countryside with railroads.”

“Irrigate the plains.”

[141] “Plant forests on the mountains.”

“Establish model farms.”

“Establish harmonious workshops.”

“Colonize Algeria.”

“Feed the babies.”

“Instruct the young.”

“Relieve the aged.”

“Send the city folk into the country.”

“Equalize the profits of all industries.”

“Lend money, without interest, to those who desire it.”

“Liberate Italy, Poland, and Hungary.”

“Improve the breed of saddle horses.”

“Encourage art; train musicians and dancers.”

“Restrict trade, and at the same time create a merchant marine.”

“Discover truth and knock a bit of sense into our heads.”

“The function of the state is to enlighten, to develop, to increase, to fortify, to spiritualize, and to sanctify the soul of a nation.”

“Oh, sirs, a little patience,” replies the state with a piteous air. “I shall try to satisfy you, but for that I shall need some resources. I have prepared proposals for five or six taxes, brand new and the mildest in the world. You will see how glad people will be to pay them.”

But then a great cry is raised: “Shame! Shame! Anybody can do a thing if he has the resources! Then you would not be worthy of being called the state. Far from hitting us with new taxes, we demand that you eliminate the old ones. Abolish:

- The tax on salt;
- The tax on beverages;
- The tax on letters;
- The octroi (a tax on cities);
- Licenses;
- Prestations

In the midst of this tumult, and after the country had changed its state two or three times for not having satisfied all these demands, I tried to point out that they were contradictory. Good Lord! What was I thinking of? Could I not keep this unfortunate remark to myself?

So here I am, discredited forever; and it is now an accepted fact that I am a heartless, pitiless man, a dry philosopher, an individualist, a bourgeois — in a word, an economist of the English or American school.

Oh, pardon me, sublime writers, whom nothing stops, not even contradictions. I am wrong, no doubt, and I retract my error with all my heart. I demand nothing better, you may be sure, than that you should really have discovered outside of us a benevolent and inexhaustible being, calling itself the state, which has bread for all mouths, work for all hands, capital for all enterprises, credit for all projects, ointment for all wounds, balm for all suffering, advice for all perplexities, solutions for all problems, truths for all minds, distractions for all varieties of boredom, milk for children and wine for old age, which provides for all our needs, foresees all our desires, satisfies all our curiosity, corrects all our errors, amends all our faults, and exempts us all

henceforth from the need for foresight, prudence, judgment, sagacity, experience, order, economy, temperance, and industry.

And why should I not desire it? Heaven forgive me! The more I reflect on it, the more I find how easy the whole thing is; and I, too, long to have at hand that inexhaustible source of riches and enlightenment, that universal physician, that limitless treasure, that infallible counselor, that you call the state.

Hence, I insist that it be shown to me, that it be defined, and that is why I propose that a prize be offered to the first to discover this rare bird. For, after all, it will have to be admitted that this precious discovery has not yet been made, since the people have up to now overthrown immediately everything that has presented itself under the name of the state, precisely because it has failed to fulfill the somewhat contradictory conditions of the program.

Need it be said that we may have been, in this respect, duped [143] by one of the most bizarre illusions that has ever taken possession of the human mind?

Man is averse to pain and suffering. And yet he is condemned by nature to the suffering of privation if he does not take the pains to work for a living. He has, then, only the choice between these two evils. How arrange matters so that both may be avoided? He has found up to now and will ever find only one means: that is, to enjoy the fruits of other men's labor; that is, to arrange matters in such a way that the pains and the satisfactions, instead of falling to each according to their natural proportion, are divided between the exploited and their exploiters, with all the pain going to the former, and all the satisfactions to the latter. This is the principle on which slavery is based, as well as plunder of any and every form: wars, acts of violence, restraints of trade, frauds, misrepresentations, etc. — monstrous abuses, but consistent with the idea that gave rise to them. One should hate and combat oppressors, but one cannot say that they are absurd.

Slavery is on its way out, thank Heaven, and our natural inclination to defend our property makes direct and outright plunder difficult. One thing, however, has remained. It is the unfortunate primitive tendency which all men have to divide their complex lot in life into two parts, shifting the pains to others and keeping the satisfactions for themselves. It remains to be seen under what new form this deplorable tendency is manifested.

The oppressor no longer acts directly by his own force on the oppressed. No, our conscience has become too fastidious for that. There are still, to be sure, the oppressor and his victim, but between them is placed an intermediary, the state, that is, the law itself. What is better fitted to silence our scruples and — what is perhaps considered even more important — to overcome all resistance? Hence, all of us, with whatever claim, under one pretext or another, address the state. We say to it: “I do not find that there is a satisfactory proportion between my enjoyments and my labor. I should like very much to take a little from the property of others to establish the desired equilibrium. But that is dangerous. Could you not make it a little easier? Could you not find me a good job in the civil service or hinder the industry of my competitors or, [144] still better, give me an interest-free loan of the capital you have taken from its rightful owners or educate my children at the public expense or grant me incentive subsidies or assure my well-being when I shall be fifty years old? By this means I shall reach my goal in all good conscience, for the law itself will have acted for me, and I shall have all the advantages of plunder without enduring either the risks or the odium.”

As, on the one hand, it is certain that we all address some such request to the state, and, on the other hand, it is a well-established fact that the state cannot procure satisfaction for some without adding to the labor of others, while

awaiting another definition of the state, I believe myself entitled to give my own here. Who knows if it will not carry off the prize? Here it is:

The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else.

For, today as in the past, each of us, more or less, would like to profit from the labor of others. One does not dare to proclaim this feeling publicly, one conceals it from oneself, and then what does one do? One imagines an intermediary; one addresses the state, and each class proceeds in turn to say to it: “You, who can take fairly and honorably, take from the public and share with us.” Alas! The state is only too ready to follow such diabolical advice; for it is composed of cabinet ministers, of bureaucrats, of men, in short, who, like all men, carry in their hearts the desire, and always enthusiastically seize the opportunity, to see their wealth and influence grow. The state understands, then, very quickly the use it can make of the role the public entrusts to it. It will be the arbiter, the master, of all destinies. It will take a great deal; hence, a great deal will remain for itself. It will multiply the number of its agents; it will enlarge the scope of its prerogatives; it will end by acquiring overwhelming proportions.

But what is most noteworthy is the astonishing blindness of the public to all this. When victorious soldiers reduced the vanquished to slavery, they were barbarous, but they were not absurd. Their object was, as ours is, to live at the expense of others; but, unlike us, they attained it. What are we to think of a people who apparently do not suspect that reciprocal pillage is no less [145] pillage because it is reciprocal; that it is no less criminal because it is carried out legally and in an orderly manner; that it adds nothing to the public welfare; that, on the contrary, it diminishes it by all that this spendthrift intermediary that we call the state costs? ♦



An Audit of the Last General Assembly

The author, a researcher for the Indiana Policy Review Foundation from Evansville, is a graduate in political science from the Indiana University School of Public and Environmental Affairs.



by **Saurab Chaudhry**

The difficulties in measuring the product of a legislative session are well known. This last session, for example, an Indiana legislator meant only to clarify rules regarding the use of high-velocity ammunition on private property but instead prohibited using any kind of rifle on public property. This was so even though the bill was reviewed by many individuals and departments, not to mention two houses of a sitting legislature.

Confusion is not always the result of an oversight. Politics being politics, some bills are written in ways that hide their intent and effect. In other cases the longterm impact cannot be determined. In still others, the leadership puts an issue in the drawer or squashes debate because of its topic or author.

Nonetheless, the 2017 session of the Indiana General Assembly, a budget session with a GOP supermajority and same-party governor, offered an opportunity to measure the bent of Indiana's political direction without the fog of tactical or posed voting.

This project sought to expand and sharpen the public's understanding and discussion of the

legislative process. It was assumed that the GOP leadership, given its dominate political position, got the outcome it wanted from the 2017 session, and that outcome can be measured and quantified.

Method and Consideration

The project sorts the 1,250 House and Senate bills into 21 categories. Researchers, both Democrat and Republican, assigned categories to the individual bills as objectively as possible. This realizes that groups within and without the political community might view individual measures differently.

The Statehouse leadership, for instance, might look at the totals for the different categories and congratulate itself on how much legislative work was done. Backbenchers, on the other hand, might see those same results as a betrayal of voter intent. Others, especially members of the minority party, might view the findings as justification for a thorough house-cleaning in the next election cycle. Those all are valid opinions.

For a method that subjectively characterizes individual legislative measures is open to challenge. Still, the project as a whole can serve to expand the discussion of the current legislative process. The general or umbrella categories are as follows:

- Tax Reorganization
- Special Interest
- Government Reorganization
- Shrinks Government
- Expands Government

You will note in Chart 1 and 2 that the subcategories "Education," "Transportation" and "Welfare" are placed under the umbrella category

of “Expands Government.” That was done on the presumption that those functions, unreformed, inherently and continuously enlarge the governmental apparatus and are posterior to its more basic functions. It is conceded that individual bills under these subcategories might marginally, indirectly or incidentally reduce spending or the size of government near term. The subcategories are as follows:

- Restrict Individual Liberty
- Increase Individual Liberty
- Lower Taxes
- Increase Taxes, Fees
- Increase Spending or Debt
- Legislates Moral Behavior/Social Engineering
- Posture
- Transportation
- Judicial Reorganization
- Election Reorganization
- Financial/Fiscal Reorganization

- Private Property Issues
- Education
- Law Enforcement Reorganization
- Healthcare
- Welfare

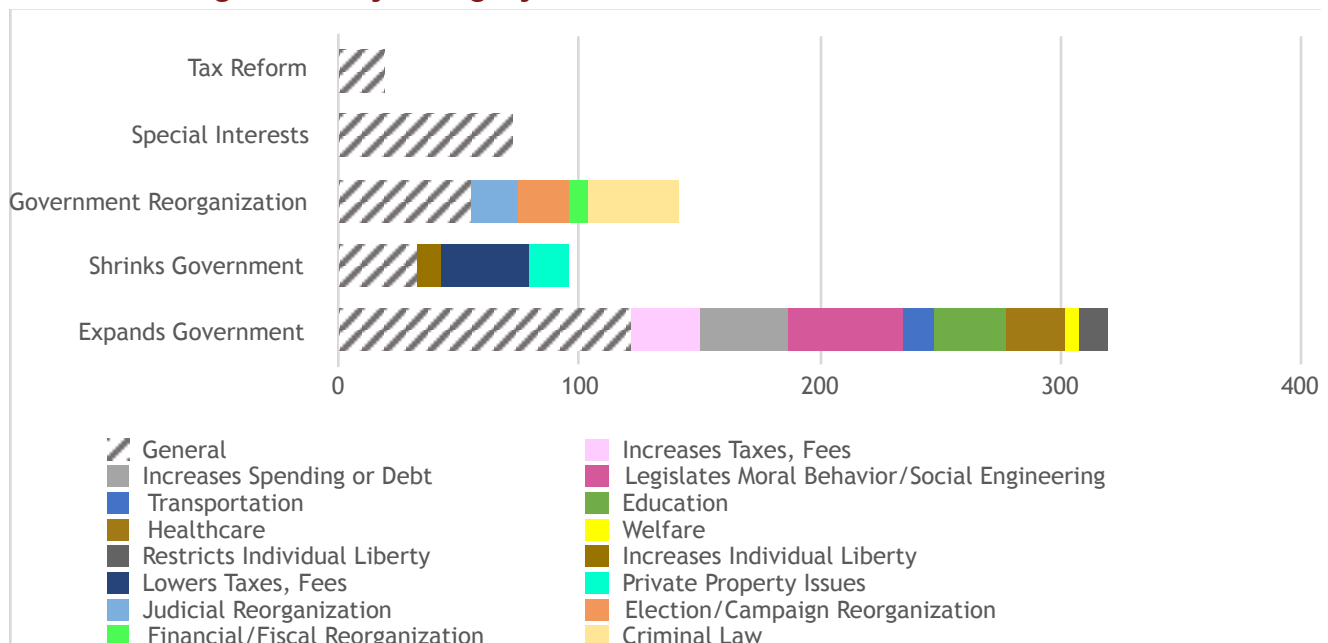
Findings

To get a better picture of the current legislative landscape, it was important to know how many bills were introduced in each of these categories.

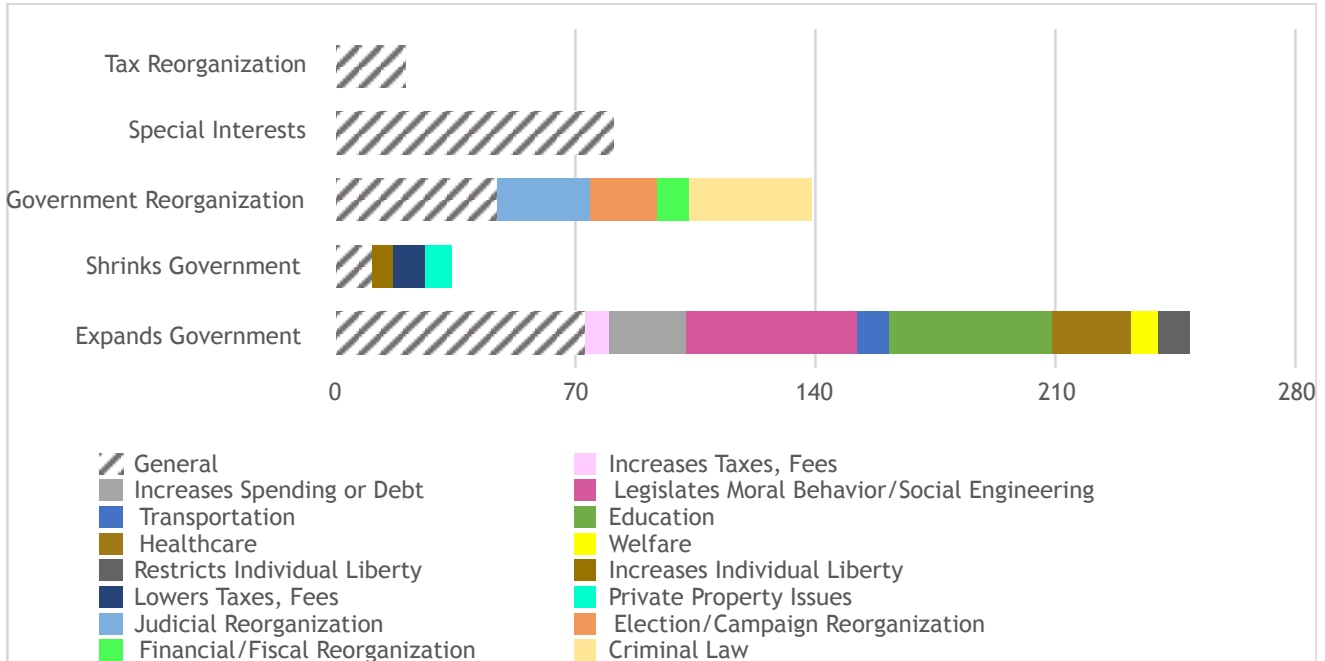
Expands Government

A self-explanatory category, the general section of this category listed 73 bills introduced in the Senate and 121 in the House. There are eight additional subcategories here: The “Increasing Taxes, Fees” category had seven bills introduced in the Senate and 29 in the House; the “Increases Spending or Debt” category had 22 bills introduced in the Senate and 37 in the House; the “Legislates Moral Behavior/Social Engineering” category had 50 bills introduced in the Senate and

CHART 1: Legislation by Category Introduced Into the 2017 Indiana House



Source: <https://iga.in.gov/legislative/2017/bills/>

CHART 2: Legislation by Category Introduced Into the 2017 Indiana Senate

47 in the House; the “Transportation” category had nine bills introduced in the Senate and 14 in the House; the “Education” category had 48 bills introduced in the Senate and 29 in the House; the “Healthcare” category had 23 bills introduced in the Senate and 25 in the House; the “Welfare” category had eight bills introduced in the Senate and six in the House; and the “Restricts Individual Liberty” had nine bills introduced in the Senate and 12 in the House.

Government Reorganization

This category included attempts to make government more efficient or effective, including increased cooperation between departments or agencies. Senate Bill 28, which died in the Committee on Environmental Affairs, was an example that would have authorized a county, city or town to establish or designate an existing agency to act as a local air-pollution control agency. Some also would make government larger, but only incidentally.

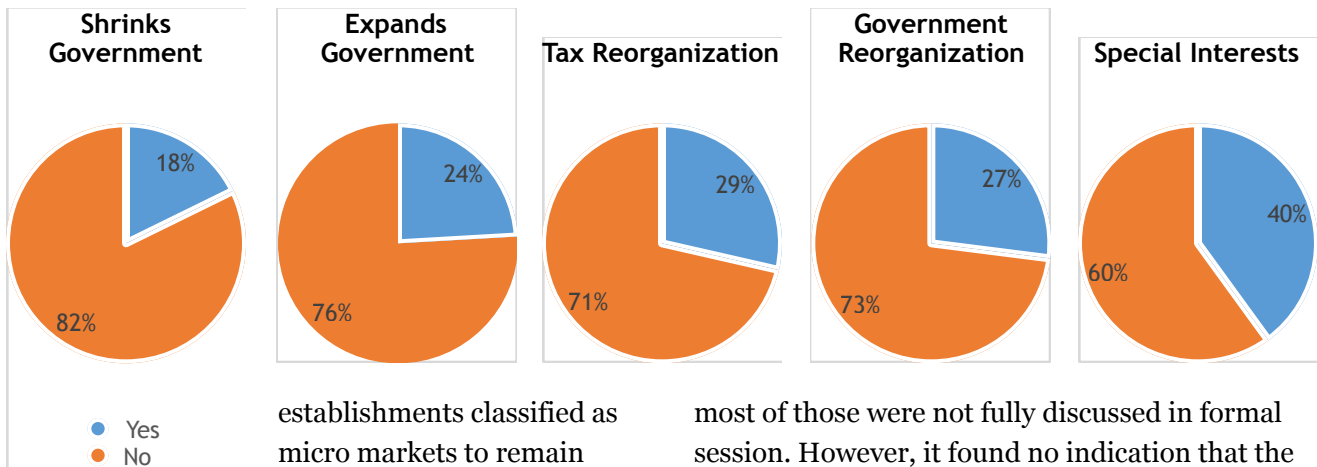
In the general section of the category, there were 47 bills of this type introduced in the Senate and 55 in the House. The category had four subcategories: The “Judicial Reorganization”

category had 27 bills introduced in the Senate and 20 in the House; the “Election/Campaign Reorganization” category had 20 bills introduced in the Senate and 21 in the House; the “Financial/Fiscal Reorganization” category had nine bills introduced in the Senate and seven in the House; and the “Criminal Law” category had 36 bills introduced in the Senate and 38 in the House.

Special Interests

The category included measures that were narrowly written and seemingly effect only a small group. A particularly detailed example was Senate Bill 519, which died in the Committee on Natural Resources. It sought to waive for disabled veterans the charge for obtaining a hunting license, defining a “qualified” veteran as one who is a resident of Indiana, has served in the armed forces of the United States and has a service connected disability rating of at least 80 percent. There were 81 bills in this category introduced in the Senate and 72 in the House.

This category included measures that would make government less intrusive. An example was Senate Bill 77, signed into law, which allows food

CHART 3: Percentage by Category of 2017 Senate Bills Sent to the Governor

conditions without a person overseeing their operation.

In the general section of this category, there were 11 bills introduced in the Senate and 32 in the House. The category included three subcategories: The “Increases Individual Liberty” category had six bills introduced in the Senate and 11 in the House; the “Lowers Taxes, Fees” had nine bills introduced in the Senate and 36 in the House; and the “Private Property Issues,” which included some bills that arguably confuse property ownership, had eight bills introduced in the Senate and 17 in the House.

Tax Reorganization

This category includes tax reform measures but also other sorts of changes dealing with the tax structure. Senate Bill 297, for example, which died in the Committee on Local Government, would provide that the ordinary tax sale redemption period for real property be shortened from one year to six months.

Again, although certain of these bills might lower or raise taxes, the researchers focused on primary intent. There were 21 bills in this category introduced in the Senate and 19 in the House.

Conclusions

The study found that fully three-fourths of the bills introduced were not sent to the governor and

most of those were not fully discussed in formal session. However, it found no indication that the Senate or House leadership was blocking all bills in certain categories, which was one of the hypotheses.

Another hypothesis that was unsupported by the findings was that there would be more legislation seeking to shrink government in this particular session. In fact, there were three times more bills introduced that would expand government than would shrink government.

Those numbers stand out because, as mentioned earlier, Republicans have a supermajority in Indiana. It was reasonable that would result in a preponderance of legislation seeking to make government smaller.

The study also found that there were many more bills introduced that would restrict individual liberty than there were that would increase individual liberty, a key holding of Republican philosophy.

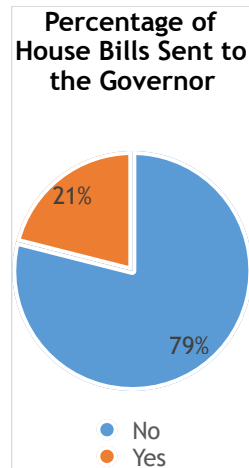
The findings would dampen any expectations that the GOP governor and supermajority will work for a smaller state government. The legislature, for every one measure the Senate considered last session that would shrink government considered even that would make it larger.

Even if a good number of such measures were generated by the Democrat side, there is a question of why there was not a larger number of Republican bills of this type, given the political imbalance.

The study did not presume to assign varying weights to individual pieces of legislation. Obviously, a single bill increasing the gas tax by 10 percent is of more import than one adjusting fishing license fees.

Finally, the author kept an eye on the number of bills introduced in the Special Interest category. One hypothesis was that there would be a good number of bills there, and in fact the study found that legislators are considering an inordinate number of proposals that are narrowly defined and seemingly written to help only a small group.

In that respect, the findings illustrated in Chart 3 conform to a Public Choice theory of economics predicting that the incentive of a special interest to pass benefiting legislation will greatly outweigh



the incentive of taxpayers, who bear only a small cost individually, to oppose it, regardless of the philosophical platform of the given political party.

In summary, when looking at the 2017 political landscape in Indiana, the legislation introduced was mostly to make government bigger, and the most politically driven in the legislature, Republican and Democrat, put forward a large number of laws benefitting small groups of people, *i.e.*, special interests.

Looking forward, the author recommends codifying and refining the criteria for each category to a degree that was not possible with the resources and time available for this study. Tracking the 21 general and subcategories then could be undertaken on an annual and comparative basis. ♦

Appendix

1. [Senate Bills Listed by Category](#)
2. [House Bills Listed by Category](#)

Leo Morris

Leo Morris, columnist for The Indiana Policy Review, is a veteran of 40 years in Indiana journalism. As opinion editor of the Fort Wayne News-Sentinel, Morris was named a finalist in editorial writing by the Pulitzer Prize committee.



The Government's Twist on Morality

(Oct. 30) — Acey deucey is a simple card game in which everybody antes, then each player takes a turn betting whether the next card will fall between the two cards he already has. Players can wager anything from nothing to the total of the pot, which can grow in a hurry. One time in the Army, in a game with other bored soldiers, I won \$700 in the space of half an hour, then lost \$1,000 in the next 15 minutes.

I was being a damn fool. So was everybody else in the game. But that was OK. We were young and in a place where there was nothing particular to spend our money on. Our foolishness hurt no one but ourselves, so the officers in charge of nipping our turpitude in the bud chose to look the other way, and good for them. At least they didn't offer to loan us the money to keep on playing, so good for us.

We have the right to be damn fools and be left alone most of the time to find our own way back to common sense, if not wisdom. That's the libertarian idea of freedom, at any rate.

We realize, however, that we're not always going to be left alone. Governments throughout history have been full of behavior missionaries determined to save us from our worst instincts. Convinced that the common good cannot survive individual acts of defiant deviance, their goal is to strip us of all bad habits, however they can.

If we smoke, they will keep piling on the sin tax, the U.S. government's preferred way to profit from vice since Alexander Hamilton paid off Revolutionary War debts with one on whiskey.

If we drink, they will make it hard for us to get alcohol, restricting where, when and under what conditions alcohol can be sold.

They will require us to wear seat belts, even when we're alone in the car on a deserted road at 2 a.m. They will eliminate 32-oz. soft drinks in the hope we are too dimwitted to buy two 16-ouncers.

And they will create an atmosphere in which everything must have a label. "If you cannot understand, or cannot read, all directions, cautions and warnings," says one, "do not use this product."

This is all irritating to the true libertarian who wants government to protect him from others, not himself. But it is marginally tolerable as long as the government is seen as well-intentioned and truly has the greater good as its prime motivation.

As long as it speaks from the moral high ground, in other words.

Indiana enthusiastically leaped from the moral high ground on Oct. 13, 1989. That's the date when the Hoosier Lottery began operations. And then it crawled off into the moral swamp on June 30, 1993. That's when the General Assembly approved riverboat gambling in the state.

Gambling is a human weakness, like smoking and drinking. When government detects a weakness in us, we might prefer that it just leave us be. But we can accept that at times it will try to educate or cajole us into better behavior, or at times even bring out the sticks of punishment. What it must not do — what we should not permit it to do — is exploit that weakness and prey upon the citizens suffering from it.

That's exactly what the state is doing with gambling, and it seems almost pointless at this late date to urge it to mend its ways. In fiscal year 2015, the state's fee and tax revenue from all gambling sources — the lottery, the riverboats, the racinos, charitable gaming — was in excess of \$900 million. To give up that much revenue would require huge spending cuts or unpalatable increases in more honest forms of taxation.

But times are tough. There are only so many gambling dollars to go around. Adjacent states are

busily expanding their own gambling infrastructures, and every new gaming venture the state approves merely siphons off some of the loose gaming change left in Hoosier pockets. Also in Fiscal Year 2015, the state's revenues from gambling were down 21 percent from their peak in 2007.

So the state sinks itself deeper into the swamp, with the moral high ground farther and farther from view.

When riverboats were first approved, Indiana didn't want that awful gambling on precious Hoosier soil, so the boats had to be actually navigating the water while the betting was taking place. That game of "let's pretend" has been weakening ever since. First, boats could permit gambling while docked, but they still had to be navigable. Then the requirement to be navigable was dropped. Now, the casinos have sought and been granted permission to relocate to land-based sites. One imagines that whatever they ask for next will also be granted.

And the lottery? The state must keep pressuring us to keep shelling out the money. While I was researching this article, an ad I couldn't kill kept popping up on Google every few minutes — from the Hoosier Lottery, shilling for its new Black Pearl scratch-off game. The state could have urged me to vote, or drive the speed limit, or not litter. Instead, it begged me to enter a "whole new world of playing" in which, for the low, low price of \$5, I could win up to \$20,000 instantly or \$100,000 in a nightly drawing.



TIMES CHANGE — It was a short three years ago that the University of Maryland football players sported a seriously patriotic uniform. Designed by Under Armour, the uniforms were worn to commemorate the 200th anniversary of the Battle of Baltimore. The jersey, helmet and shoes were decorated with words from the Francis Scott Key poem "The Defence of Fort McHenry," the poem that inspired the national anthem, "The Star-Spangled Banner."

I'll remember that when the state presumes to lecture me on how I should help it fight the terrible opioid crisis now stalking Indiana. I may be a damn fool, but I know who my friends are. We may not be on the moral high ground, but at least we remember where it is.

The AP Doesn't Think Much of Hoosiers

(Oct. 24) — The Associated Press had an astonishing story this week about what awful, horrible people Hoosiers are.

Apparently, we resist change, which means we are racist, sexist, homophobic, xenophobic monsters who should just crawl back into the primordial slime and let civilized people get on with the job of perfecting the world.

If Indiana is to compete successfully in a global economy, the article begins, quoting Gov. Eric Holcomb's sensible observation, it can't succumb to isolationism: "Digging a moat around yourself, filling it and saying, 'We're good,' would be to

retreat from not just competing, but having the opportunity to win.”

Fair enough. Capital will go where it can be the most productive, so we might as well get used to companies crossing the oceans, both ways. Economics will trump geography, and we will all be better off in the long run.

But having discovered the magic formula that all change is good and all resistance incomprehensible and indefensible, the writer embarks on a loopy, progressive tour of Indiana history designed to reveal the ignorant Hoosier bigot under every rock.

Hoosiers being upset at Subaru coming to Indiana — it got notorious nativist Evan Bayh elected governor, you know — is equated with:

- Hoosiers in the 1920s “anxious about” immigrants and loose Jazz Age morals “fanning a surge” in Ku Klux Klan membership. Really? Moral traditionalists and racial fanatics were the same group of people?

- Indiana just two years ago creating a legal defense fund for “business owners opposed to serving gay people,” Honestly? Wasn’t the issue more about people being forced to cater gay weddings over their religious objections? Isn’t there a difference, and isn’t it just a bit dishonest to blur the distinction?

- Gov. Holcomb this year signing laws targeting “immigrants and abortion rights.” Actually, the law “targeted” people who came to this country illegally, and the opposite of “abortion rights” is “rights of the unborn.” But a respect for borders and life are values that have defined us for generations, so obviously they must be changed.

Just in case we’ve missed the point, the author then throws in a couple of paragraphs about Hoosier workers being too unskilled for “the jobs of the future” and thus unprepared for a change as big as the move from an agrarian economy to an industrial one. We’ve been so busy foolishly resisting the changes coming at us that we have

failed to educate ourselves to deal with the changes. For shame, for shame.

But perhaps it’s not completely our fault. Our ignorant nostalgia for the past and despicable hostility to foreign trade, after all, are magnified by the “powerful political currents that helped elect President Donald Trump.”

You remember those currents. They were created by millions of ordinary Americans — including ignorant, backward Hoosiers — who were sick and tired of being vilified and condescended to by a cadre of snotty elites who detest them and everything they stand for.

Ah, well.

“Change,” it should not need to be pointed out, is a neutral value, so we are free to promote beneficial change and block harmful change, and we need to be wise enough to know the difference. Thoughtful conservatives do not resist change just because it is new. We merely seek to hold on to what has worked as a foundation for our untried innovations. Thoughtful progressives, it is hoped, do not seek change merely because it is new. Change that is not a careful addition to what we already have is not “progress” but a recipe for disaster.

Those who worship change for change’s sake are as misguided as those who resist change merely for tradition’s sake — and in the long run, they are far more dangerous.

We Can Outgun Texans

(Oct. 23) — My brother and sister-in-law buy Peeps by the carload.

They don’t eat the goofy marshmallow critters or give them out as party favors or use them as Halloween decorations. Periodically, they haul a bunch of them down to the shooting range they’ve built on their property, line them up against the wall and blast them to smithereens. Out comes the .38 Special and — Bam! — another Peep is gone. Look, here’s the Sig 40 caliber, and — Bam! Bam! Bam! — three more bite the dust. Even the Walther PPK gets a shot. “No, Mr. Peep, I expect you to die.” They have long guns, too, but those

never come out, because it wouldn't give the Peeps a sporting chance.

I guess we'd have to call them gun nuts. They do live in Texas, after all.

But truth be told, if my brother had really wanted an easy path to gun heaven, he could have just stayed in Indiana.

I saw a rerun of a cop show recently – I think it was “Criminal Minds” – in which a government man chided someone for heavily arming his 200-member group of followers.

“You people have stockpiled almost 400 weapons,” he said, or something to that effect. “Are you people expecting a war?”

Wow, I thought – 400 weapons! That's like two each! That's not even Texas armed, let alone Indiana packin'.

No, I don't have that backwards.

Texas has the reputation as the haven for shoot-em-up cowboys, but Indiana is arguably the more gun-friendly state.

In Texas, you have to take classes on gun handling and safety to get a carry permit. In Indiana, they just give it to you.

In Texas, you have to renew your permit occasionally. In Indiana, you can a lifetime permit.

And look at the numbers. Gun ownership can only be estimated, and there are different ways to do it. On every list I could find, Indiana and Texas were very close. On some, Texas edged Indiana out, but I found some that went the other way. According to one survey, Indiana has 14.1 guns per 1,000 residents, and Texas has 12.8. According to another, 39.1 percent of Indiana households and 35.9 percent of Texas ones have guns.

Guns & Ammo in 2015 ranked Texas and Indiana 15 and 16 on its list of most gun-friendly states, and the General Assembly next session could take action to catapult the Hoosier state ahead a spot or two, perhaps even into the top 10.

A summer study committee has been looking into the possibility of letting Hoosiers carry

without a permit, making Indiana one of the few so-called “constitutional carry” states.

The idea is that if bearing arms is an individual constitutional right, why should we need a government permission slip to exercise it? I have to admit the jury is still out on the constitutional question, but the Supreme Court has been leaning that way lately, and if it finally goes all the way, I find the permit-less argument persuasive. Are we required to get government approval for any of our other constitutional rights, such as free speech or the exercise of religion?

The gun-control crowd will go nuts, of course. They will tell emotional, gut-wrenching stories about gun violence and the proliferation of guns. What they won't be able to do is give a single example of what would change if constitutional carry passed. The same people who could always own guns will still be able to own guns. The same people forbidden to own guns will still be forbidden to own guns.

Well, the Hoosier state might become a more dangerous place for Peeps. If I get bragging rights over my brother, if Texas' flamboyance bows to Indiana's steadfastness and we finally become recognized as the better place for gun owners, I can't let him have all the fun.

Think I'll put in my order right now.

No More Mr. Nice Guys

(Oct. 16) — In 30-some years of writing about Indiana politics, there is one race that I miscalculated so badly it embarrasses me to this day.

No, not Donald Trump's romp through the 2016 presidential race. I'll defer to the geniuses in the national press corps for that one..

It was the 2014 Republican primary for Indiana Senate District 15, a four-way race featuring a businessman and three current or former office-holders.

Businessman Jeffrey Snyder, I calculated, would not be a factor. Being too little known and with barely any political experience, he was on a wishful thinking quest. No, it would be a three-

way race among outgoing Allen County Sheriff Ken Fries, current Allen County Councilman Darren Vogt and former one-term Fort Wayne City Councilwoman Liz Brown.

It would be a tight race, I thought, but Fries would eke out a victory. He was a popular sheriff and could undoubtedly have won a third term if not for the limits set by the Indiana Constitution. Vogt was not well-known to the average voter, County Council being the black hole of local politics.

And Brown, well, she had a Reputation. Yes, she was probably the most conservative of the four, but she also was a prickly personality known for not playing well with others. She'd rather walk barefoot over glass than concede a point, however minor, to another Republican, let alone a Democrat.

It turns out that Snyder was the only one I was right about. Vogt wasn't much of a factor, either. It turned into a two-way race, and Liz won handily. She didn't exactly clean Ken's clock, but 38 to 34 percent is a quite comfortable victory in a four-way race.

Where had I gone wrong?

As I thought about it, it occurred to me that perhaps the negative qualities I saw in Brown were the very qualities voters were looking for. If they were tired of politics as usual — and lord knows they had every right to be — then maybe they wanted to send a take-no-prisoners conservative to Indianapolis to kick butt and take names on their behalf.

If that's the case, I don't want to make the same mistake again, so I'm going to be a little more cautious in my assessment of the 2018 Republican primary to choose the contender to take on Indiana's Democratic U.S. Sen. Joe Donnelly.

It's already a six-way race and likely to get even more crowded, but let's face it — the only two candidates who really matter at this point are U.S. Reps. Luke Messer and Todd Rokita, each of whom has already raised more than \$2 million.

Surely we will eventually learn something useful about all the candidates, such as their core philosophies, their voting records and their positions on the critical issues of the day. But right now, news outlets, including the venerable Associated Press, are in the "juicy tidbit" stage.

Joe Donnelly is a hypocrite, you know. He slams companies for using cheap Mexican labor instead of hiring honest American workers, but guess who his family business hires a lot of?

And that Luke Messer — his family lives in Washington more than they do in Indiana, and his wife makes an obscene amount of money as a part-time attorney for some Podunk little town.

And Todd Rokita? Well, he's not a very nice man. He can reduce his staff to tears with his unreasonable demands, and more than one has walked out on the job.

All politicians have egos, but he abuses the privilege. He's even been known to yell at school kids. Scratch him right now. Voters aren't going to send such a mean man to Washington.

I beg to differ.

I hasten to point out that I do not really know whether Rokita is Mr. Mean; he's the nicest guy in the world for all I know. But he's getting a Reputation in the media, so he might as well just accept it.

That doesn't mean he should lose a lot of sleep worrying what the voters will think about that, however. If voters were upset about Indianapolis in 2014, they will be absolutely furious with Washington in 2018. They're not likely to be looking for Mr. Nice Guy to represent their interests.

I have no idea whether Rokita will win the GOP nomination, let alone the general election. But whatever happens, it will have nothing to do with his personality.

Just ask the voters who send Donald Trump to Washington.

No Apologies for Giving Life a Chance

(Oct. 9) — I am the oldest of the three children who lived.

Between my younger brother Larry and my younger sister Judy were the twins, Darryl and Dianne.

I always assumed they were stillborn, so my thoughts rarely dwelled on them specifically but centered mostly on those left behind. The unbearable sadness my mother must have felt. How all our lives would have been different with a pair of mischievous twins weaving through them.

Then one day, in a casual conversation with Judy about our mother's life, I learned the truth. Darryl and Dianne had not been stillborn. They had actually lived for a few hours. It changed the way I thought. I've spent I don't know how many hours wondering what might have gone through the twins' minds in those few hours. Did they have a glimmer of that wonderful and terrifying thing called life that had opened up before them and was about to be snatched away? Or were they feeling more than thinking, so overwhelmed by sensory overload that they were oblivious to the world they would so briefly inhabit?

Honestly, I don't know which of those possibilities makes me feel better, or worse. But I do know one thing. Darryl and Dianne had a chance that nobody tried to take away from them. And that colors the way I think about abortion.

There are many things I know on an intellectual level about the beginning stages of life. I know that from the moment of conception there is a blueprint for a human being, absolutely unique among all the people who have ever lived or ever will. I know that at a certain point after that, the part of the brain that governs rational thought develops, so sentience is attached. I know that shortly after that, very shortly, viability is achieved, and the fetus could live on its own.

And I know that a line can be drawn from conception to birth that represents a continuum of life and that it is not unreasonable to say, as many people do, that a clump of cells and a baby just

before birth are not the same thing and perhaps should not be on equal footing with the life and needs of the mother. But I also know that everywhere along that line is a unique human being who has a chance, unless someone takes it away. Where along that line is the point at which we can agree it is fair to take that chance away?

This being Indiana, I know there will be at least a few bills introduced in the next session of the General Assembly proposing to tighten abortion restrictions; there always are. And I know at least one of the sponsors of the legislation will swear up and down that it is merely an attempt to protect women's health, not an effort to make abortions tougher to get. And that will be a lie. Perhaps it will be an attempt to snag a few votes from the other side. Maybe it will be an effort to appear bipartisan and consensus-seeking in the current fashion. But it will be a lie.

Of course, abortion opponents will try to make them harder to get, just as supporters will try to make them easier. The right and wrong of morality might be absolutes, but the law is a continuum of the permissible and the impermissible, and philosophical foes are always going to try to move their markers along the line.

And what's wrong with that? That's the way it is — the way it should be — in a free society. The Supreme Court tried to lay down an absolute marker, but it did a lousy job of it, so the rest of us are going to keep trying to nudge it this way or that. Those who try to move it toward a greater respect for life should never feel the need to apologize, let alone lie. They are not forcing women into the back alleys and the waiting coat hangers. And they are trying to put up detours, not roadblocks.

Is it wrong to ask those considering an abortion to pause and have one more thought about what they are doing? They are on the position of having to make such an awful decision because nowhere along the line did anyone ever try to deny them a chance at life. It doesn't seem unfair to ask them to consider giving what they were given — just a chance. ♦

Maryann O. Keating

Should the U.S. raise the minimum pension for low-income retirees and increase mandatory contributions for median income workers?

Maryann O. Keating, Ph.D., an adjunct scholar of the foundation, is co-author of "Microeconomics for Public Managers," Wiley/Blackwell.



A Comparison of Personal Taxes and Retirement Income

(August 23) — International colleagues suggest that personal taxes in the U.S. are too low; they point out that residents in other advanced countries pay more. They then proceed to comment on shabby U.S. airports and our limited government services.

Instinctively, we Yanks counter indicating that the U.S. has had to maintain world peace for many decades at taxpayer expense. But do these colleagues have a point? Are personal taxes in the U.S. too low and, specifically, what assistance can U.S. residents rely on for retirement income?

Table 1 lists various taxes levied on seven countries and the average for high-income OECD countries. For the most part, the figures represent the tax collected as a percentage of a country's Gross National Product and, therefore, do not necessarily reflect tax rates on firms and households.

Not reported in the table is a payroll tax, unrelated to pensions and social services, that equals 1.4 percent of GDP in Australia, 0.4 percent in Mexico, and .4 percent on average in OECD countries (0.4 percent). The Organization for Economic Co-operation and Development (OECD) is a group of 34 democratic countries characterized by free market economies.

Admittedly, Australia and Sweden collect personal income tax revenue at a slightly higher

rate than the U.S., but on average OECD countries have lower rates. Interestingly, although the U.S. has the highest corporate tax rate, countries with large extractive mineral and oil industries, such as Australia, Chile and to a lesser extent Mexico collect greater amounts of tax revenue from profits as a share of their GDP.

The zero rate reported for Australian social security ignores the existence of an Age Pension for which virtually all residents are eligible. The 6.2 percent compulsory social security contributions for the U.S. represents a percentage of total GDP. Actually, for every dollar in wages paid in the U.S. up to \$127,200, the employer and employee together are required to submit 12.4 cents to the government for social security retirement benefits.

Standing out in Table 1 on the following page is the extent to which countries, other than the U.S., rely on sales taxes.

Agonizing over income taxes each April forms part of what it means to be American. One wonders, however, to what extent this personal responsibility will give way to more impersonal methods for collecting taxes in which business, as opposed to households, assume direct responsibility, at least on the Federal level, through value-added and payroll taxes. The Tax Wedge, presented in Table 1, would be a contributing factor to a change in this direction.

The Tax Wedge represents the ratio between the amount of taxes paid by an average single worker (a single person at 100 percent of average earnings) without children and the corresponding total labor cost for the employer. The average Tax Wedge measures the extent to which taxes on labor income discourage employment.

Presently, the U.S. Tax Wedge of 31.7 percent is not the highest among the countries listed in Table 1, but it is certainly a factor in declining U.S. labor force participation. If the U.S. were to increase personal taxes, the Tax Wedge would increase, lowering employment incentives and thereby reducing overall Social Security contributions.

Thus far, Social Security contributions, rather than general tax revenue, have been sufficient to fund payments to 96 percent of U.S. residents over 62 or disabled who qualify for Old Age, Survivors, and Disabled Income (OASDI), generally referred to as Social Security or Disability. The viability of retirement programs in all countries is jeopardized by decreasing labor force participation, the dependency ratio, and

other factors. The ability of countries to address income support for elderly residents is assessed in Figure 1.

The horizontal axis in Figure 1 on the following page reflects projected dependency rates determined by life expectancies and fertility rates. Countries that anticipate smaller growth in their elderly populations along with large numbers of persons entering the labor force will have lower

TABLE 1

	Australia	Chile	Japan	OECD-Average	Mexico	Sweden	United Kingdom	United States
Tax on Personal Income*	11.429	1.472	6.1	8.424	3.371	12.467	9.062	10.745
Tax on Corporate Profits*	4.7	4.9	4.3	2.8	3.3	3.0	2.5	2.2
Compulsory Social Security Contribution *	0	1.4	12.7	9.1	3.3	9.8	6.1	6.2
Tax on Goods and Services*	7.5	11.2	6.8	11	5.4	12.3	10.7	4.4
Tax Wedge	28.6	7	32.4	36	20.1	42.8	30.8	31.7
Melbourne Mercer Global Pension Index (2016) 100 = Highest Possible Rank	77.9	69.1	44.1		52.1	74.2	65	56.3

*Total, % of GDP, 2015 or Latest Available.

Source: data.oecd.org

dependency ratios and are therefore in a better position to meet the future needs of its elderly population. For example, aging populations in Italy (ITA) and Japan (JAP) increase the dependency ratio and put these countries in a worst position to supplement elderly income. The vertical axis represents factors positioning the country to offset dependency ratios. For example, countries with high labor force participation (including that for those over 55 years of age), with higher ages for pension eligibility, and with larger amounts of assets backing pensions are in a better position to ensure income for elderly residents. For example, Japan, as compared to Italy, is in a better position to compensate for its projected old age dependency ratio due to a combination of private as well as public pensions.

Returning to Table 1, the Melbourne Mercer Global Pensions Index is given for a few countries indicating the adequacy of government policy in ensuring overall income for elderly residents. The Index is weighted 40 percent on incentives for private savings, benefits for all retired residents, and growth in required private and public assets needed to fund its programs. A 35 percent weight is placed on the extent to which a country's retirement policy covers all residents, ensures contributions, accounts for demographic changes and manages government debt. A 25 percent weight is placed on how the programs are regulated and managed to inform, protect, and minimize the costs of beneficiaries.

The Global Pension Index listed for Australia (77.9) in Table 1 is the highest while that for the U.S. (56.3) is among the lowest. Regarding dependency ratios, both the U.S. and Australia are in a similar positive position with no dramatic increase in life expectancies expected and with fertility rates and immigration sustaining or augmenting the working age population. The question to ask here is "Do the facts support the idea that Australians are better off than Americans (concerning retirement)?"

There is no one perfect pension policy for all countries, but, before comparing U.S. and

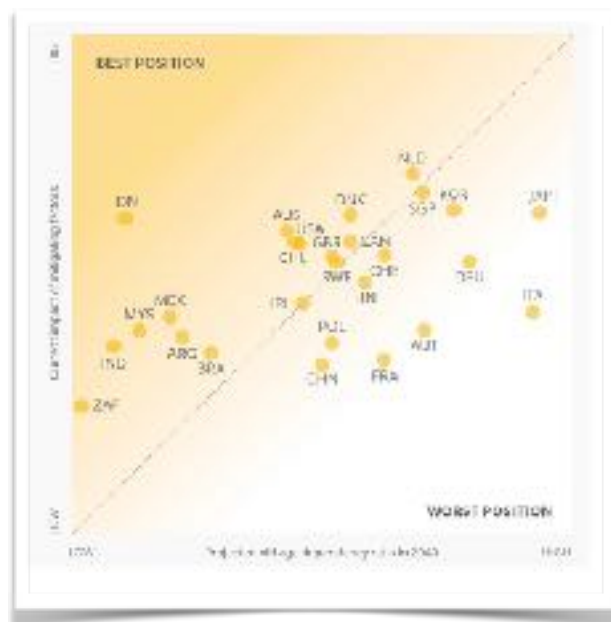


Figure 1. Countries in the Best and Worst Position to Meet the Income Needs of Elderly Residents

Source: "Relative Position of Countries," Melbourne Mercer Global Pension Index, October 2016, p. 31.

Australian policy, consider how countries in general approach one unique social goal: providing retirement income to elderly residents. Country policies can be categorized into four types:

1. A non-contributory safety-net offering income to all retired residents below a certain income or wealth level.
2. A government mandated public pension plan that is publicly managed with contributions linked to wage earnings.
3. A government mandated program consisting of employer or employee contributions that are deposited into a variety of approved public and private investment funds.
4. A retirement program created by employers and/or employees linked and funded by contributions from wage income.

Both the U.S. and Australia have programs of type 1, funded not with individual contributions but through general tax revenue. About 4 percent of U.S. residents 65 or older in the U.S. do not qualify for Social Security. However, Supplemental Security Income (SSI) is a United States government program that provides stipends to low-income people who are either aged, blind or disabled (Whitman, Kevin, Gayle L. Reznik, and David Shoffner. “Who Never Receives Social Security Benefits?” *Social Security Bulletin*, Vol. 71, No. 2, 2011).

Similarly, Australian residents at 65 years of age (rising to 67 for those born after Jan. 1, 1957) are entitled to a full or partial Age Pension supplementing his or her other resources. Women, in particular, are most likely to rely fully or in part on the Age Pension. The Age Pension is generous compared with international standards and is paid every two weeks. It is also the case that an Australian regardless of age caring for a person, other than their child, with a permanent disability, is entitled to a “Carer Payment.” Both the Age Pension and Carer Payments are subject to many qualifications, but of interest here is that both are funded out of general tax revenue, not payroll taxes.

Australia does not have a publicly managed plan of type 2, the cornerstone of government retirement policy in the United States. Social Security in the U.S. is a type 2 government-mandated publicly managed plan with contributions linked to wage earnings with payments loosely linked to an individual’s salary and participation in the labor force. In the U.S., 96 percent of U.S. residents over 62 or disabled qualify for Old Age, Survivors, and Disabled Income (OASDI), generally referred to as Social Security or Disability. The OASDI program is funded with a mandatory 12.4 percent annual payroll tax on wage income below \$127,200. The so-called “lock box” refers to OASDI assets backing outflows exceeding incoming contributions. These assets consist of government debt in the form of U.S. Treasury securities.

The U.S. does not have a pension plan of type 3. On the other hand, the Australian government mandates, under a program called “superannuation,” that employers and employees contribute to approved public and private funds. Employers are required to contribute the equivalent of 9.5 percent of an employee’s ordinary time earnings as Superannuation Guarantee (SG) contributions. Superannuation contributions of employers and employees, exceeding SG contributions, are divided into two types — concessional (before-tax) and non-concessional (after-tax). Both concessional and non-concessional contributions are capped. Most Australian employees pay a 15 percent tax on voluntary concessional contributions and any post-tax superfund earnings. (Australian Centre for Financial Statistics, 2016.)

An Australian employee chooses how his or her superfund is invested from a list of approved investment options; otherwise, super money is automatically placed in a default investment option. After retirement at the age of 60, the superannuation income stream and earnings on assets financing an individual’s pension are exempted from taxation. In general, there is no access to superannuation funds until retirement. These funds can be bequeathed tax-free to spouse and dependent children under 18 years of age. Adult children must pay taxes on the employer contribution component of the balance.

An Australian employee can independently make tax-deductible super contributions if an employer fails to set up a pension plan supplementing the Superannuation Guarantee (SG). Recall, however, that the SG is mandated and all contributions must be placed in approved funds. Superannuation differs from the fourth type of program listed above in which government tax policy merely encourages employers and employees to set up private retirement vehicles by releasing or lowering income taxes on certain contributions, permitting earnings to grow tax-free, and releasing payments after retirement from income taxes. percentIn the U.S., 401k-type

programs, Traditional IRAs, and Roth IRAs are examples of this fourth approach.

Individual residents are advised to get personal guidance on navigating pension plans either in Australia or the U.S. Optimizing pension returns given personal circumstances is complicated in both countries. Similarly, suggestions for improving a country's standing on the Global Pension Index must be accepted with caution because the goal of the Index is merely to address the size and security of pension income, not to further a particular country's overall social goals consistent with its history and culture.

Again, the question to ask is "Do the facts support the idea that Australians are better off than Americans with respect to retirement policy?"

U.S. and Australian policies taken as a whole represent four basic types of retirement programs: an income safety net for all aged residents, a government mandated and managed program, a government mandated but privately managed program, and voluntary private plans encouraging savings through tax incentives.

What conclusion can be drawn from comparing the U.S. and Australian retirement policy other than that there is no perfect policy for managing the income needs of elderly residents?

Actually, the Global Pension Index report does provide useful recommendations for improving pension policy. For example, the U.S. and Australia might be able to incentivize labor-force retention for those approaching retirement. In addition, both countries could increase the age for private pension fund withdrawal and encourage withdrawal in the form of an income stream rather than lump sum. Furthermore, the U.S. might want to limit access to funds before retirement.

The U.S., in particular, is encouraged to raise the minimum pension for low-income retirees and increase mandatory contributions for median income workers. Without access to employer plans, median income workers are less likely to invest in a 401k or IRAs; however, other

associations might assist in creating similar group plans. This would assist in increasing assets backing U.S. retirement income.

The Global Pension Index recommends raising the ratio of retirement income to pre-retirement wage income. However, this requires sacrificing present wages for future consumption. Unfortunately, a recommendation to increase minimum government payments is likely to reduce voluntary contributions. Nevertheless, it is a worthwhile determining if existing programs and incentives are adequate to approximate a pre-retirement standard of living for the average retiree.

Given Australia's culture and history, Superannuation is individualistic compared with U.S. Social Security providing income for spouses and dependents. Although U.S. residents would enjoy the possibility of bequeathing their government-mandated pension, they are likely to object to restrictions on withdrawals and limited investment options on voluntary savings. Finally, Americans may be hesitant to forfeit a monthly government check for one dependent on market returns.

When it comes to retirement plans, the most important issue concerns how individuals identify with the program. Aussies demonstrate a sense of ownership with their Supers and follow investment returns. Residents in the U.S. are more divided. Retirees, even those paying income taxes on their Social Security, appear to support the program. Gen Xers, on the other hand, often indicate that they do not expect to benefit from Social Security, regret having to pay into it, but sincerely hope that it continues to support their parents and in-laws. As for U.S. politicians, they dread touching the third rail.

Small Firms Are Beautiful but Large Corporations Are not Necessarily Ugly

(Sept. 19) — Most agree that similar legal entities be treated fairly. Note, however, in Figure 1 on the following page that the number of U.S. corporations is in decline as compared with other

firms; this raises a serious concern regarding bias, but, more importantly, about the flourishing of U.S. corporations at home and abroad.

The combined U.S. Federal and State corporate tax rate (38.9 percent on average) is the highest among developed countries. This “highest” tax rate accounts to some extent for the 25 percent drop in companies headquartered in the U.S. listed among Global Forbes’ 500 largest companies.

Many countries exempt foreign business earnings from home-country taxation. However, U.S. companies’ earnings abroad are taxed by the IRS above any amount paid to foreign jurisdictions. IRS taxing offshore earnings gives foreign multinationals a competitive advantage here and abroad and encourages U.S. corporations to defer U.S. tax payments by keeping profits, earned abroad, trapped abroad.

Figure 1 below indicates that U.S. companies increasingly organize themselves as partnerships or S Corporations. This move was unanticipated because partnerships and S Corporations are taxed as pass-through businesses which mean that their earnings are burdened with an immediate

personal federal income tax (up to 43.4 percent) plus state and local taxes (up to 13.3 percent). These rates can exceed the total tax (38.9 percent) on regular C Corporations.

Pass-through businesses include those owned by sole proprietors, partnerships, and S Corporations.

S Corporations differ from regular C corporations; they are taxed as a pass through businesses, owned by U.S. residents and limited to 100 shareholders. Over 90 percent of businesses in the United States are now pass-throughs employing over half of the private-sector workforce in 49 out of 50 states.

However, it is essential not to ignore the remaining 10 percent of firms employing the other half of the labor force and, perhaps, contributing even more than half to a state’s annual payroll.

Figure 2 for Indiana indicates that larger firms, most likely subjected to corporate income taxes, account for 60 percent of annual payroll earnings.

Small is beautiful, but considering large firms’ contribution to Indiana’s total payroll, it is worthwhile determining if large firms are

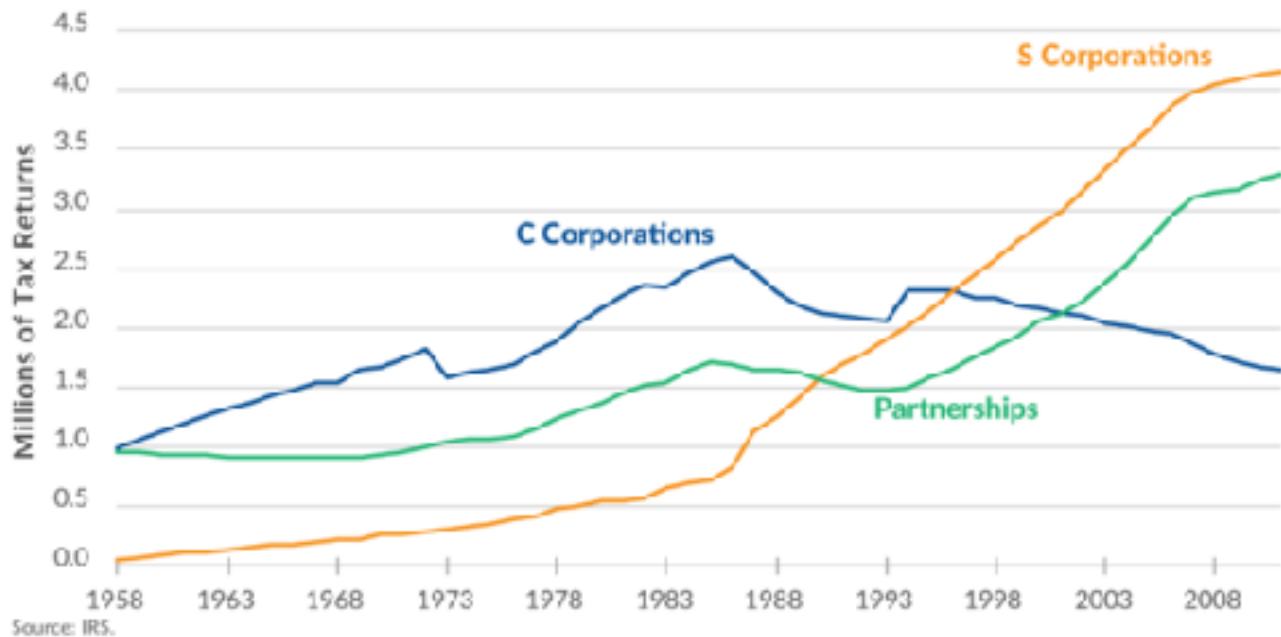


Figure 1: Number of C Corporations declining While Pass-Throughs Increase (Source: IRS)

increasingly at a disadvantage at home and abroad.

At first glance, it seems as if C corporations might be advantaged. After all, when a pass-through business earns a profit, its owners are taxed immediately at a top rate of 43.4 percent; when a C corporation earns a profit, its earnings are taxed at a top rate of 35 percent. Consider, however, that corporate profits are first taxed and the remaining reinvested or distributed in the form of dividends. If dividends to shareholders are taken into account, C corporations are subject to a top tax rate of 50.5 percent, significantly higher than the 43.4 percent top tax rate faced by pass-through businesses.

Regulations, as well as taxes, hurt U.S. corporations. Full compliance with the Affordable Care and Medical Leave Acts is dependent on a firm's employee numbers. Also, companies with 100 or more workers have been targeted to report

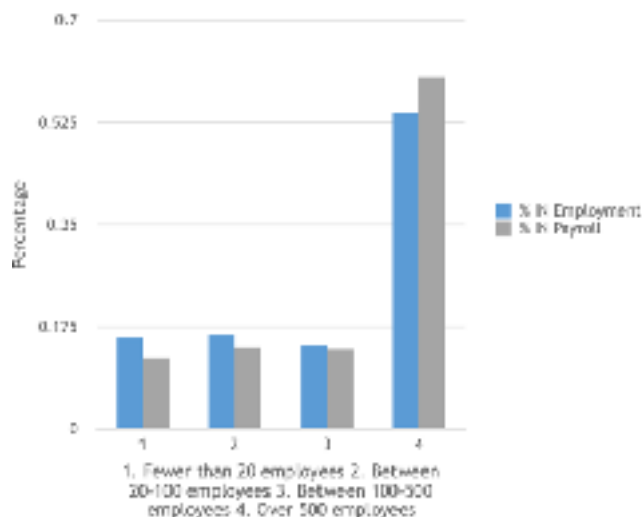


Figure 2: Indiana Employment and Annual Payroll by Number of Firm Employees. *Source: Table 2B, "By State and Detailed Firm Size," 2013 Statistics of U.S. Businesses from the Small Business Administration Office of Advocacy*

on employees by fourteen different gender/race/ethnicity groups, within 12 pay bands and 10 occupational categories.

Detailed data on owner and business characteristics are available from the U.S. Census Bureau's Survey of Business Owners but only for years ending in 2 or 7. Therefore, until data for 2017 becomes available, it is impossible to determine the degree to which U.S. firms

are increasingly reluctant to incorporate or expand the number employed beyond a certain level.

Meanwhile, Laura Tyson, former head of President Clinton's Council of Economic Advisors, argues for bipartisan support for U.S. corporate tax reform to benefit America's workers, companies, and economy. ♦

Eric Schansberg

“A Brief History of Sunday” by Justo Gonzalez. Eerdmans Publishing, Grand Rapids, 2017

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



A Brief History of Sunday is a terrific little book by New Testament scholar, Justo Gonzalez. It's only 150 pages in 17 short chapters. It's an easy read, except for keeping track of the historical Venn Diagram that is Sunday versus the Sabbath. It's interesting as Church History — particularly if you're interested in how we got "here" with respect to Sunday and the Sabbath.

Defining a Week

On his way to talking about Sunday in particular, Gonzalez briefly surveys the historical use of weeks.¹ He opens by noting the cyclical and linear nature of time (p. 1-6). Their cyclical aspects imply the usefulness of keeping track of days and years. But those are too short and too long to organize life's activities — and so, months and weeks were developed.

Weeks have varied from 3-13 days. Babylon used four seven-day weeks per typical month, connecting those to the four cycles of the moon in the lunar cycle. The seven days of the week were named for the Sun, the Moon and the five visible planets. Greek calendars were a mess and they adopted Babylonian norms as their empire spread to the east. Rome used an eight-day week with the eighth devoted to market activity. Eventually, Rome accepted the seven-day week — only fully so, in the time of Constantine — with the translation of those seven days into Latin.

The Jewish calendar was built around a seven-day week, with its Creation-based Sabbath. Of

course, months in a year could not be simply 28 days, so every system must accommodate this by adding days to various months. For the Jews: After each seven weeks, an extra day was added, resulting in 50 days ($7 * 7 + 1$). And after some of these 50s, other days or weeks were added (including Passover and the Feast of Booths) to get to a 365-day calendar. (The Bible proscribes the same for years — a Sabbath year every seven years and then a special 50th "Year of Jubilee.")

In Mesopotamian culture, seven was seen as evil — a day to avoid work (accidents and harm were believed to be more likely) and a day of doom and gloom.² This is one more area where God purposed to redeem a pagan custom, turning the Sabbath into a day for rest, joy and celebration.³ That said, Sabbath was not particularly a time of ritual worship, given the distance of most people from Jerusalem and the Temple. With the fall of Jerusalem, the sacking of the Temple, and exile in Babylon, local gatherings and ritual worship were elevated in usefulness and importance. This resulted in the formation of synagogues for worship and study but not sacrifice.

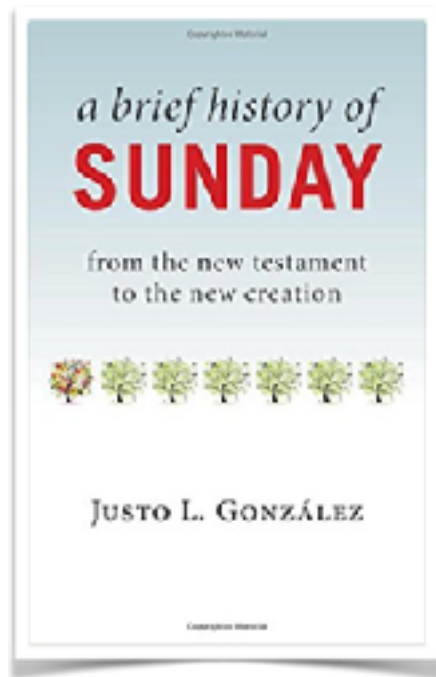
Naming the Days and Rethinking the Sabbath in the Early Church

In Part 1, Gonzalez describes the pre-Constantine treatment of Sunday and the Sabbath by Christians. The Church was unofficial and often persecuted — and theologically, quite concerned about its intersection with Judaism. As the Jews had done, early Christians numbered days from the Sabbath and observed the Sabbath from Friday sundown to Saturday sundown (20). The four Resurrection accounts cite the first day of the week or the first day from the Sabbath (the Greek word is *sabbaton*) — i.e., Sunday. (See also: Acts 20:7, I Cor 16:2.) Another term — the more popular phrase in the Early Church (11) — was "the Lord's Day" (Rev 1:10, I Cor 11:20). The Greek word is *kyriake*, which is related to *kyrios* which means "Lord," with its political and theological implications (10).

The Latin-speaking church turned Sunday into *Dominus*, which relates to the terms used today in the Romance languages. In modern Greek, the days are simply numbered from the Sabbath, except for the Sabbath which retains its Jewish name, *sabbato*. In Portuguese, it's the same except Sunday is *domingo*. In the other Latin languages, only Sunday and Saturday get special treatment — Sunday as derived from the Lord's Day; and Saturday as derived from the Sabbath. In Germanic languages (like ours), Sunday is named for the Sun, Saturday is named for Saturn (14-15).⁴

In Chapter 3, Gonzalez notes that the early Christians met with Jews in the synagogues as much as possible — as depicted in the book of Acts (18). We're not exactly sure how and when they did worship, but the most likely theory is that they would attend worship and gather for a meal to open the "Sabbath" on Friday evening. (See: Acts 20.) Christians then would (also or instead) gather pre-dawn on "the Day of the Lord" on Sunday AM (when chores and work were not required) for worship (20-21).

As one might imagine, the transition from Christianity as Jewish-ish to Gentile necessarily involved some scheduling tension and theological challenges — what to do with the Sabbath, when to worship, and so on (20-23). Pre-Constantine, "Sabbath rest" was debatable and "Sunday rest" was a non-issue. The debate was probably strongest around the time of the Reformation. Not wanting to devolve into works-righteousness, there were concerns about doing too much on the Sabbath, but also in making "not doing work" into a work (86). Sabbath-keeping was also connected to circumcision (104), with concern that both were forms of "Judaizing" the Christian faith.



Much of the debate on the Sabbath centered around what to do with the Commandment on the Sabbath and how to apply the categories of moral and ceremonial law (93-94).

Gonzalez also discusses the nature of the Sabbath — in particular, whether it should be a time of celebration or something far more somber (36). It's a spectrum, but to what extent are Christians celebrating Jesus' victory over evil and death versus remembering the sacrificial death of Jesus based on our sin and our need for forgiveness? Often, in the early Church, Wednesday and Fridays

were for fasting (since those were the days of the betrayal and passion of Jesus), while Saturday was a day of rest and celebration (25). In fact, fasting and kneeling were often prohibited on Saturday (32). Christians "must not show the anxiety or deference one shows before a master, but rather the confidence and assurance one shows before a father." (35)

Centuries later, this played out in interpreting Communion. In the East, Communion was a celebration; in the West, it was a somber sacrament. Gonzalez argues that the West's approach derives from the Roman emphasis on Law — and thus, a focus on our falling short, the Cross, and the need for Christ's sacrificial death (70-72). This also necessarily implies more concern about post-baptism sins, which eventually led to a penitential system, purgatory, masses for the dead, and indulgences.⁵ History also plays a part here: As the Roman Empire was being sacked and death and suffering became a part of daily life, they naturally saw Communion from its more "negative" angle.⁶

Also, with Christianity growing more popular, gathering as a community was not as important. So, there was a tendency to suffuse Communion

with meaning, mystery and miracle (73-75), including a formalized belief in trans-substantiation (made official in 1215). This change in outlook had necessary implications for worship and communion (76-82). The latter became much more sacred, leading to a bread that would not crumble (the communion wafer); only the priest would touch the host (putting it on the lay person's tongue); only the priests would drink the wine (to avoid contaminating the sacred); metal versus wood chalices (fancier and to get every drop); and fewer and fewer people taking the Eucharist (reducing it to a spectator sport).

The Origin of "Blue Laws"

With Constantine, the popularization of Christianity and the force of law, Sunday became the legally-mandated day of "rest" and the preferred (now, post-dawn) time for worship as well (47).⁷ Until Constantine, there was no expectation of "rest" or devotion to prayer/study on Sunday (39). It would have been difficult culturally and economically. And there was no biblical injunction for it. Remember that Sunday and the Sabbath (when Jewish norms would have encouraged rest) were not the same. Moreover, there was concern about following Jewish norms into legalism or works-righteousness. So, Sabbath rest was debatable and Sunday rest was a non-issue. But with Constantine's edict in 321, the power of the State was used to legislate a "rest-ful" approach (41, 53).⁸

Of course, legislation and political economy are always a matter of theory versus practice. If we're going to legislate rest, the ideal may be prayer (86). But those who don't want to pray (so much) will want to do other things with their spare time. And so, the reality was often a desire to play instead of pray — something which legislation also sought to regulate (87).

Another interesting discussion: the role of discipleship in the Early Church and then post-Constantine. Pre-Constantine, the Church added a rigorous, lengthy program of discipleship or catechesis, before baptism. People would

complete this process and then get baptized on Easter to celebrate their formal and complete entry into the community of believers/disciples (27). There were even separate masses for the catechumens and the "believers" (38)! But with Constantine's legalization and popularization of Christianity, catechesis fell by the wayside (41): less perceived need (since most folks were now "Christians"; persecution disappears, etc.) and less ability to deliver it (to so many people, so suddenly).⁹

In later chapters, Gonzalez details the various views of the Reformers on community, worship, Sabbath, etc. He devotes chapters 14 and 16 to the Puritans — and chapter 15 (and other mentions) to 7th Day Adventists.

One of the key elements of this debate was the origin of changing the Sabbath from Saturday to Sunday — and whether it was proscribed by Scripture or church tradition. Of note, Catholics poked Protestants by arguing that much or all of it was driven by the latter (121).

Gonzalez closes by discussing the spread of Sabbath views through English culture, conquest, etc. (133, 139ff). Because the English were so passionate and influential, Sabbath practices have spread worldwide, but not surprisingly, have ultimately become secularized.

Today's "Blue Laws"

While fading in recent decades, such laws are still on the books in many states. For example, in Indiana on Sundays, dealers cannot sell cars.

And as the recent case of Rickers reminded us, there are restrictions on alcohol sales (although fewer so for bars, restaurants and breweries and wineries that have been granted exceptions by the state).

An economist would expect "blue laws" to be driven by three motives. First, some people don't want to engage in certain activities on Sunday — and are eager to use the law to restrict others too. This "moral" case has come from inner-city African-American Democrats and some socially conservative Republicans.

Of course, ethically, there's a big difference between me deciding *x* is wrong and pursuing the law to prohibit you from doing *x*. Ironically, it's exceedingly difficult to make a coherent biblical case for such uses of government — as I've argued at length elsewhere.¹⁰

Second, businesses may like to use government to enforce an implied cartel — to keep all sellers from operating on Sundays. As with Indiana's car prohibition, this ensures that we get a day off, with lower costs and about the same revenues — as people simply shop with me from Monday through Saturday. (Businesses near state borders may be harmed by this.)

Third, even more cynically: Some businesses like to use government to allow them to operate, while restricting others suppliers — a form of crony capitalism. Everybody likes to restrict competition for the things they sell, and will use a variety of stories to motivate why this is supposedly good for society.

From what I understand, support for restrictions is driven by greenbacks more than blue laws: the "package store" lobby versus consumers, convenience stores, groceries and big box stores. At the end of the day, Hoosiers must decide whether Sunday is just another day in terms of economic activity. If it's legal on Monday through Saturday, why should it be illegal on Sunday?

Endnotes

1. After the opening, the book is mostly a survey of the 20 Christian centuries of thought on the topic: Early-on, the research is scattered (not much available), but cleaner (less divergence in thought). From the Reformation forward, there is far more information (thanks to the printing press), but it's far more varied (given the fracturing that accompanied the Reformation).

2. Because Hebrews promises a new "rest" after the Sabbath, the number 8 was really important to early Christians. Gonzalez (30) notes that archaeological efforts have revealed the popularity of eight-sided baptistries.

3. See also: the redemption of circumcision with Abraham, moving it from a Year-13 welcome to manhood for the son — to a Day-8 welcome to fatherhood for the dad.

4. Gonzalez depicts a secular competition of sorts (12-13) between Saturday (named after Saturn) and Sunday (named after the Sun — its admiration or even worship). In Greek and the Romance languages, the term for "Easter" is related to the Passover: Pascha, Pascua, etc. (26) Again, this is not the case in the Germanic languages.

5. I've often thought about how the wine could precede the bread in a symbolic understanding of Communion. The traditional view is the biblical norm and certainly legitimate: Christ's body was broken and then His blood was spilled. But in another sense, Christ's blood pays for our sins, so that His body and His life can be lived through me. (In Watchman Nee's formulation, Jesus' blood pays for my sins, but His body and the cross aim to deal with our sin "factories.") In that sense, the blood precedes the body. Interestingly, Gonzalez cites an early-Church example where Christians observed Communion in this order (37).

6. Gonzalez shares a great quote from Orosius on the spread of Christianity through the fall of the Roman Empire (67): "So many people have attained a knowledge of truth that they would never have had without these events, even though it may through our own loss."

7. For those who focus on trying to emulate the Early Church, they should start their Sunday services much earlier.

8. What to do with Constantine more broadly — his beliefs and motives? Gonzalez argues that Constantine had a huge but still overstated role (44). He was seemingly ambivalent on Christianity versus Sun worship (45) — likely for political reasons (13, 45).

9. Rigorous catechesis makes a brief return in the Middle Ages (68-69).

10. See: Turn Neither to the Right nor to the Left: A Thinking Christian's Guide to Politics and Public Policy (Greenville, SC: Alertness Books), 2003.

“The Founder,” directed by John Lee Hancock; screenplay by Robert D. Siegel; starring Michael Keaton.

Most people would think that *The Founder* is at least a good movie — well-acted and well-produced, a compelling story and on a topic in which everyone has at least a tangential interest: McDonald's. Back in the day, I read that one-fourth of all Americans had worked at a McD's; today, the estimate is one-eighty. Everybody has eaten there. And everybody knows of McD's historical influence in the fast-food industry and the larger culture.

The Founder is a terrific movie if you're into business, economics and entrepreneurship. I'll use it to discuss a number of concepts in my MBA Econ course:

a) general elements of entrepreneurship and what drives it;

b) the role of information and uncertainty in entrepreneurship (the McDonalds describe “a learning curve” for customers — on the speed of service, disposable wrappers and utensils, walk-up counters, etc.);

c) the emergence of franchises in the 1950s (since auto transportation was becoming much easier); but

d) the challenges and opportunities in franchising or even operating multiple locations;

e) the limits of contracts and their enforcement; and thus,

f) the immense practical value of morality in market transactions.

In this essay, I want to discuss how the movie depicts Kroc and the McDonalds — and the implications for business, economics, entrepreneurship and ethics. (For a fact-check on the movie, read “The Founder” by Lisa Napoli at <http://rayandjoan.com/the-founder/>.)

When I've asked people about the movie, most people said it was good, but it left them feeling ill. (For a notable exception, see this essay by Jeffrey Tucker.) They didn't like Ray Kroc and they felt sorry for the McDonald brothers, Mac and Dick. Perhaps I lowered my expectations too much, but it wasn't nearly as bad in these respects as I anticipated. It seems like another example of how easy it is to see sins of commission (by profligates like Kroc) while overlooking sins of omission (by conservatives like the McDonalds).

For one thing, I had the impression that the brothers were rubes. Instead, they were about the same age as Kroc and much more experienced in business. They were shrewd and even brilliant. They had already tried Kroc's idea to franchise (albeit without success). They knew their numbers; they understood the production process; they related to consumers and provided

excellent service; they had good lawyers; and so on. As the brothers put it, we were “an overnight sensation 30 years in the making.”

The brothers also had the upper-hand in their first contract with Kroc. And they used their advantage — or at the least, they greatly benefited from it. Their lawyer wrote the contract. They negotiated (and Kroc accepted) a really low margin for him (1.4%) and tons of restrictions. How do we know it was a low margin? Kroc was doing everything right — given his passion, work ethic,



standards, etc. — but was still going under, despite mortgaging his house. As a key character notes later on: if Kroc wasn't making a ton of money from his efforts (and he wasn't), then something was terribly wrong.

It also follows that it would have been ethical — and probably required from a Christian worldview — for the McDonalds to renegotiate the rate. They were making plenty of money — in their own endeavors and from Kroc's efforts. Given their success and his struggle, they had been "taking advantage of him" — whether knowingly or not. (Kroc returns the favor at the end, by competing directly with them in San Bernadino. While legal and ethical from a worldly perspective, it's difficult to motivate this move from a Judeo-Christian perspective. It reminded me of the Old Testament injunction against cooking a calf in its mother's milk: it just ain't right, for reasons we may not be able to pin down.)

In negotiating the first contract, the brothers had expressed some willingness to be flexible in implementing the franchise model. Beyond that, flexibility is part of the contractual process. But it didn't seem like they held up their end of the bargain. They denied the Coke sponsorship; they refused or delayed his plans for basements — and a more reasonable restriction, they refused to let him change the milkshakes. Perhaps it was hyperbole, but in a private conversation, Kroc claims that the brothers "never" approved anything. To the extent that they were less flexible than they had implied or is normal, they violated the spirit of the contract. Ironically, the McDonalds were bullying Kroc in this earlier phase: violating the contract when Kroc was not in a position to take them to court (for what they should have done naturally).

In the movie, the milkshake debate was the final straw in the battle of competing visions for the business. (In real life, milkshakes came after Kroc's split with the McDonalds.) Purity of vision is always in the eyes of the beholder — and by the end, we know that Kroc and the McDonalds have

reached a breaking point. But the movie also takes pains to show us that Kroc cared a lot about the McDonalds' vision. For example, he was meticulous in keeping things clean (even taking care of trash and sweeping himself), working to promote a family-friendly environment, insisting on two pickles for every burger, etc. The most telling example is when he has trouble with his initial investors (who see it purely as a monetary investment) and then goes to great lengths to recruit better folks (even changing social clubs and friends) — often, getting couples who would passionately work as a team in concert with the McDonalds' vision.

For the second contract (the arrangement to dissolve the first contract), Kroc was then in a more powerful position, but was still willing to negotiate a buy-out. The brothers know they can't trust Kroc.

Of course, his handshake lie-to-be is still unethical. But when the brothers sign, they *know* that they're (probably) only going to get the \$2.7 million. In that sense, the handshake is simply part of the bargaining; the brothers could have walked away at this point and chose not to do so. (Imagine the difference if Kroc had been completely honest and cooperative previously — and then broke the handshake deal!) They were even willing to sell the right to name their own restaurant.¹

The brothers were paid really well to break the first contract. Today, \$2 million post-tax would be tens of millions of dollars. A lot of money, for sure — but is it too much, too little, or just right? This begs the question of what the McDonalds should have received. What credit and how much money did they "deserve"?

Their efforts certainly set the table for Kroc's success. But their work was not a sufficient condition for his success — and arguably, it was not even a necessary condition. What did they accomplish? First, they had an amazing restaurant — one worthy of being franchised if not copied. As Kroc had seen, every town had a drive-in and many of them were lousy. It is fitting and not

surprising that the McDonalds' vision would supplant lousy efforts by others.

Second, the McDonalds figured out a way to do mass production in a service industry — an innovation along the lines of Henry Ford. As Kroc says, this is the "most remarkable restaurant" he had seen and "I want to hear your story."

But as the bathroom scene indicates, many people had heard and seen the story. The brothers fully (and reasonably) expected someone to steal their production ideas successfully. This part was easy to emulate. But it hadn't happened, so we know that Kroc brought a ton to the table.

Why hadn't the brothers been successful in franchising? The brothers' partnership was remarkable and remarkably successful, but their limitations made it difficult to scale. They were conservative, which made it painful to take risks they couldn't control relatively well — and to accept deviations from their norms.

Mac's health woes made risk-taking more difficult. To their credit, they had tried to franchise, but were unsuccessful through the one manager they hired. After failing once and not being able to confidently imagine success, they settled for limited success and gave up on the larger idea.

Interestingly, there are four entrepreneurs who were responsible for the success of McD's: the two brothers with their original vision and production process; Kroc with his franchising prowess; and the wizardry of the legal/finance/accounting guru, Harry Sonneborn. Perhaps Sonneborn is the real loser in the credit game — and even the money game. Without him, none of this happens!

All this said, there's still the role of serendipity. Kroc believed that the name McDonalds had power. In the movie, he notes that people wouldn't buy burgers from a restaurant called Kroc's. The name McDonalds sounded...well, American. Kroc saw the name as the most important thing — and saw his investment as buying their name. So, to what extent should the McDonalds deserve and receive financial rewards, merely for being born into a good name?

In the movie, Kroc's angle on the name also connected to his vision of McDonalds as part of American Civil Religion (although he doesn't use the term). He links the Cross, the Flag and the Golden Arches as one American bundle of breaking bread, healthy community, strong family, moral values — and presumably, apple pie and anti-Communism!

One other question: what motivated the entrepreneurs in the movie? All of them were driven by money to some extent. But there's far more to it for Kroc and the McDonalds. Both saw value in doing things the right way. Both saw their efforts fitting into a certain vision of America. Both enjoyed entrepreneurship and the act of creation (as is emphasized in the excellent movie *The Call of the Entrepreneur*). Late in *The Founder*, we learn that spreading the Golden Arches across America had been Dick's dream — and we don't have the sense that it's so they can make a ton of money.

So, in the end, I don't feel particularly sorry for the McDonalds. But I did sympathize with some other people in the movie. As the movie depicts it, the employee-owners of the original McDonald's may have lost out. They did not seem to enjoy the largesse that the brothers received and may have lost out when Kroc soon out-competed them.

And the movie certainly makes you pity Ethel, Kroc's first and long-time wife. For one thing, the movie portrays her as a part of "his" success — her willingness to switch social circles and to help Ray recruit the new group of franchisees. And who knows what she expected when they got married? Maybe she was mostly happy with the nice house in the suburbs. But even if she signed up for that deal, it certainly rings hollow as the story continues. And it's pathetic by the end, punctuated by him saying that he wants to divorce her.

Two interesting things about the way the divorce is handled by the movie: First, the Joan/Ray attraction (and in real life at some point, an affair) seems to be driven by beauty, given their physical attractiveness, much more than in real

life.² Ironically, while taking pokes at people pursuing power and money, Hollywood depicts the story through one its favorite idolatrous currencies, physical beauty.

Second, Kroc formally breaks his contract with McD's, saying "contracts are like hearts: both are made to be broken." In the next scene, he asks Ethel for a divorce, perhaps breaking her heart, but clearly showing that he sees marriage as a contract "made to be broken," rather than as a covenant. Ironically, in real life, Joan also saw their marriage as a contract that could be broken too — after he died. Kroc was very conservative politically, but Joan gave much of their wealth to causes he would have adamantly opposed.

At the end of the movie, it's years later and Kroc is preparing to give a speech. He's talking to a mirror and describing "how it all began." But when he says his version of the beginning (completely ignoring the McDonalds' role), he has

a funny look on his face, showing us that he knows it's a lie — and ultimately an empty claim.

Maybe that's the punchline of the entire movie: when you live from a materialistic worldview with worldly pursuits, hearts and contracts will get broken, lies will be told and lived.

As Solomon tells us in Ecclesiastes, this way of life is ultimately a matter of vanity. ♦

Endnotes

1. According to Lisa Napoli in *Ray and Joan*, the actual choice was cash or a continued royalty and the brothers were happy to receive the money. "Neither brother ever appeared to lament the financial terms of the deal...[Dick McDonald] did however, angrily for recognition . . . No one knew at the time how much McDonald's would grow."
2. Joan was 27 years younger. Both were pianists — a common passion emphasized in the movie.

Backgrounders

Tom Charles Huston, A.B., J.D., an adjunct scholar of the foundation and a former associate counsel to the president of the United States, is an Indianapolis developer.



Disappointing Representation

(Oct. 31) — I should have expected it. They all go wobbly once they open on Capitol Hill.

A congressman standing on “high principle” and virtue-signaling his faith in the “process” has been the norm on the Right for 30 years. Considering the Hoosier honor roll of Sunny Conservatives from Dan Quayle to Mike Pence, how could I have thought it would be different this time?

Confidence that a governmental process routinely functions in the interest of justice makes sense to ordinary men only if the evidence is clear that the process has not been corrupted. Any self-identified Republican (particularly a Hoosier one) who doesn’t believe the political process in Washington was thoroughly corrupted during the past eight years and that this corruption explains the response of the Deep State to the election of Donald Trump has no business warming a seat in the House of Representatives not withstanding his demonstrated patriotism and commitment to liberty.

Such a man is not battle ready for the struggle for generational political power that is underway in this country. He appears not to understand the lines of battle, the disposition of troops, the tactical strengths and weaknesses of the contending forces, and, most importantly, why this struggle is being waged and what is at stake if “our” side loses. As a consequence, he is the functional equivalent of a conscientious objector in the war to reassert the sovereignty of the people. In this role he leaves undefended the front line of the sector for whose defense he is responsible.

Permitting a corrupt process to work itself out is not a feasible or rational response to the treason of the political class. It is a dishonorable slouching toward inevitable surrender of the fundamental rights of the American people.

I am not angry; just terribly disappointed. We are lucky if thick-skinned, tough-minded political gut fighters in the Hoosier mode of Sen. Bill Jenner, Congressmen Don Bruce and Earl Landgrebe, and Gov. Ed Whitcomb appear once in a generation.

We never needed such men more than we do today. Alas, none are on the horizon.

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Political Corruption and How to Kill It

(Oct. 27) — Unlike any other employer in the world, the average voter does not spend time and money to seek and research job applicants. Voters don’t pore over resumes or hold face-to-face interviews; too few even watch the too-few televised debates.

It’s the opposite. Most voters expect candidates to grab their attention with billboards, yard signs, radio spots, TV ads and lots of newspaper column inches. Candidates research voters, however, to target ads for maximum effect. They learn exactly how much it costs to buy your vote, because that adds up to a lot of money — more every year. “Viable” federal candidates must raise multiple millions now, or we’re told they have no chance of winning.

Do you know where that money comes from, and the effect that resulting government has on your life?

Let’s review one federal office; then you can imagine how this works across the nation with

billions upon billions of dollars from local elections up to the U.S. President.

I ran for an Indiana U.S. Senate seat in 2012, which, after all the receipts were in, cost donors about \$51 million. Almost \$33 million of that came from groups outside of Indiana. In 2016 the Indiana U.S. Senate seat sold for over \$75 million; almost \$46 million of which came from groups outside Indiana. This upcoming U.S. Senate race is shaping up as much more costly still.

Though incumbents win over 90 percent of the time, the Democratic Party incumbent has already raised close to \$7 million. On the Republican side, the “Defeat the Elite” candidate, who is himself a U.S. Congressman and has raised over \$2 million so far, held a luxurious fundraiser for California elites. Another down-to-earth regular guy legislator threw in \$800,000 of his own money for a job that pays \$174K. Between 10 candidates so far, it’s already a \$10-million race a full year before election day.

If you go to opensecrets.org, you can easily see that many mass donors like bank and securities groups, law firms, insurance and healthcare corporations give to multiple candidates across party lines.

Why? Because they don’t care so much who wins as they do that they made a good investment that will pay back many thousands of times over. It’s easy to connect millions in campaign donations with trillions in policy and law. It’s easy to see that this is why politicians say one thing to voters, and do another for their donors. That’s how they get hired —by you.

This is not a criticism of the candidates, power brokers and power-purchasers for the way they’re playing the system. It’s not their system. It’s yours.

Our founders bequeathed us elections not as passive hiring processes but as the means of peaceful revolution. Politicians hire themselves if you let them. Elections are about firing politicians.

But again, federal reelection rates have shot up to well-over 90 percent even as approval rates

sank into single digits. Politicians and those who purchase them can see this absurd dichotomy, of course. And they see that over 90 percent of voters never vote against this puppet show.

So, if the political players can assume that over 90 percent of us are satisfied with this madness, they can concentrate on that very profitable business of special deals for special people; robbing Peter to pay Paul.

You are not Paul, by the way.

While money has become the fuel of winning political campaigns, let’s stop fooling ourselves about their *modus operandi*. It’s corruption. Unless you’re among the less than 10 percent who ever vote against it, you’re considered willing participants.

You, as a voter, are supposed to fix this. The good news is that it’s easy to do. If you want politicians who won’t sell you out, quit electing the ones who’ve already been bought.

Maryann O. Keating, Ph.D., a resident of South Bend and an adjunct scholar of the foundation, is co-author of “Microeconomics for Public Managers,” Wiley/Blackwell.



How Demographics Will Change our Schools

(Oct. 24) — Between 1992 and 2005, U.S. government spending on K-12 education, adjusted for inflation, doubled. However, per-pupil spending in the nation’s public schools fell for each year between 2012-13. In Indiana, during that same period, real spending per pupil declined 8.5 percent.

In 2014, New York spent in about \$20,000 per pupil; the average for all states was \$11,009.

Indiana allocated \$9,548 per pupil, a significant percentage of its median household income equaling \$49,446. There are good arguments for expanding pre-K government educational programs, but financial resources are limited. There is undoubtedly a ceiling on the total amount of median household income taxpayers are willing

to allocate for educational services. If so, entitlement to more years of public education ultimately will result in reduced resources per pupil for kindergarten through grade 12. Hoosiers increasingly have to acknowledge this limitation and vote on the type and duration of tax-funded schooling and child care they are willing to provide.

Depending on the priority placed on meeting international educational challenges, K-12 education in the future may be more narrowly defined with reduced expenditures on transportation, food and other social services. If so, families with young children, already stressed out, will be required to absorb more of the costs and inconvenience of childcare.

To what extent would extended-family, civic, religious, fraternal, and commercial organizations step up to provide cost-effective custodial and co-curricular child services? If we witness such a change, parents and taxpayers could insist that schools focus on whatever it takes to shepherd 90 percent or more students through a curriculum resulting in healthy adults who are personally, socially and economically capable.

Finland and South Korea take the lead in primary and secondary educational rankings followed by three other high-performing Asian nations: Hong Kong, Japan and Singapore. Denmark is ranked 12th ahead of countries such as Germany, France and the United States.

What can be learned from the experience of higher ranked countries, while retaining what is good, unique and meaningful in U.S. education and culture? The answer might simply require a slightly different allocation of present resources.

In high-performing educational systems, spending is important, but not as significant as placing a high value on learning, teacher status, and a “culture” of education. Second only to students being willing and able to learn is teacher quality.

Teachers in high-performing countries are drawn from those who performed at least in the top third of their respective secondary schools.

Furthermore, a higher percentage of the money spent on education in these countries is allocated to the salaries of classroom teachers. Teachers are expected to follow a standard curriculum, but nevertheless are treated as professionals with discretion in how they deliver material. Work schedules are designed to permit teachers to benefit from colleagues’ suggestions and administrative support. Inadequate teachers are counseled out or removed from the classroom.

Although children and their parents are immediate beneficiaries, K-12 education is a social good from which everyone ultimately benefits. However, nearly 57 percent of U.S. households are childless and therefore less inclined than previously to advocate politically for increasing government revenue directed to those under 18 years of age.

What changes will that mean for public policy? Age composition in the U.S. has changed, and 44 percent of all households have a dog. It is no coincidence, therefore, that parcels of land, some publicly owned, are being enclosed for dog parks.

Richard McGowan, Ph.D., an adjunct scholar of the foundation, taught philosophy and ethics cores for 42 years, including years at St. Joseph’s College and Butler University.



Colin Kaepernick Redux

“America has an appalling history of racism and brutal subjugation, and we should always be vigilant against any recurrence of that history. But the most influential sectors of our economy today practice preferences in favor of blacks. The main obstacles to racial equality at present lie not in implicit bias but in culture and behavior.”

— Heather Mac Donald

(Oct. 14) — I watched the NFL games the last several weekends, but I am also a fan of Mahatma Gandhi. He said, “Truth hurts no cause that is just,” and, certainly, getting rid of racial hatred and racial injustice is a good cause. It is especially

urgent if agents of the state, for instance, the police, are perpetrators of the injustice, and it is especially compelling if one race behaves violently toward the other.

Thus, I can understand why people who believe police pick on blacks and whites beat on blacks, i.e., the players, would kneel during the anthem in protest.

But believing something is true does not make it so. A woman can believe that she could jump off a six-story building and fly. The belief would only last seconds before it ended when she hit the ground. A man can believe he could drink massive amounts of liquor and still drive safely, but anyone who can read the miserable data on drunk-driving fatalities knows the consequences of that belief.

So it is with the NFL's kneelers, which began with Colin Kaepernick. Since the NFL kneeling began with the alleged police killing of blacks, that is a good starting point: the November 2011 "Arrest-Related Deaths, 2003- 2009 — Statistical Tables," (NCJ 235385) from the Bureau of Justice Statistics, shows that 42.1 percent of arrest-related deaths are white, 31.8 percent are black, and around 20 percent are Hispanic.

In other words, police killed more whites than blacks when making arrests. Since Hispanics have traditionally been treated as white for race-related matters, the proportion for arrest-related deaths is 62.1 percent white and 31.8 percent black.

So yes, Kaepernick and others can take a knee because they believe more blacks are killed by police than whites in the same way a woman can believe she can fly from a building. While the NFL players are talented people with terrific skills their skills are not in research and investigation.

As well, the main perpetrators of murder of blacks, those who act as though black lives do not matter, are other blacks. Data from a 2013 FBI uniform crime report show that of the 2,491 black homicide victims, 189 were killed by a white offender, or 7.7 percent. Over 90 percent of black victims were slain by a black offender. Of the

3,005 white homicide victims, 409 were killed by a black offender, or 13.6 percent. Obviously, homicide is largely an intraracial act, not an interracial act.

Data from the FBI 2016 Crime Statistics show that 4,192 whites and 4,932 blacks were the victims of murder and non-negligent manslaughter. If over 90 percent of those acts were committed intraracially, then 4,439 blacks lost their lives at the hands of another black.

For bigoted readers of this piece, the data provide an occasion to justify hate and prejudice against blacks; for "far left" readers, the data being made visible is an occasion to name-call about racists and racism.

To the center, where most people reside, the data are an occasion to realize that race relations in America are not as simple as saying whites are indifferent to blacks. The numbers are value neutral — and forward-looking people, motivated by love, want to understand the world as it is, not as some projection based in anger.

Nonetheless, NFL players kneel during the anthem. A joke that made the rounds in class may explain it: "How many big-school, Division I athletes does it take to screw in a lightbulb? The answer is one, and he gets three credits for it."

The joke is unkind. It suggests that players are stupid. They are not. It is kinder to think of them as ignorant and easily misled (at least those who accept the Kaepernick rationale). For ignorance is curable in a way that stupidity is not.

Willfully choosing ignorance, however, is stupid.

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



Why Martin Luther's Reformation Still Matters

(Nov. 1) — Why does an event that happened 500 years ago in medieval Germany matter to us in the United States in 2017?

Granted, northeast Indiana, as well as much of the upper Midwest, is heavily populated by German Lutheran stock. Reformation commemorations and celebratory worship services are being conducted by Lutheran and other Protestant churches throughout the month. As a life-long Lutheran, I know and understand the deeply held spirituality of the Reformation. And I wouldn't want it any other way.

Theology aside, although you really can't put theology aside in context of the entire political-economic environment of the Holy Roman Empire, there is a critical outcome of the Reformation that explains what brought many of us here to America.

In short: religious liberty. In spite of the political correctness mania that distorts our children's history textbooks, the inconvenient truth remains that most of the early European colonists who came to the new world in the 16th and 17th centuries came to freely practice their religion. That is an idea that occurred to virtually no one prior to Oct. 31, 1517.

Martin Luther probably, nay certainly, didn't have any concept of the forces he was unleashing when he nailed a call to academic disputation over indulgences to the castle church door in Wittenberg, Electoral Saxony. What he didn't realize was that the power of the newly invented movable type printing press would publish those theses — and in German, not Latin — throughout much of Germany and eventually all of Europe.

While Luther separated himself from many of the other reformers who followed him over significant matters of doctrine, he could not put the populist genie back in the bottle after the common people were taught by him that they had direct access to God without the intercession of a bureaucratic and avaricious Church hierarchy. If man could speak directly to God, why should his religion be mandated by pope or prince?

Recall, as those of us educated in the 1950's still can, how the American colonies were settled: Plymouth Rock, the separatist Pilgrims; Massachusetts Bay, the non-conforming Puritans;

Maryland, Roman Catholics and others promised religious freedom by the proprietor, Lord Baltimore; New Amsterdam, Calvinist Dutch while their homeland was under siege by the King of Spain and his inquisitors; Pennsylvania, Quakers, not tolerated anywhere; and even Virginia, technically by members of the Church of England (Episcopalians) who wanted space between them and the Stuart monarchy that was moving toward realignment with Rome.

Most of these, except of course the Lutherans who settled in Pennsylvania and Delaware, would not have claimed Luther as their prophet who motivated them to come here. But they can't truthfully deny his influence, either. If it weren't for Luther, the thought of a new world of religious freedom would have been stillborn.

Even in these post-modern times, one can only look to the proliferation of religions and de facto religions that are thriving in today's America: Mormonism, neo-paganism, secular humanism (yes, that is a religion even if they refuse to acknowledge a Supreme Being as being central to mankind's existence), and the atheistic movement, to name just a few. Would these faiths be tolerated in America without the Reformation?

So let's give Luther his due. If it weren't for him, would the first amendment to our constitution exist? Absolutely not. As the U.S. Supreme Court takes up religious liberty cases, let's hope our justices realize that our nation did not come about in a vacuum but rather in a political, economic and religious environment that fostered freedom of conscience — and that includes, per force, freedom of worship.

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



The Peyton Manning Statue

"Peyton Manning was immortalized on Saturday. His likeness will tower some 13 feet over the northern entrance of Lucas Oil Stadium after

the long-promised bronze statue was unveiled in a ceremony attended by an estimated 10,000 fans.”
— *Stephen Holder in the Indianapolis Star*

(Oct. 9) — “Immortalized”? Now really, a 13-foot bronze statue of a football player was put on display. But since the paper has used that word we feel free to use another — “Idolatry.”

Two sections of this Sunday’s Indianapolis Star gave us about four full pages of text and pictures glorifying the persona and the career of Peyton Manning. We’re told he helped turn Indianapolis into a “world class” city. We are also given, without a trace of embarrassment or remorse, an admission by then Gov. Mitch Daniels that the city and state submitted to a three-quarters-of-a-billion-dollar case of extortion by the Indianapolis Colts.

For under threats by the billionaire owner to move the football team, taxpayers were put on the hook for a new stadium — probably forever, based on the history of how this kind of debt is handled. That same owner, speaking of Manning, is quoted as saying the stadium “is an incredible facility that that man built.” (Our emphasis.)

Even given the history of the outrageously favorable treatment that local government and media have handed professional sports, it is a little — only a little — surprising that the words “tax” or “taxpayer” do not appear on those four pages. Wouldn’t the statue be more realistic by showing Manning standing on the shoulders of an individual labeled “taxpayer?” As it is, one might think that Mr. Manning not only financed the building but even laid on the brick and mortar personally.

We congratulate Mr. Manning on a wonderful football career. We thank him for the many good things he has done for the city. But we should remember that all this was not a charitable operation. He was paid several million dollars over these same years, as opposed to the average taxpayer who could not afford to watch him perform in “his” building. But again, we thank him, and we wish him well in the future.

For the paper, we would hope for a truer, more realistic and less over-stated, boosterish and saccharine approach to reporting in the future, including an objective look at municipal tax dollars being handed to the owners of professional sports teams.

By the way, who paid for the statue? Did we miss that?

David Penticuff, an adjunct scholar of the foundation and a veteran of 30 years in Indiana newsrooms, is editor of the Marion Chronicle-Tribune.



A TIF Scandal in Marion

(Oct. 7) — Fifty years ago the great character actor Strother Martin uttered what could be the epitaph for the relationship of my city council and the city administration. It was in the movie “Cool Hand Luke.” Martin, who played a prison warden, knocked prisoner Paul Newman, wearing chains, down a tall hill after Newman’s character sassed him.

“What we’ve got here is failure to communicate,” Martin slowly delivered in a memorable southern drawl.

The line became a cultural catch phrase. Who is Paul Newman and who is Strother Martin in the scrap between my council and the administration is not clear. However, communication is failing as trust and respect between the two entities seem on the wane.

Specifically, the issue is about Tax Increment Financing (TIF), which paired vigorously with the love of money some time ago to become the twin roots of all municipal evil in our city. There is \$142 million in TIF debt out there for my city. If it doesn’t feel like we have ever gotten the value of that kind of investment in our community, it doesn’t matter. We are still having to pay back the money that was too often ill spent.

When the Dollar General distribution center came to town along the Interstate, a \$14.5-million TIF bond was made available to developers. The

bond was to be paid off with the rise in property taxes within that TIF area. Unlike some other TIF districts in our city, property values actually did rise for Dollar General to create a revenue stream to pay off the debt. Boy did it. Leftover money in the TIF district has ranged well over \$1 million annually.

Dollar General, city officials said, has been taking that extra money to pay off the TIF debt early, something the business is entitled to do. The administration contends that any money raised in the Dollar General TIF, including money above the amount needed to pay off the bond on time, must go to Dollar General, according to its bond agreement.

Two council members are not so sure and their doubts are reasonable, I think, given the history TIF practices here and in other communities.

Terre Haute, for instance, is now borrowing money from that city's redevelopment commission, which oversees TIF revenue, (something our commission hasn't done that much). The money is used to supplement its general fund.

"We're using money collected through tax increment financing to pay day-to-day bills instead of what we're supposed to be using it for," a Terre Haute councilman told the newspaper there. "I realize the council has approved it, but now we're faced with a situation where we're being asked to obligate the funds further into the future."

Next year's financial plan for the Vigo County seat, prepared by consultants H.J. Umbaugh and Associates (same firm used in my city) calls for extending a \$5-million loan of city redevelopment funds to Terre Haute and continued borrowing against future property tax receipts.

Muncie used TIF to buy body cameras for its police. Gas City bought exercise equipment with TIF money. We don't like this but would it be beyond the pale for a city in financial trouble to pursue TIF money above what is absolutely needed paying off a bond?

TIF, of course, was sold under the false claim that it was free money because it would cause tax receipts to increase and that increase would melt the debt away. That certainly would have been nice.

Of course, the city must abide by its bond agreement and if that if the agreement says Dollar General must get every dime above what's needed to repay the bond, that is what my city must do. Case closed. But let's get everyone convinced, including questioning representatives of the people.

The truth is some of our city council members, like council members in the recent past, have not commanded a lot of respect from local leaders. Condescension does little for trust. We will not stop reminding folks that it was many of the same leaders on the scene now who stood by or promoted the spending and TIF that has led us to this place.

Conversely, there is also a fear that council members are vying for political advantage with this issue. We expect this to be true, as it is generally what people who campaign for political office do.

Political motives and bad governing are not the same. The trick is to not let political motives obstruct the civic good.

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



The Middle Class Is Forgotten in Tax Law

(Oct. 4) — Death and taxes may be inevitable, but there's no need to make them any more painful and unjust than necessary.

Taxes are required to finance government spending. (The types and the extent of government spending are important too, but those are topics for another day.) Revenues can come through various taxes. The winds of change are blowing for federal income tax reform, so let's

focus our attention there. (Corporate income taxes are high, compared with other countries, but that's a more complicated topic.)

We can all agree that income taxes should be collected in an equitable ("fair") and efficient manner. Of course, fairness is in the eyes of the beholder, so we may not see eye-to-eye on the particulars. But we can still offer a few observations there. And economists have much to say, far more objectively, about the efficiency of tax collection.

To be efficient, a tax code should be simple, have few if any loopholes, a broad base, and relatively low tax rates. Loopholes encourage inefficient resource allocation, as people choose behaviors made artificially attractive by the subsidies. Higher tax rates discourage productive behavior. They also encourage tax avoidance and tax evasion. A broad tax base is implied by few loopholes and would allow us to have lower tax rates while raising similar tax revenues.

To fit most people's ideas about fairness, income taxes should be "progressive": higher average tax rates paid by those with higher incomes. Loopholes should be limited since they allow people to shelter their income if they're politically connected. And we should be wary of tax burdens imposed on the more vulnerable in society—here, the working poor and those in the middle class.

The current system clearly falls far short in terms of both equity and efficiency. So there is potential for popular tax reform.

To me, the worst thing about federal income taxes is something that is rarely discussed: FICA's 15.3 percent tax on every dollar earned by the working poor and middle class — to finance Social Security and Medicare. Unfortunately, this is not part of the current discussion. Nobody cares enough about the working poor and middle class to raise the issue. So, that's also another topic for a different day.

The next worst thing also doesn't get enough attention. According to the IRS and the Tax Foundation, Americans spent \$34 billion and 9

billion hours to fill out our income tax forms in 2016. The former is about \$440 from the average family of four — money that could be spent elsewhere. The latter is equivalent to 4.5 million full-time workers digging holes in the ground and filling them up all year long. Neither is good for productivity and prosperity.

Tax reform ought to be easy. The tax code's complexity is ridiculously inefficient. Its loopholes for corporations and individuals are obviously unjust. At least on the surface, there is something significant in tax reform for politicians in both major political parties.

Democrats would presumably oppose loopholes for individuals and corporations. Republicans would prefer lower rates and shouldn't defend loopholes or complexity.

The problem is that politicians don't really care all that much about loopholes. In fact, they often prefer a complicated system with loopholes to make special interest groups happy.

An efficient and equitable tax reform? No income taxes on dollars earned below the poverty lines. A flat income tax on income above the poverty lines. And no deductions, except perhaps for charitable contributions.

The working poor would continue to pay no federal income taxes (except the staggering burden of the 15.3 percent FICA income taxes on every dollar they earn). Those with higher incomes would have more income exposed to taxation, resulting in higher average tax rates.

A few easy examples illustrate this last point. Assume a 20 percent marginal tax rate on all income earned above \$30,000. If you earn \$30,000, you pay no income taxes.

If you earn \$40,000, then \$10,000 would be exposed to the 20 percent tax rate — for \$2,000 in taxes and a 5 percent average tax rate. If you earned \$100,000, then \$30,000 would be exempt and \$70,000 would be taxed at 20 percent. This would result in a \$14,000 tax bill and a 14 percent average tax rate. As income rises, the average tax rate would rise.

Tax forms would be simple, saving billions of dollars and billions of hours. Interest groups would not have access to loopholes. Corporations would not be able to avoid taxes. What's not to like? In the coming months, we'll see if the general public has the knowledge and if politicians have the courage to overcome the preferences of interest groups.

Jason Arp, a financial consultant, represents the 4th District on the Fort Wayne City Council.



Stopping the Chicago-Style Corruption of Indiana Cities

(Sept. 20) — Chicago Mayor Rahm Emanuel is receiving attention this week after an investigation by the Chicago Tribune found that over 60 percent of the millions raised for his re-election bid come from vendors to the city of Chicago.

While it may not be shocking news to Hoosiers that there are foul winds blowing from the Chicago City Hall, it may be surprising that the situation is not so different here. An analysis conducted by The Indiana Policy Review of a typical mayor's campaign finance filings and the city's check register reveals a troubling pattern.

In the four years leading up to the 2015 municipal election over 50 vendors, contractors or beneficiaries of contracts made approximately \$1 million in campaign contributions that subsequently resulted in the awarding of over \$125 million in contracts. The \$1 million raised from vendors equals about two-thirds of the \$1.5 million our mayor raised in that time period. The contributors were civil engineers, architects, insurance companies, auto dealers and attorneys.

The two largest categories were engineering and legal services, totaling over \$800,000. Linear regression analysis of campaign contributions and payments in these categories yielded an r-square value (a measure of correlation) of 90 percent for attorneys and 59 percent for civil engineers. One

can interpret that to mean there is a statistically high probability that the more a firm contributes to the campaign fund the more it can expect in city contract dollars.

As a city councilman, I have a responsibility to do what I can to limit the ability for any mayor's administration to use the operations of the city as a fundraising apparatus. To that end, I have submitted an ordinance to prevent our city from contracting with vendors that have made substantial campaign contributions. This amendment to the city's bidding process ordinance: eliminates any entity from bidding of contracts with the city if it or its officers, key employees or relatives of key employees makes campaign contributions in excess of \$2,700 in aggregate in any year after 2017.

It is critical to include officers and key employees in the amendment because of the level of obfuscation that goes on in the world of municipal campaign finance. For instance, in studying the contributions in the public filings you'll find people contributing for amounts of less than \$1,000 maybe three times a year for four years from Denver, Colorado, Columbus, Ohio, and perhaps Dover, Del., or Madison, Wis.

Upon further investigation using public sources we find that these people all work for the same multinational civil engineering firm that intends to bid on work related to a large sewer project. What are the chances an engineer in Overland Park, Kans., gives a hoot about an Indiana mayoral race?

Our city council and yours have an opportunity to eliminate the opportunity for malfeasance. My model ordinance would not restrict people's constitutionally protected right to political speech but would instead regulate a city's bidding process. You can contribute as much as you like, you just won't be able to bid on work for the city. Moreover, eliminating the practice of paying for access will free contractors from the burden of participating in funding campaigns, and allowing for a more diversified pool of bidders could lower the cost of doing business for taxpayers.

The Windy City electorate may expect some corruption in their city government. In Indiana we demand better.

Joseph M. Squadrito, an adjunct scholar of the foundation, is retired from the Allen County Sheriff's Department. Squadrito served with the department for 33 years, rising through the ranks before serving two terms as sheriff.



When We Ask the Police to Solve All of our Problems

“However much the recent crime increase threatens the vitality of America’s cities — and thousands of lives — it is not, in itself, the greatest danger in today’s war on cops. The greatest danger lies, rather, in the delegitimation of law and order itself.”

— Heather Mac Donald, *“The War on Cops: How the New Attack on Law and Order Makes Everyone Less Safe”*

(Aug. 29) — Every law enforcement officer has taken a sworn oath to “Protect and defend the Constitution of the United States” and that of their respective state. While the scope of the oath is broad in definition it is essential to understand that the police are our “first line of defense” in all domestic lawlessness and violence.

This “Thin Blue Line” is all that separates us, the law abiding, from the malefaction in our society. The police officer separates the anarchist from the orderly ranks of citizens and government. Regardless of the color of their uniform, our police officers holds this oath sacred and as demonstrated over the past few years give their lives, in ever increasing numbers, in fulfillment of their oath.

Today, our nation and the world face crisis and unrest as never witnessed throughout recorded history. Civil unrest, nuclear proliferation,

economic uncertainty, general strife and political disunity are a few we read about every day. Here in our homeland there are not only concerns about international issues but that of domestic unrest and violence.

There are now those among us who seek to divide us — through violence, by race, religion, national origin and of course political affiliations. And a new issue has arisen involving the history of this country and the monuments and flags that symbolize this nation’s past conflicts. As a result of all this, violence erupts, people are killed or injured and property is destroyed. This societal ill tears at the fabric of our way of life and our system of governing as it pits American against American.

There are provisions within our system of government that provide for peaceful assembly and for the systematic peaceful transition of government, it’s policies, laws and general obligations to its people. Violence and lawlessness do not bring about these changes; they only divert our attention and bring death and destruction.

The police must be the first to deal with these warring factions. Outnumbered and often ill-equipped, they do what must be done, that is, to separate the factions, eject the combatants and arrest the instigators. In so doing, more often than not, the police themselves become the targets of these aggressors.

The pundits and armchair quarterbacks are quick to critique the police, their leadership and tactics (or lack thereof). Sometimes that is warranted. Most often, however, these critics are in the midst of these conflicts or have formulated or sympathized with one side or the other. The police are aware of this; they are trained for this and know full well what to expect.

But as we watch this dramatic situation unfold we must remember that we are asking our only uniformed representatives of civil government to deal with a societal problem to which no one, but no one, seems to have a conclusive answer.



Thomas Hoepker, Sept. 11, 2001

The Outstater

A TIF Comes Home to Roost

(Oct. 5) — There were howls of anguish when a proposal was made to change municipal bidding practices in Indiana to limit the influence of campaign donations. One mayor called the plan disrespectful. A development official took umbrage that anyone would use the word “corruption” in connection with his city.

Today, though, David Penticuff of the Marion Chronicle-Tribune reports that a civil suit there alleges that part of the millions in public money provided to a developer for renovation of a boutique hotel was used for political donations to a former mayor as payments to the mayor’s relatives and for other personal expenses. The complaint, filed by the City of Marion, alleges that at least \$679,000 of the \$2.5-million Tax Increment Finance (TIF) bond the city issued to the developer was spent on personal expenses and purchases not disclosed in receipts.

The reform that caused that anguish among city officials would have excluded those who contribute more than a set amount to Indiana municipal campaigns from bidding on city

projects, including TIF-financed projects such as the one in Marion.

“Our city council and yours have an opportunity to eliminate the opportunity for malfeasance,” argued Jason Arp, the sponsor of the proposal and a Fort Wayne councilman. “This would not restrict people’s constitutionally protected right to political speech but would instead regulate a city’s bidding process.”

He explained that a developer, engineer, attorney or architect could contribute as much as he liked, he just wouldn’t be able to bid on work for his city. Eliminating the practice of paying for access would free contractors from the burden of participating in funding campaigns. Moreover, allowing for a more diversified pool of bidders could lower the cost of doing business for taxpayers.

A study in the fall issue of The Indiana Policy Review of four years of campaign filings in a typical Indiana mayoral campaign found that over 50 vendors, contractors or beneficiaries of contracts made approximately \$1 million in campaign contributions that subsequently resulted in the awarding of over \$125 million in contracts.

The \$1 million raised from vendors equals about two-thirds of the \$1.5 million the studied mayoral campaign raised in the four years leading up to the 2015 elections. The contributors were civil engineers, architects, insurance companies, auto dealers and attorneys.

The two largest categories were engineering and legal services, totaling over \$800,000. Linear regression analysis of campaign contributions and payments in these categories yielded an r-square

value (a measure of correlation) of 90 percent for attorneys and 59 percent for civil engineers.

Perhaps, on reflection, it is a bad idea for Indiana cities to follow Chicago's example and allow their mayors to use city hall as a fundraising apparatus.

Undiversified Diversity

"As Indiana universities tout their diversity awards, initiatives and inclusiveness, some black faculty members are bringing lawsuits saying they were denied opportunities because of discrimination.

— *Dwight Adams, the Indianapolis Star*

(Sept. 30) — The staff of the Indianapolis Star in connection with its ongoing campaign "End the Hate" is intent on an ever-more-refined definition of "diversity." Please know that these are well-meaning men and women, hard-working journalists all. You should hope they fail miserably.

Instead, the word needs to be placed back in its original and noble context, that is, diversity of free individuals rather than members of politically chartered groups. For up until now the model policy for diversity has been one that assigns privilege to most any group that feels it has been uncommonly historically oppressed or the victim of discrimination. The Census Bureau, however, estimates that in 2044 more than half of Americans will self-identify as members of social, ethnic or racial groups now considered minorities.

The newspaper, most oddly, refers to this demographic shift as America becoming a "majority-minority nation." And this, sadly, is thought in itself to be a good thing — this mere transposing of numbers on either side of a ledger, regardless of the character of the individuals making up either the majority or the minority a generation hence, regardless of the form of government they might choose.

Dwight Adams, who writes on such things for the Star, seems to lament that "Indiana is not in the forefront of this movement." He reports that

we are one of the 10 least-diverse states. A new study, he says, ranks us a horrible 42nd overall on its diversity measures.

So what?

Again, the "diversity" being measured is merely the assignment of entitlement and privilege by group. It is a policy that has wreaked havoc throughout history (see the Balkans, Northern Ireland, Beirut, Rwanda, Catalonia). Nobody now should be surprised that its tragedies are starting to pile up here. On threat of being labeled bigots, we are asked to assign privileges not because this or that group has been oppressed or is a minority but because, well . . . because they deserve it.

There is no shortage of those willing to step forward to decide who exactly deserves what and where. But they should be warned that social engineering is difficult work. It requires careful balance, continual adjustment and ultimately, if history is judge, the violent application of force.

Here are a few things that the Star will have to untangle before it takes on the job of ridding humankind of hate:

Affirmative Action — Special consideration for certain minorities has been a mainstay of federal and state policy for 50 years. It has been justified in that many African-Americans were brought to this country as chattel slaves and their descendants excluded for generations from social and economic advantages. Yet, it is possible, given affirmative action programs based on skin color, that a significant percentage of those now benefitting are descendant from freely immigrated groups that traded in chattel slavery 150 years ago. Kenya, for example, was a supplier for the East African Slave Trade. How can that be sorted out under the current system?

Welfare Dependency — Daniel Patrick Moynihan, Walter Williams, Thomas Sowell and other scholars have asked over the past few decades whether for current generations the breakup of the family isn't more of a debilitating legacy than even slavery. Only 8 percent of black married-couple families now live in poverty, Dr. Williams notes. And among black families in

which both the husband and wife work full time the poverty rate is under 5 percent. Poverty in black families headed by single women, in contrast, is 37 percent. “The undeniable truth is that neither slavery nor Jim Crow nor the harshest racism has decimated the black family the way the welfare state has,” he concludes.

Test Scores — It is estimated that 1 or 2 percent of African-Americans would win admission to the top colleges absent affirmative action. That is to be compared with the current 6 or 7 percent.

A marked disparity in SAT scores has continued for the past generation despite changes in test questions to adjust for cultural differences. If scores don’t even out, will special consideration for blacks abruptly end in 2044 or will it continue under a new rationale?

Crime — Black males, although only 6 percent of the population, make up 42 percent of those arrested for killing police officers, according to just released FBI data from 2016. A police officer is 18 times more likely to be killed by a black male than an officer is likely to kill an unarmed black man. Given those odds, police officer, black and white, are reluctant to actively enforce the law in high-crime areas — the so-called “Ferguson effect” here, “No-Go Zones” in Europe.

Brain Drain — Nobody seems to want to count them, but there is a significant number of high-achieving students from low-income families in the Midwest and Great Plains who do not go to the top colleges. It is theorized that these students are overlooked because admission officers have been preoccupied for two generations courting minority applicants in high-population areas. “The most disregarded students today are the same kind of people who got us to the moon in 1969,” concluded one reviewer.

All of which tells us to drop our Indianapolis Star and pick up our Declaration of Independence. Pursuing equality of opportunity might work where pursuing equality of results has not.

Resources

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Caroline Hoxby and Christopher Avery. “The Missing ‘One-Offs’: The Hidden Supply of High-Achieving, Low Income Students.” *The National Bureau of Economic Research*. December 2012.

Battle of the Sideline Philosophers

(Sept. 26) — In this media frenzy it is not certain who elected or appointed Jim Irsay, owner of the Indianapolis Colts and one of the princes of the National Football League, as the philosophical interpreter of American exceptionalism. The appointment has been made, nonetheless, and his words must be taken seriously; indeed, they must be compared with other philosophical work.

Here is Irsay’s dictum on this weekend’s “taking of a knee” at NFL games and how it defines America:

“I am troubled by the President’s recent comments about our league and our players. Sports in America have the unique ability to bring people from all walks of life and from different points of view together to work toward or root for a common goal, and the Indianapolis Colts are proud to be a part of that tradition in our home city and state.

“The vast majority of players in the NFL — especially those who have worn and continue to wear the Horseshoe — have donated millions of dollars to charities, raised money for those

affected by recent hurricanes, created charitable foundations, visited schools, mentored students, worked in homeless shelters, cleaned up parks, and put in hours of their personal time toward improving their communities and the lives of those around them. That's the spirit in which this nation was founded, and we all need to work tirelessly to bring people together to take on the challenges that face us and give back to the people of our communities. More so than any result on the field, that is a common goal worth rooting for."

And here is fellow political philosopher Dan Hannan on the same general topic:

"Oligarchy and oppression, caste and exploitation, slavery and serfdom: These have been the lot of our species through recorded time. The slave empires mentioned in the Old Testament were not so different, politically, from a mediaeval European monarchy or, come to that, a modern kleptocracy (a professional football league). The pattern is the same: A gang of people get into power, rig the rules so that they and their children will enjoy hereditary privilege and then systematically loot the territory under their control.

"Then, between three and four centuries ago, a revolution occurred — and it occurred largely in the language in which you are reading these words. People hit on the notion that the law ought to be something more than the will of the king or the biggest guy in the tribe (or the commissioner of a sports league). They established a system where individuals could engage with each other voluntarily (in contracts for playing sports), rather than having their relationships mediated by birth, caste or tradition. Social organization moved, as the great Victorian jurist Sir Henry Maine put it, 'from status to contract.'

"The extraordinary thing, though, is not just that this breakthrough should have occurred; it's that it should have endured. The English-speaking peoples saw a series of landmark transfers of power from state to citizen: The Magna Carta, the Glorious Revolution, the American Revolution.

But, elsewhere (in the National Football League particularly), despotism tended to re-establish itself."

Sorry, we couldn't resist the parenthetical comment.

City Halls Have Fallen Down the Rabbit Hole

Mad Hatter: "Why is a raven like a writing-desk?"

Alice: "What's the answer?"

Mad Hatter: "I haven't the slightest idea."

(Sept. 23) — Only fools and the corrupt say democracy in itself will save us. Like a bad riddle, the question of why today's political representation, even at the most local level, is unresponsive to the average citizen bedevils the political discussion.

It is discouraging that the question has to be asked at all. It is more discouraging that it defies a convincing answer. Why else should local government exist but to respond to citizen needs?

Well, sadly, a casual reading of any Indiana council agenda will show plenty of reasons — seemingly popular ones. Indeed, typical is an indiscriminate collection of special interests, feel-good subsidies and Potemkin edifices all sprinkled with the dreamy rationales of economic development and social justice.

But every once in a while, wouldn't chance if not logic result in a government doing nothing, removing itself from our lives, paying off some debt, eliminating an outdated department?

That never happens.

This spring, Dr. Berry Keating and Dr. Maryann O. Keating took a crack at framing the question for the Indiana Policy Review Foundation. Using a variety of measurements, they compared the sense of well-being of various Indiana cities, concluding that the cities that do best are those whose governments are focused on simply addressing the basic needs of current residents.

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

More recently, the foundation took a close look at a typical mayor’s campaign finance filings comparing them with the city’s check register. Linear regression analysis conducted by Jason Arp, a city councilman and financial expert, yielded an r-square value (a measure of correlation) of 90 percent for attorneys and 59 percent for civil engineers.

“One can interpret that to mean there is a statistically high probability that the more a firm contributes to the campaign fund the more it can expect in city contract dollars,” he concluded, noting that no more than one-third of the mayor’s campaign chest came from average citizens.

Bingo, local governments are unresponsive to the average citizen’s needs because they have precious little to do with the average citizen — the answer to our question.

Or not. The president of the local redevelopment commission dismissed the linear regression analysis as nonsense. “Mr. Arp would have us believe that companies making campaign contributions are receiving special treatment and buying influence in the city’s bidding and contracting activities,” he said (nonsensically, to some minds).

A spokesman for the mayor’s office turned his back on the matter entirely, saying that the administration had consulted the public and found that citizens were most interested in neighborhood infrastructure improvements and investments in the parks system “not criticisms about how city contracts are awarded.”

The mayor himself paused in his daily routine to tell a camera crew that any such criticism of his administration was “inappropriate” and “unprofessional.”

And that was that — or to paraphrase the Cheshire cat, “If you don’t know where you are going, any road can take you there”

Mayoral Horse Manure

(Sept. 14) — I like to imagine how my city’s mayor, a proudly average fellow who has pinned his intellectual reputation to the environmental movement, would have governed New York City in 1900. It inspires gratitude that today he can do so little comparative damage.

The mayor recently joined other Indiana mayors at the second annual Climate Leadership Summit in Indianapolis. They decided — you guessed it — that they needed more state money to convince businesses and communities to embrace “renewable” energy, the promise of which requires suspension of the laws of economics.

As a practical matter, the mayors want to discourage in their cities (at great expense in both taxes and jobs) the primary drivers of civilization, particularly the internal-combustion engine — and therein is the link to turn-of-the-century New York.

It was the internal-combustion engine, the forerunner of the gas-guzzling, pollution-spewing machine that brought you to work this morning, that saved the city from environmental disaster.

Indeed, Steven Davies of the Foundation for Economic Education tells the story of an environmental summit held in New York in 1898 similar to the one held this month in Indianapolis. Its attendees also dispersed after only a few days, having convinced themselves that there was no solution other than, you guessed it again, more state money.

The problem back then? Manure.

In New York in 1900, Davies notes, the population of 100,000 horses produced 2.5 million pounds of manure per day producing clouds of manure-laden dust not to mention piles of decomposing waste and carcasses. He goes on:

“The larger and richer that cities became, the more horses they needed to function. The more horses, the more manure. Writing in the Times of London in 1894, one writer estimated that in 50 years every street in London would be buried

under nine feet of manure. Moreover, all these horses had to be stabled, which used up ever-larger areas of increasingly valuable land. And as the number of horses grew, ever-more land had to be devoted to producing hay to feed them (rather than producing food for people), and this had to be brought into cities and distributed — by horse-drawn vehicles. It seemed that urban civilization was doomed.”

The gas-powered automobile, of course, came to the rescue. It was less polluting than horse power by magnitudes of 250 or more, leaving a relatively tiny carbon footprint (or hoof print, if you prefer).

More important even, it led to historic economic growth that improved all aspects of human life, particularly in health and nutrition, and built a nation strong enough to survive two world wars launched by foreign powers bent on global domination.

All of that is said in realization that our little group of mayors meeting in Indianapolis may be right that humans, or horses for that matter, are a factor, however insignificant, in so-called global warming. We cannot know. The climate data doesn’t go back far enough to make anything approaching a sensible as opposed to hysterical determination.

So what to think? The columnist and Hoosier R. Emmett Tyrrell has the most reasonable position to my mind:

“We really do not know what the future holds for climate. We do know that all the nostrums advanced to solve global warming will impede global growth, which means ensuring continued poverty for the world’s poor. Moreover, a significant number of the world’s governments have shown no inclination to follow the nostrums’ inhibiting requirements, which means the nostrums will have little or no effect. The debate about climate and how to limit global warming is a farce.”

A farce — the perfect thing to keep mayors busy and out of more serious trouble.

Of Arnold Toynbee and Flannel Shirts

(Sept. 4) — Men’s fashion is unconcerned with appearance so much as the projection of accomplishment — sports and warfare being the historic drivers with employment status a distant third.

Everyone knows that the brass buttons on a blazer were designed to keep a Napoleonic soldier from wiping his nose on his uniform sleeve. And the buttons on your shirt collars are there to keep them from flapping in your face during a spirited chukka of polo. Your khaki pants? The British army, caught in the crossfire of skirmishes during the Abyssinian campaign, found khaki a much more practical uniform color than scarlet.

More subtly, if you were an old salt in the pre-1970 U.S. Navy you rolled back the cuffs of your dress blues not only to reveal your tattoo but the distinctive silk lining showing you had been stationed overseas with access to a Hong Kong tailor.

Which brings us, please follow, to flannel. Some of us are of the age that dismisses cotton flannel shirts as cheap simulations of woven wool plaid — J.C. Penny, not Pendleton. But the economy being what it is, flannel is predominant, and a good number of young men you see today look like \$150-a-week backwoods guides back from a month in the back woods.

Incidentally, what’s this business with a three-day-old growth of beard? Is it a repeat of the 1980s men’s pony tails, implying that one is independently wealthy or at least doesn’t need to look presentable for any silly job interview? Further off topic, I once lived in a town where men wore plastic hair nets when they went out on the town to confirm or at least suggest that they were gainfully employed at the local packing house.

Back to the cheap flannels. A flannel-shirted model in this month’s high-end, preppy Eddie Bauer Internet catalogue is in fact a Maine guide looking like he just stepped out of the woods. This breaks new ground. The men who model shirts for

Brooks Brothers haven't climbed down from a sweaty polo pony. Nor have those in khakis on the cover of *Orvis* survived a bloody colonial war on the subcontinent. And nobody can picture a mannequin posed wiping its nose on the sleeve of a blazer.

No, what we have here is something serious. It is the "prole model" described by Charles Murray many years ago in a prescient article for the *Wall Street Journal*.

Murray, revisiting Arnold Toynbee's "A Study of History," noted that a symptom of social disintegration is that the elites (preppy customers of high-end clothing catalogues) begin to imitate those at the bottom of their particular social order (backwoods guides). Murray framed Toynbee's argument like this:

"The growth phase of a civilization is led by a creative minority with a strong, self-confident sense of style, virtue and purpose. The uncreative majority follows along through mimesis, Toynbee's 'a mechanical and superficial imitation of the great and inspired originals.' In a disintegrating civilization, the creative minority has degenerated into elites that are no longer confident, no longer setting the example. Among other reactions are a rejection, in effect, of the obligations of citizenship ('a lapse into truancy') and a vulgarizations of manners, the arts, and language that 'are apt to appear first in the ranks of the proletariat and to spread from there to the ranks of the dominant minority, which usually succumbs to the sickness of 'proletarianization.'"

Murray says that the survival of American society depends on somehow curing this sickness. I say that you will know we're getting well when you see less flannel.

Pledge this, Indy Star

"I pledge to no longer tolerate hate and racism in my city, in Indiana or in the United States and take the following steps (fill in the blank) to make a better world for those living here and for future

generations." — the "Take a Stand" pledge of the *Indianapolis Star*, Aug. 20, 2017

(Aug. 23) — There is reason to be suspicious of pledges. The 125-year-old Pledge of Allegiance, for example, containing the watchwords of patriotism, is a document that would strike the Founding Fathers as odd. They would wonder why the words "under God" were only added in 1954 (as a political prop when members of Congress wanted to differentiate true Americans from Godless Communists).

And the author of the pledge, Francis Bellamy, encouraged something known as the "Bellamy Salute" that you will recognize if you have ever been to a Nazi meeting. Indeed, Hitler and Mussolini demanded pledges of allegiance. Here is Hitler's:

"I swear to God this sacred oath that to the Leader of the German Empire and people, Adolf Hitler, supreme commander of the armed forces, I shall render unconditional obedience and that as a brave soldier I shall at all times be prepared to give my life for this oath."

So don't trust pledges, and especially not ones written by wannabe philosophers working as journalists and pretending to be your moral superiors asking you to fill in the blank. Call it a cynical streak. I've had one for some time. I have saved a lovely card postmarked San Francisco that I got from a fellow cynic while I was in Vietnam during the "summer of love." It reads, "Love makes the world go around . . . that and hate."

Today, almost 50 years later, I'm not fully sure what it means. The editors of the *Indianapolis Star*, though, are here to help. Love is politically correct, hate is not. They want me to pledge to that effect.

First, it is uncertain that I have been tolerating hate and racism, the definitions of which have been expanded to the point of confusion if not meaninglessness.

Second, I am doing everything constructive I can think of to make the world better for my

children and yours, whoever you may be — or doing everything I have time to do after working extra hours to pay nearly half my income in taxes so government can make the world even more perfect.

Third, my church teaches me that hate is a sin and cannot be erased by good works or promises — or, in this case, by editorial fiat. Rather, I should pray daily that I become more tolerant and welcoming of all others.

Fourth, science tells us that the instinct to differentiate between peoples is wired into our little brains from prehistory. If so, we must learn individually by personal experience and not group moral pronouncement not to denigrate others reflexively and without cause.

Dr. Timothy Shutt, for instance, suggests that the viewpoints the Star editors have discovered as “outrageous” and “racist” are as old as time and certainly didn’t explode unexpected earlier this month in Charlottesville, Virginia:

“I have read that, according to comparative linguists, the most common word for ‘others,’ the most common word for those who are not ‘Hellenes’ or ‘human beings’ or whatever, when one considers the whole array of known languages, reduces not, as we might expect, to ‘barbarians’ or ‘enemies,’ but rather — viscerally and dismissively enough — to ‘the stinkers.’ A revealing construction, if not, on reflection, entirely surprising. All cultures think they’re the best. Or all cultures I’ve ever heard of. Including our own — even in its most recent, most progressive incarnations.”

What if being viscerally uncomfortable with identity politics is not something that requires a pledge to wipe clean? What if it is something different than treating other persons as subhuman solely because of the shading of their skin?

That would mean Clarence Thomas, Thomas Sowell and dozens of other eminent thinkers are right that we have become a society dangerously myopic on the issue of race.

It is a position addressed four years ago in *The Indiana Policy Review* by Tom Huston, an Indianapolis attorney:

“For progressives of every hue, the distance that blacks have come does not appear as impressive as the distance they have yet to go, and, as the historian Alexis de Tocqueville would have predicted, resentment of the vestiges of racial discrimination has increased exponentially in proportion to the decrease in the equality gap. Thus, there is no armistice, no peace, only escalating conflict on an expanded front. In this new struggle, which is about equalitarianism, not equality, long-time alliances have been severed, old positions have been abandoned, the appeal to conscience has yielded to the claim of victimhood, and intimidation has been substituted for persuasion. Positions have hardened, rhetoric has become shrill and argument has given way to assertion. It has gotten ugly, and anyone who says so is dismissed as a bigot.”

In that spirit, the Star now has a list of subscribers who signed its high-minded pledge — that and a list of supposedly hateful ones who did not.

Charlottesville, Indiana?

(Aug. 19) — Some say the decline of representative democracy in Indiana began with air-conditioned meeting rooms and multi-issue legislation. You should doubt that; history is rarely so subtle. But incumbent politicians, especially, find it comforting to think that way. It implies there is time for a gentle correction of course. They tell us we need only be patient for one or two more election cycles until certain small, reasonable and effortless turns can be executed — a gradual, perpetual steering of democracy toward a heavenly ideal.

In reality, liberty is lost all of a sudden — a ship wreck, a statute toppled, a brick through the window, a financial failure, a declaration of emergency, a declaration of war, an invasion somewhere you’re not sure where, and all to

thunderous, unthinking applause, as depicted in that profound scene from Star Wars Episode III.

It follows, then, that our freedom will be saved not in increments but by insight — that and dramatic, even heroic, action.

And it might be saved by us and not by a distant them, and by each of us and not by a chosen group. Your county chairman or district representative will have precious little to say on your behalf. The governor, your senator and congressman already will have packed their bags for the coast.

So with the Charlottesville events spewing images and thoughts that challenge our very definition of ourselves, the topic for our times is obvious: civic education, the study of those ideas that have guided us to this point. We would preserve a bit of wisdom in danger of being lost in what promises to be a heated, generation-long conflict.

That bit is contained in this question: What did the Founders mean by self-government? They didn't mean what we see happening at almost every statehouse or city hall — that is, being taxed to ruin by despots seated atop a democracy overrun by crony capitalists and public-sector unions.

The question was raised some time ago as the Indiana Policy Review Foundation prepared an article on American civic virtue, one it titled “A Reading List for Legislators” (membership required). The selections remind us that for the Founders self-government meant governing one's self. You won't find any justification for slavery or even hate there. You should read them.

Governing one's self. What an amazing idea, a daunting task. How much more difficult than mere legislating, i.e., the passage of politically timed laws in dribs and drabs as assorted “problems” arise.

There is another cinematic explication, a scene from the 1989 mini-series, “Lonesome Dove.” Gus McCrae (Robert Duvall) is about to hang Jake Spoon (Robert Ulrich), his friend and fellow Texas Ranger. Spoon had fallen in with a

frontier psychopath, Dan Suggs. The Suggs gang had massacred a group of “sod busters” (the temptation here is to refer to them as property owners):

Gus: “You know how it goes, Jake, you ride with an outlaw, you die with an outlaw. Sorry you crossed the line.”

Jake: “I never seen no line, Gus; I was just trying to get through the territory without gettin' scalped.”

Gus: “I don't doubt that's true, Jake.”

Keep that exchange in mind when the politician and his outriders, the police chiefs who have fallen in with street activists, try to deconstruct a core issue like private property or rule of law. You shouldn't doubt that they, like Jake, see no line. And you can understand if not appreciate that an Eric Holcomb or a Brian Bosma is just distributing pabulum about the need to reject hate, as if that basest of human attributes could be erased by political rhetoric. Rather, they are reaching for sinecure, trying to get reelected, refinanced or retired without being scalped in some figurative way.

A line is crossed nonetheless, and the offender, despite the best of intentions, whether a beloved politician, teacher or police chief, does not deserve your support. For the line is not difficult to see for those in the habit of looking for it. Both the Indiana and U.S. Constitutions illuminate it in the plainest of language. And if you are in a real hurry, there's the Golden Rule; the line is quite bright there. No one can claim ignorance as to how we are to govern, how we are to govern ourselves.

The old way, the default way, ante Magna Carta, the way recommended by self-described progressives, puts our fortune back in the hands of a king; that is, the state, however the means of succession, be it democratic or hereditary or anarchy.

And that can only happen if we accept dependency on a fiction, as Frédéric Bastiat famously described the state, a fiction where “everyone seeks to live at the

expense of everyone else,” a fiction where identity politics rules.

And so it goes these days — gentle, reasonable and fictitious “progress” and “tolerance” and “multiculturalism” pushed along with the help of affable career Republicans. Reality, though, will be a brick through democracy’s window, another statute toppled, a constitution burned. Watch for it. You’ll have to clean it up.

Journalism by Grant

(July 24) — The kind of newspaper that the Indianapolis Star has become is not news. Everyone knows it already. It is important, though, to understand why it has become so.

What will surprise some is that it has little to do with any bias of the staff. Rather, it is the predictable result of a shift in ownership structure — and it just shifted again.

Newspapers began changing not because of Internet competition (incidental, in my oft-challenged opinion) but rather when proprietors and closely held companies were replaced by corporations. The two work differently — inherently. They have their own strengths and weaknesses.

Friends tell me that there is such a thing as a good corporation. The experience of Indianapolis, however, is that they are not good for newspapers or mass media in general. Their constitutionally protected functions depend on open competition and morally accountable decisions by individuals, however imperfect and cantankerous. Corporations are legal constructs designed to eliminate the first and minimize the second.

The Indianapolis Star announced last weekend that the news-gathering operations of Gannett Co. Inc. now will be bolstered not by circulation or advertising revenue but by grants from trusts, another form of legal identity. And these groups will not be blind charities; they have special interests in certain public policy areas.

Yet, as with so much historic shifting today, we are told to move along, there’s nothing to see.

“Our newsroom will retain all editorial control over news decisions, as well as the journalists employed in our coverage, just as we do for everything else,” the Star’s editor assured his readership.

That assumes, of course, that the management is saintly. If that turns out not to be the case, you should expect that the views of the trustees now paying for additional staffing will be carefully noted by the senior editors.

How is any of this worse than a publisher-owner being influenced by a major advertiser? The answer is that it is his fortune at stake; he is directly accountable to both his readership and to the other advertisers, now and in the future. The corporate manager is directly accountable to corporate headquarters, which, he may hope, will reward him with a better assignment so he can get out of this place.

To make our point, the announcement was accompanied by a front-page article reporting that Hoosiers are overwhelmingly in favor of exactly those positions in which the grantor is interested. We know this because of a poll (sponsored by a related grantor) finding that a majority of Hoosiers “would prioritize protecting the environment even if it slowed economic growth.”

A spokesperson for a local environmental activist group was thrilled — understandably. Her response, though, betrayed the survey questionnaire’s internal bias: “I would expect Hoosiers to not want to be made sick by their environment.”

The truth? What do Hoosiers think about being taxed to pursue someone else’s environmental goals?

It is impossible to know from what we are given. A corporation can advocate for causes its executive clique considers important. An editor can launch campaigns meant to pad an end-of-the-year bonus portfolio. And now a charitable trust can donate its way onto the front page.

Just know that it is flam, not journalism, and form your opinions accordingly.

Miscellany

A friend conducted a story audit for us of the Sunday Star. Here are his findings, which do not include those articles and essays funded by nonprofit trusts and such:

Section A General News — A total of 28 pages of which 16 were paid advertisements (two pages of paid obits not included either way).

Section B Gannett National and International — Eight pages with one and one-fourth pages in ads.

Section C Sports — Twelve pages with three and one-fourth pages in ads.

Section D Business & Jobs — Eight pages with six pages in ads.

Section E Living, Puzzles and Human Interest — Eight pages with three pages in ads.

“About 50 percent of the paper is understandably used for revenue production,” our friend adds. “How the rest of the space is used is the problem. For example, nearly one-half of one page is given to a letter from an individual telling us how happy she is with Carmel financial policies. Such opinion would expected to be limited to the editorial page or the op-ed page but is not.”

Let's Hear It for Obstinacy

“Bipartisan usually means some larger-than-usual deception is being carried out. ”

— *George Carlin*

(July 20) — It is predictable that when political division is great, as it is this week in the U.S. Senate on the issue of healthcare, the calls for compromise are strong. And this is the time, also and incongruously, when the vilifying and name-calling are loudest.

Locally the division more often is prompted by tax-funded economic development or grandiose quality-of-place projects. “We need to sit down and iron this out,” the Chamber types tell us. If we don’t, we are nay-sayers, recalcitrants; we are blocking progress, we are anathema.

It is understandable, then, to keep your thoughts to yourself. But you are assuming that all sides mean well, that they hold sincere differences of opinions, mere wrinkles in the fabric of our public discourse.

That is a lazy assumption. It ignores that political careerists have turned democratic representation into an abstract. I have seen vector analysis of the relationship between special-interest political donations and municipal contracts in a typical Indiana mayoral campaign. It leaves you wondering if there is an honest personal conviction left in the process.

Clearly, we no longer send people to Indianapolis or Washington as friends and neighbors whose values and judgement we share and trust. Rather, we send them as lawyers to cut us a deal, to manage a fix, to expand our influence and advance their careers.

But imagine you have a valid insurance claim. Would you be happy if your attorney, working on a flat fee, negotiated an out-of-court settlement for half of what a judge or jury would have awarded? You might feel compromised, but not in a good way. In politics, it happens every day.

That is what many office-holders mean when they say they are “fighting” for us. What it really means is that they have figured out a way to convert public policy into personal power. Moral conviction, the rule of law and the truth? Mere details. Multi-tiered votes allow an office-holder to claim the full range of positions on any given issue. This isn’t policy discussion, it’s game theory.

The offer to compromise, please know, is specious. Many times in the last decade politicians have advised us that for progress’s sake we had better accept policies that are either untestable or downright suspicious. What they would have us “iron out” is the differences that independent economists have with their self-serving approach, specifically the idea that growth can only be achieved through an institutional authority — them.

Do they truly believe that? Some do, the ones who have never read Adam Smith. For a good number of the rest, though, it is posture and mimic; they have something to gain — and the community be damned, beginning with its middle class.

We have fought this fight before. It is worth fighting again. For after taxes and regulations, all we have left is an assurance that our exceptionalism is due to an emphasis on the primacy of the individual.

It makes no sense to compromise that away for fear someone might call us a name.

A Council Learns a Lesson — Almost

(July 12) — A rare enlightening discussion broke out at my council meeting last night. A councilman repeatedly challenged an opponent on an economic-development issue to say how he would have cast a hypothetical vote in the past. “Answer the question,” he demanded, trying to pin the councilman as being against a popular civic venue, a baseball stadium.

The other councilman responded that it was easy to hold up “shiny new objects” as successes but it was difficult to see how their funding had been stolen from other “unseen” efforts. The discussion then quickly returned to the standard councilmanic mundane with members blithely and overwhelmingly approving millions in new taxes.

That was too bad, because the one councilman had broached an almost 170-year-old concept, one that forms a basis of modern economics.

First stated in Frédéric Bastiat’s 1850 essay, “*Ce qu’on voit et ce qu’on ne voit pas*” or (What is Seen and What Is not Seen), it entered the popular American discussion with Henry Hazlett’s 1946 work, “Economics in One Lesson.” Hazlett reduces economics to just one paragraph, which is:

“The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the

consequences of that policy not merely for one group but for all groups.”

If we back up to the specific argument of the council meeting, it was the most perfect point that could have been raised in advance of this particular vote. To be decided, you see, was whether my council should impose a tax increase to finance a supposed economic-development project, a riverfront development and promenade that promised to make our city a tourist “destination point.”

Nobody, of course, can be against being turned into a destination point. Bastiat, Hazlett and the one councilman, however, first would have wanted to know: 1) compared with what; 2) at what cost; and 3) on the basis of what hard evidence. Nor had serious thought been given to which groups would benefit or be punished as the tax increase and consequent spending wound its way through the political mysteries of the next decade or so.

Those questions, sadly, were unanswerable, or at least unanswerable in the time the council members had allotted for discussion of eventually spending someone else’s \$20 million to \$60 million (the exact figure being uncertain).

Nonetheless, it would have been interesting to know the answers. Perhaps the council will appoint a committee to look into it. Or perhaps the wrong councilman was demanding, “Answer the question.”

Journalism Without Trust, the Voucher Debate

(July 12) — Has the truth become just a detail? The Fort Wayne Journal Gazette recently stepped over the line of protected opinion into either purposeful deception or self-serving carelessness.

Discussing vouchers, a July 2 editorial was set under the shock-and-awe headline, “Evidence Casts Doubt on Voucher Education.” It said that a local educator wasn’t surprised by a study “showing that voucher students who transferred from Indiana public schools to private schools lost ground in math achievement.”

Fortunately, the study, by Mark Berends of the University of Notre Dame and Joseph Waddington of the University of Kentucky, was read in full by editors at the Wall Street Journal. Here is an excerpt under their quite different headline, “New Evidence on School Vouchers; Some Optimistic Findings from Indiana and Louisiana”:

“The study found that students using vouchers had declines in math and English for the first two years after leaving public school. But the longer these voucher students stuck around in their new schools, the better they did — surpassing their public school peers in English

after four years. These studies are important in rebutting what has been an especially aggressive campaign this year against vouchers by unions and liberal journalists.”

There is no need to waste sympathy on persons willingly subscribed to a newspaper of the Journal Gazette’s bent but at least they deserve a rough outline of the topics of discussion, education reform being surely among them.

In this case, the headline would have read, “Mixed Results on Impact of the Indiana Choice Scholarship Program.”

It’s not sexy but at least a stab at the truth, once the measure of a newspaper.

— *tcl* —



INDIANAPOLICY

Review

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