

INDIANA POLICY

Review

'A future that works'



Where Did Your Doctor Go?

ObamaCare or not, consider what healthcare will be like when all physicians work for hospitals.

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

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

INDIANAPOLICY *Review*

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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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OKAY, NOW LET'S TRY SOME CHARACTER

'Officials gripe they can't break through the cynicism; they cause the cynicism.'

Political unity is perhaps the most impossible of human goals. There is no combination of policies on the table in front of us that would achieve it. But the Devil, as a new GOP leadership will soon discover, loves an impossible task. He will have his snare and compromises ready.

A veteran political observer, William Murchison, has a strategy for that. He suggests Republicans not put their hope in Big Data, tactically calculated policy initiatives or even parliamentary maneuver. He suggests selecting leaders who embody the American character rather than the Washington one:

The political apparatus — a well-paying, prestige-endowing enterprise — pays and praises men and women who promise to do the impossible. But the strength of any peaceable, prosperous, self-sustaining society lies in the character of its people — not in laws that, at their best and wisest, merely reflect that character.

Murchison goes on to say that politicians today do not teach the important things. Rather, they are salesmen of the impossible, "looking for new benefits to tout and new dangers to expose and warn against as they volunteer to fix everything for us."

Dr. Stephen M. King, an adjunct scholar of this foundation, has said much the same in articles for us over the years. His work in political science predicts that the just-elected crop of politicians will discover "they aren't facing policy problems so much as spiritual ones."

Dr. King's spiritual impetus is directed more to the motivation of civil service in this context than to a Divine Creator. And when we define "spiritual" thus broadly — an unconcern for material values or sinecure — we can see the cumulative abdication, Republican and Democrat, that is Washington or, for that matter, Indianapolis.

What did it for me, though, was a weekend viewing of the classic Western parody, "Blazing Saddles," specifically the scene in which Mel Brooks as Gov. William J. Le Petomane exhorts his sycophants to action:

Holy Underwear! Sheriff murdered! Innocent women and children blown to bits! We have to protect our phony baloney jobs here, gentlemen! We must do something about this immediately!

Brooks, for comedic effect, was rejecting character for posture. Hoosiers have been making a similar choice for a generation now but it isn't funny. The profile of the typical legislator gradually changed from a friend and neighbor sincerely representing our interests to an attorney perfunctorily relating those interests for a fee.

Exit polling suggests that we have lost any expectation that officialdom shares our moral or even political convictions.



Mel Brooks
in "Blazing Saddles"

Such amoral representation, however diverse, cannot sustain a constitutional republic. So says *Washington Post* columnist George Will, who would revive the call for term limits on that basis alone:

Congress increasingly attracts people uninterested in reversing its institutional anemia. They are undeterred by — perhaps are attracted by — the fact that they will not be responsible for important decisions such as taking the nation into war. And as Congress becomes more trivial, its membership becomes less serious. It has an ever-higher portion of people who are eager to make increasingly strenuous exertions to hold offices that are decreasingly consequential.

Peggy Noonan of *the Wall Street Journal* also gets it: "The public figure literally says, 'Prepare my talking points,' and the public says, 'He's just reading talking points.' It leaves everyone feeling compromised. Public officials gripe they can't break through the cynicism. They cause the cynicism."

For as legislators come to think of their jobs as precious, they come to eschew any action, however critical, that would endanger their retention — particularly if it involves standing up for a constituency with something more than words. There is a need, you see, to protect us not only from those who would abuse power but from those who would merely sit on it.

And at this point in any scold of the political class, it's a good idea to call in H.L. Mencken, the man who coined the phrase "every election is a sort of advance auction sale of stolen goods":

The government consists of a gang of men exactly like you and me. They have, taking one with another, no special talent for the business of government; they have only a talent for getting and holding office. Their principal device to that end is to search out groups who pant and pine for something they can't get, and to promise to give it to them. Nine times out of ten that promise is worth nothing. The tenth time it is made good by looting A to satisfy B.

Mencken's solution, lottery election, might be too edgy for most. Better to insist that a party's goal in the next election be spirituality — character — in public office, about serving and representing others. "Not about partisan wrangling to advance a career or even taming that perpetual bureaucratic beast," warns King.

So wave election or not, Republicans would be wise to insist that the goals of this next political cycle be based on character in public office, about serving and representing others. "Not about partisan wrangling to advance a career or even taming that perpetual bureaucratic beast," warns King.

Otherwise, they too will find themselves in the shoes of a Barack Obama — facing one crisis after another, from school lunches to Ebola, joining Gov. Le Petomane in making policy off the cuff, in appealing to the Holy Underwear. — *tcl*

WHERE DID YOUR DOCTOR GO?

Indiana hospitals are on a doctor-buying binge;
It's bad for patients and bad for physicians.

"Winning is only important in war and surgery." — Al McGuire, head basketball coach, Marquette University, 1964-1977

The merger of hospitals and the absorption of private practices are: a) the continued drive for efficiencies and more-expert care; or b) the unconscionable result of misaligned incentives and government intrusion. These are two vastly different answers, and to determine which is closest to the truth you begin where the average hospital patient ends up — with the bill.

Recently, a member of this foundation spent three days being treated at one of our mega-hospitals. His care was excellent but, when presented with something like a \$23,000 bill, he requested a discount. He offered to pay in cash and on the spot. The bill was reduced to about \$6,000.

Before we go further, let's dismiss greed as an explanation. "None of us is greedy," Milton Friedman famously observed. "It's only the other fellow who's greedy." In fact, the world runs on individuals pursuing their separate interests, Friedman taught us, and the great achievements of civilization have not come from government bureaus.

Those behind recent healthcare reform, however, confuse greed with a necessary search for profits — profits earned in medical innovation, efficient hospitals and patient-focused care.

Reformers trade this profit-seeking behavior for what economists call "rent-seeking," *i.e.*, administrators, physicians and others in the medical industry shifting the focus of their efforts to the manipulation of government policy to gain advantages — monopolistic, if possible — while imposing disadvantages on competitors. It is, sadly, the default setting for the rest of the world.

The trade, then, by any rationale analysis, is a bad one for American medical and insurance customers. It will without exaggeration turn our nation's healthcare system, the envy of the world, upside down.



Lisa Barnum, graphic design

And yet, how can there be such disparate pricing, documented nationwide in an October report by the General Accountability Office?¹ The answer requires a review of the typical patient's bill.

The illustration on the next page is the bill for a routine hernia operation performed this year at a general hospital in Indianapolis. It shows a charge of \$34,385.68 for pharmacy,

implants, surgery services, anesthesia, recovery-room services and, of course, miscellaneous supplies.

The insurance company was able to negotiate a 38.6 percent discount for these services in the amount of \$13,272.87. The company, after applying the discount, made a payment to the hospital of \$10,297.90, leaving the patient with a balance of \$10,814.91, payable within 30 days.

So, counting the insurance company and the patient, the hospital received total payments of \$21,112.81. A competitor, a small surgery center, is quoted later in this article advertising similar surgeries for much less — 85 percent less.

Big Hospitals, Inscrutable Bills

It is all representative of the big hospitals and inscrutable bills that have become the new normal since we fell into what the *New York Times* calls a "quiet revolution" transforming how medical care is delivered.³ It is a revolution reflected in Chart 1 on page 4: "A History of Hospital Spending."

Although the changes in how it is delivered may have been quiet, the way we sell medical care is likely to become rowdy as hospital bills and insurance rates explode. Indeed, critics see it not so much revolutionary as acquiescence to that default setting for healthcare worldwide, a greatly inferior system.

And they see this default encapsulated in Barack Obama's high-minded Patient Protection and Affordable Care Act (PPACA), which, ominously, was to begin taking full effect after the November elections along with higher insurance premiums and more restrictive policies. In Indiana, premiums already have increased by double digits for men and women age 40 and below.⁴

Whatever its intentions and however romantic its vision, the PPACA prescribes a system that few Americans either

This survey of recent literature was compiled by the staff with guidance from member physicians and insurance executives.

understand or are freely choosing. A *New York Times*/CBS News poll of uninsured people last December found that nearly three in 10 said they objected to the government's requiring it, while about one in 10 said they felt they did not need it.⁵

One of so-called ObamaCare's unintended or at least unannounced consequences is the buying up of private practices. As recently as 2005, more than two-thirds of medical practices were physician-owned. Three years later that share had fallen below 50 percent and has continued to slide.⁶

The 'Veterinarian' Model

"There may not be anything explicit in the PPACA that says hospitals should buy physician practices, but because it encourages bundled payments for a patient's care, which a hospital then distributes to the doctor and others, it encourages hospital ownership of doctors," says an Indianapolis general surgeon. "The goal of progressives such as Mr. Obama is a single-payer, government-run system, and they believe that the sooner the private practice of medicine dies the sooner their utopian dream can be realized."⁷

For private physicians, this means adoption of what some derisively call the "veterinarian" model. An Indiana insurance executive explains:

The veterinarian model of healthcare eliminates the patient from an active role in healthcare decisions. Choice of doctor, hospital or clinic, procedures performed or not performed are all left to someone other than the person receiving the medical care. A positive aspect of real veterinary care, however, is that at least the owner of the animal loves the patient. I'm not sure who has the patient's best interests in our new humanistic model.

In the traditional model of the doctor-patient relationship, even with the institution of Medicaid and Medicare, physicians and the poorest patients often "worked out" how payment could be handled. Human compassion contributed unbilled hours to a physician's workweek.

Can the loss of this compassion in the new relationship be measured? Not exactly, but studies listed in the appendix to this article use a statistical method to determine whether investors believe value is destroyed rather than created in the new healthcare model. And a plastic surgeon in northeast Indiana was convincing in his talk with us that the effect will be adverse on multiple levels:

The physician's highest priority will become the whims and wishes of the hospital system, not the needs and desires of the patient. But if the hospital does not

SUMMARY OF SERVICE FOR		
SERVICE DATE	STATEMENT DATE	
01/17/14	02/19/14	
Pharmacy		714.68
Supplies		1088.00
Implants		3218.00
Surgery Service		26175.00
Anesthesia		1585.00
Recovery Room Service		1605.00
Total Charges		34385.68
ACCOUNT ACTIVITY		
Negotiated Insurance Discount	02/05/14	-13272.87
Payment Anthem	02/05/14	-10297.90
Deductible / Copay Due		
Total Payments/Discounts		-23570.77

prioritize the patients' needs first — and it won't be able to do so because of bureaucratic red tape and regulations — then the doctor will be forced to render limited substandard care because the system demands it or because the doctor will lose his job for going against the system. And if the nation is put under financial strain or if medical economics dictates rationing, doctors will be ordered to comply; they will be acting as an arm of the government through the authority of their contractual relationship with the hospital. Finally, the hospital-owned medical-practice model will lead to a substantially diminished leadership role for the physician within the medical community. Salaried MDs essentially will be co-equal employees with other hospital-employed medical providers such as pharmacists, nurse practitioners, physician assistants and nutritionists, all with different and sometimes conflicting motivations and priorities that may or may not include the individual patient.⁸

Fewer Choices, Worse Choices

Individuals faced with medical problems have precious few choices. But one of their most important has been whether they would prefer discussing treatment options with a private physician in a practice established in their hometown or with an administrator in a regional hospital.

Dr. Michael Mirro, a Fort Wayne physician, was forced by a changing medical economy to make that choice for his patients. Dr. Mirro began his career in a private practice in Fort Wayne with two other cardiologists. The practice eventually grew to be one of the largest private heart clinics in Indiana before selling out to nearby Parkview Health, Inc.

In an interview with *the New York Times*, Dr. Mirro said that as the economy soured and insurance coverage weakened, individual payments from patients fell. In the last year of his practice, fully 30 percent of his group's patients had no way of paying their bill.⁹ "We had to hire more and more people to contact insurers and advocate for people to get the care they needed," Dr. Mirro explained to the newspaper. "That's expensive."

"There may not be anything explicit in the PPACA that says hospitals should buy physician practices, but because it encourages bundled payments for a patient's care, which a hospital then distributes to the doctor and others, it encourages hospital ownership of doctors."

— An Indianapolis general surgeon

"If the nation is put under financial strain or if medical economics dictates rationing, doctors will be ordered to comply; they will be acting as an arm of the government through the authority of their contractual relationship with the hospital."

— A Fort Wayne plastic surgeon

WHERE DID YOUR DOCTOR GO?

Dr. Mirro and his partners decided to sell out when the Centers for Medicare and Medicaid Services cut reimbursements to cardiologists by as much as 40 percent. The money taken from his practice was supposedly redistributed to primary-care physicians in emergency rooms, family medicine, etc.

The Fort Wayne cardiologist's experience is reflected in the path of healthcare policy illustrated in Chart 2 on the next page: "The Flow of Managed Healthcare." The chart's complexity testifies to the impossibility of merely commanding affordable healthcare. The reader, without getting bogged down in the economics incentives and disincentives behind the chart, can take away two points important to this discussion:

- 1) Hospital executives are people. That is, hospital administrators, despite the altruism built into their titles, will act foremost in their own or their organization's interest. Those interests will trump those of individual patients, nurses, staff and even physicians.
- 2) The incentives for hospital consolidation are long-standing. They have arisen inevitably as the result of "people spending other people's money on other people," to use another construct from Friedman. They reflect systemic problems with our healthcare system that will not be solved within one legislative or congressional session.

Chart 1: A History of Hospital Spending

<i>Late 1980s to early 1990</i>	Rapid growth (high spending growth; 8-10% overall with 4% inpatient)
<i>Early 1990</i>	Declining growth with dramatic increase in managed-care penetration; shorter lengths of stay and more outpatient utilization
<i>Mid-1990</i>	Low growth (approx. 3-4% per year overall; -2% to -5% inpatient only)
<i>Mid-to-late 1990</i>	Increasing growth (hospital merger wave)
<i>Late 1990s to 2007</i>	Rapid growth (approx. 7% overall; 6-8% inpatient)

Source: Avik Roy presentation before the annual conference of the Massachusetts Association of Health Plans, Nov. 19, 2011.

It follows then that the most promising reforms, politically and economically, will be systemic and incremental as well. Their blueprints can be found in the discipline of Public Choice economics, *i.e.*, the study and positive analysis of "what is" in hopes of working toward "what ought to be."

For Indiana, that bill from the Indianapolis hospital on page 3 can serve as our example of *what is*. We offer the new Surgery Center, a private practice of a group of 40 independent surgeons and anesthesiologists in Oklahoma City, as our example of *what ought to be*.

The first thing you notice is that the surgery center's online bill is transparent. The patient knows what the operation will cost him before surgery is scheduled. If you click on the surgery-pricing page of the web site <http://www.surgerycenterok.com/pricing/> and choose the comparable operation (any hernia repair) you will see that the patient's total cost — set in advance — averages out at \$3,529 (with a pricing disclaimer for postoperative care, extra screws, tubes and bolts, etc.).

That is \$7,284 less than what the Indianapolis hospital billed its patient and \$17,584 less than what it received from all sources.

Cherry-Picking or Market Niche?

If that doesn't interest you as a patient, perhaps it will as a taxpayer. City and county governments can contract with such private surgery centers to provide specific operations under terms of a public-employee labor agreement. In the first month of such a contract, one Oklahoma county reported saving an estimated \$140,000 on 10 employee claims.¹⁰ The president of the Oklahoma Council of Public Affairs predicts that his state government would save \$20 million a year if it instituted medical price transparency and competition.

Nationally, to get an idea of the magnitude of possible saving, consider only one procedure, orthopedic knee replacement, and how important its dollars are to the hospital system: In 2011, about 600,000 knee replacements were performed for a total billing of about \$9 billion dollars.¹¹

Critics say that the dramatically lower costs achieved by the micro-hospitals result from "cherry picking" the most discretionary and profitable procedures, *i.e.*, hernias, joint replacements, plastic surgeries, etc.

That leaves general hospitals with mandatory treatment of emergency patients and the resultant unpaid bills, plus the treatment of patients with protracted and incurable illnesses where costs can be difficult to estimate and the final bill difficult to collect or even document.

It is a surprise to nobody, though, that this healthcare system is growing more detached from patient and staff preferences or interests. Market forces, to the degree that the socialization of medicine has left any, are spasmodic. In an example of geo-political pricing, an Indiana plastic surgeon tells us that insurance companies will allow \$34,000 as the base price for a breast reconstruction in New York City. A breast implant costs about \$3,000 to \$3,500 in Indiana.

And, cherry-picking or not, there is the assumption that the general hospitals and the privately financed micro-hospitals are operating at comparable efficiencies. If they are not, however, it makes no sense to outlaw the efficient model to protect the inefficient one — especially if it creates an unsustainable system

built at the expense of patients and, increasingly, insurance ratepayers.

The Spasmodic History

The answer, instead of bigger hospitals, may be to publicly identify treatment areas that are underfunded, concentrating subsidies there. Also, there is promise in separating free-market diagnostic functions from subsidized treatment functions. All of which would leave both the macro- and micro-models free to compete in the other areas, driving down costs in certain market niches (think laser vision-correction surgery).

Historically, something similar was tried after the breakup of the Soviet Bloc. Newly independent countries were left with huge, largely useless government apparatuses and facilities. University of Chicago economists recommended that the services ostensibly being provided be put up for competitive bid. If nobody bid, the service was evaluated for cost and benefit and either eliminated, reformed, modernized or subsidized at a manageable rate.¹²

Unfortunately, Barack Obama did not turn in that direction when it became clear healthcare spending could not simply be “capped.” A scholar at the Manhattan Institute, Avik Roy, in an article for *National Review*, provides a spasmodic time line leading up to the current predicament:¹³

1965 — Medicare and Medicaid are established after Lyndon Johnson softened hospital administrators’ and doctors’ resistance by assuring them that Medicare would contain no cost controls. The Medicare bill promised to pay doctors and hospitals according to “usual, customary, and reasonable” rates. The result, according to Roy, was that doctors and hospitals “could charge whatever they wanted to.”

1983 — The Reagan administration introduced price controls for Medicare. The result was doctors providing more kinds of services at a higher volume to make up for lower prices. Hospitals responded by “cost-shifting,” charging higher prices to people with private insurance.

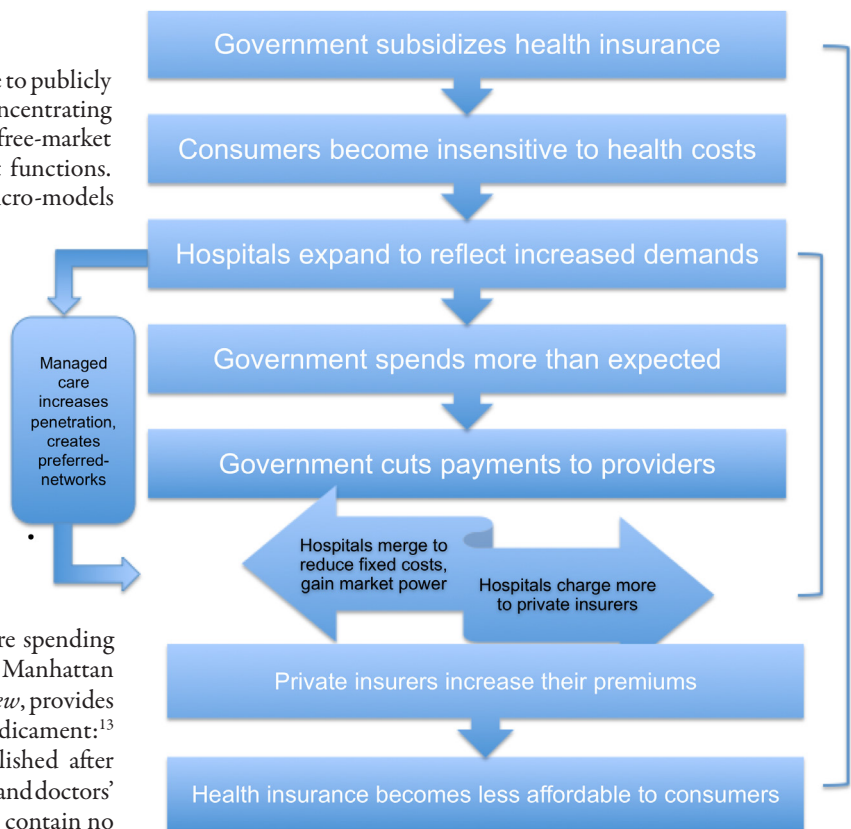
1994 — Two Boston hospitals, Massachusetts General Hospital and Brigham and Women’s Hospital, merge into Partners HealthCare. The new entity raised the fees it charged insurance companies. An executive of the state’s largest private insurer responded to a suggestion that he refuse to pay the higher fees with this: “Excuse me, did anyone here save anyone’s life today? We are a successful business up against people who save people’s lives. It’s not a fair fight.”

2014 — Section 6001 of the Affordable Care Act monopolizes the hospital industry by barring the construction of new physician-owned hospitals (if those hospitals want to accept Medicare patients).

Roy concludes by noting that the vast majority of Americans don’t pay for their own insurance directly. Rather, we have a “third-party system for purchasing third-party health insurance: in effect, a ninth-party healthcare system”:

Is it any wonder that the prices hospitals charge bear no relationship to the value of their services to consumers? Ultimately, we have to realize that hospitals — and the government policies that empower them — are the

Chart 2: The Flow of Managed Healthcare



Source: Avik Roy presentation before the annual conference of the Massachusetts Association of Health Plans, Nov. 19, 2011.

principal driver of rising healthcare spending. America’s hospitals form a trillion-dollar, taxpayer-subsidized behemoth that will do everything it can to grow larger and larger at the expense of the remainder of the economy.¹⁴

From Entrepreneur to Indentured Servant

Salaried hospital physicians may have M.D. on their name tag but they won’t be your father’s private practitioner. Progress? Not really. Considering the cost of a medical education, there is concern that these new doctors will be fundamentally different — highly skilled indentured servants.

Dr. Scott Gottlieb, writing in *Forbes*, echoes the warning of our Fort Wayne physician that once a couple of generations of doctors have worked only under salary for hospitals, their professional behavior will be changed, perhaps irreversibly:

Often they see fewer patients and perform fewer timely procedures. Continuity of care also declines, since a physician’s responsibilities end when his shift is over. This means reduced incentives for doctors to cover weekend calls, see patients in the emergency room, squeeze in an office visit or take phone calls rather than sending them to nurses. It also means physicians no longer take the time to give detailed sign-offs as they pass care of patients to other doctors who cover for them on nights, weekends and days off.¹⁵

WHERE DID YOUR DOCTOR GO?

Hospitals are often the largest employer in a city and carry commensurate political clout. It is no accident that federal and state certificate-of-need laws favor incumbent hospitals and discouragement competition.

'Dinosaur' Monopolies

All of the governmental contortion considered, we should count ourselves lucky there still are any experienced, entrepreneurial physicians left willing to start micro-hospitals, surgery centers or even small private practices. These intrepid few have good reason to believe they can compete with the big hospitals if given a level regulatory field.

If the economics favor them, though, the politics do not. A decision to block construction of new physician-owned hospitals was approved under the PPACA in 2010 and likely will be tightened in the future — in Indiana and nationally. Roy, addressed that threat shortly after ObamaCare became law:

General hospitals say if the specialty hospitals can cherry-pick the most lucrative specialties then they're going to lose money. That may be true, and that's a problem to address, but that's not a reason to limit competition. I think the solution is to have competition in those areas where people want to enter, and then help out the general hospitals with their treatment in the less lucrative areas, not protect the slumbering dinosaur of a general hospital, a completely outmoded way of caring for patients.¹⁶

These "dinosaurs," however, are often the largest employer in a city and carry commensurate political clout. It is no accident that federal and state certificate-of-need laws favor incumbent hospitals. They do so by adhering to an economic model that says their unused capacity will increase prices, a restriction intended to block competition.

Roy, who studied molecular biology at the Massachusetts Institute of Technology and at Yale University, testifies frequently on hospital mergers for congressional oversight committees. His arguments should give pause to those Indiana lawmakers tempted to yield to lobbyist pressure and approve or continue stringent restrictions on the micro-hospitals.

This is not to say that the merged hospitals have no case whatsoever for efficiency or, more arguably, protection against competition. Their case, though, rests in part on their widely varying abilities to institute 30-year-old "managed care" systems (e.g. shorter hospital stays, emphasis on outpatient care and similar operational rules). These systems cut costs but were only

temporarily effective even before ObamaCare. Roy's counterargument makes these points:¹⁷

- 1) The spike in hospital mergers is solely a response to pressure from insurers to reduce health spending.
- 2) Early economic studies were misleading in that they failed to show how hospital mergers would drive up the price of healthcare.
- 3) Newer studies suggest that concentrated hospital markets lead to pricing increases.
- 4) Government-subsidized health programs such as Medicare, Medicaid and now ObamaCare drive the problem generally.

Supporting Roy's contention that hospital mergers are more about profits than medical service is a recent study comparing prices for procedures in consolidated versus competitive hospital markets.¹⁸ It found that procedures cost 44 percent more in the consolidated markets and have profit margins 41 percent higher. And Roy, looking for evidence that such profit margins improved quality, could find no measurable instances.

The St. Elizabeth Anomaly

More than a decade ago, Indianapolis-based Anthem Blue Cross & Blue Shield conducted a mortality-rate study of heart patients in nearby Ohio. It found, much to everybody's surprise, that by far the best place to have your heart fiddled with was not in the great Buckeye teaching hospitals but in tiny St. Elizabeth's Hospital outside Cincinnati.¹⁹

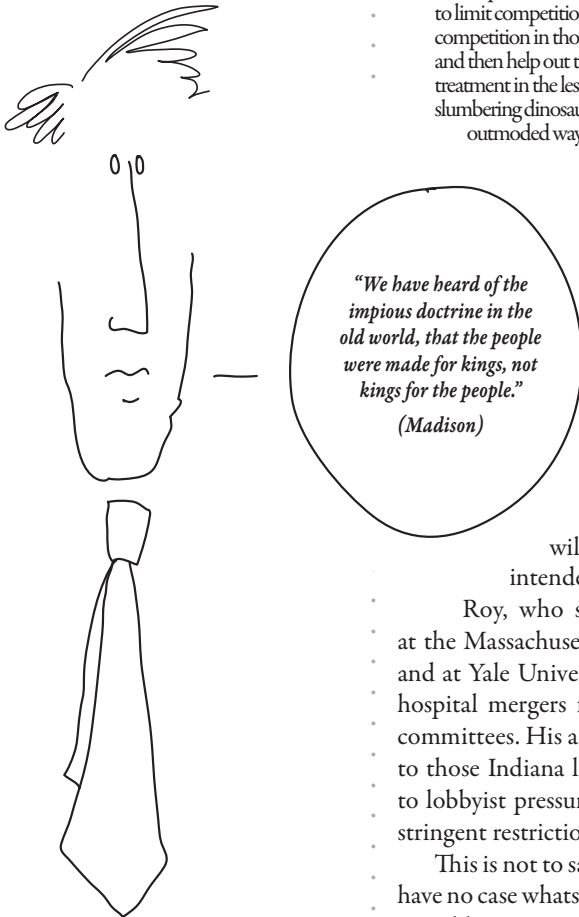
St. Elizabeth's secret was a program that gave a coronary-care nurse "ownership" of each individual patient, the authority to follow an assigned case through surgery and treatment, challenging decisions of the attending physicians when necessary.

Among the worst performers in the Anthem study? The enormous and esteemed Ohio State University Medical Center.

And the data has been piling up ever since against big hospitals and, tangentially, for the salvation of patient-focused private practices:

- Higher prices stemming from hospital mergers that took place between 1997 and 2006 alone add \$12 billion to annual healthcare costs, according to a recent study.²⁰ The author estimates that the ability of the bigger hospitals to stimulate usage and the merging of doctors' groups is adding another \$6 billion to \$10 billion.

- Further and accelerated increases in hospital market concentration will simply lead

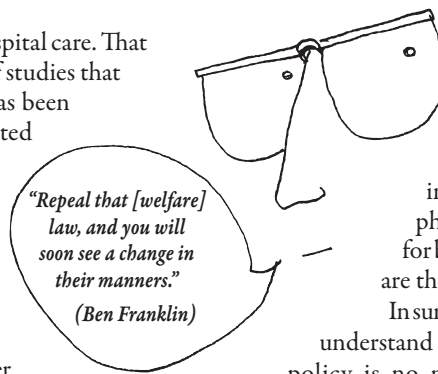


*"We have heard of the
impious doctrine in the
old world, that the people
were made for kings, not
kings for the people."
(Madison)*

to increases in the price of hospital care. That is the conclusion of a series of studies that began with California and has been expanded to cover the United States.²¹ The authors note: “Ultimately, increases in healthcare costs, which are generally paid directly by insurers or self-insured employers, are passed on to healthcare consumers in the form of higher premiums, lower benefits and lower wages.”

Throughout Indiana and the nation the story is similar. A Stanford University study argues that healthcare prices today are most likely to increase when hospitals buy physician practices rather than when they form looser contractual relationships with physicians. That is based on an analysis of a whopping 2.1 million hospital claims from workers of self-insured employers between 2001 and 2007.²²

So hospital mergers, however well they may play at a renaming ceremony, increase costs for patients at that ultimate reckoning point, the cashier’s desk, as well as result in higher insurance rates and perhaps lower wages later on. This is most clear when you look at those so-called “event studies,” that statistical method



analyzing whether investors believe a merger will create or destroy value (four such studies are listed in the appendix). Private physician practices, sadly for both doctor and patient, are the collateral damage.

In summary, it is important to understand that current healthcare policy is no more permanent than was, say, Prohibition. It can be repealed and replaced with more realistic policy. John Cochrane, professor of finance at the Booth School of Business at the University of Chicago, has outlined that challenge. His recent comments are quoted at length in recognition of both their expertise and optimism:

The Affordable Care Act was enacted in response to genuine problems. Without a clear alternative, we will simply patch more, subsidize more, and ignore frauds and scandals, as we do in Medicare and other programs. There is an alternative. A much freer market in healthcare and health insurance can work, can deliver high quality, technically innovative care at much lower cost, and solve the pathologies of the pre-existing system. The U.S. healthcare market is dysfunctional. Obscure prices and \$500 Band-Aids are legendary. The reason is simple: Healthcare and health

“The Affordable Care Act was enacted in response to genuine problems. Without a clear alternative, we will simply patch more, subsidize more, and ignore frauds and scandals, as we do in Medicare and other programs.”

— JOHN COCHRANE, professor of finance at the Booth School of Business at the University of Chicago

Innovation Pulled From a Purse

We misspent a winter evening in 2010 listening to a congressman alternately detail the hopelessly complex remedies and then the equally hopeless failings of government-controlled healthcare. Was the congressman a doctor or a nurse or a hospital administrator? No, he had always held a public office. Was he an expert on health insurance or healthcare economics? Far from it, he could not have read all the thousands of pages of competing legislation, let alone the alternative reforms judged politically infeasible in this particular administration. Was he even a patient in the U.S. healthcare system? No, members of Congress have their own system. So why, other than the man’s obvious desire to remain employed, should we find his opinions interesting? That may be the questions of our age. To answer it, you must consider what the congressman might have said:

“I see many of my constituents here tonight — men and women of mature judgment who have raised fine families and have lived worthy lives. I trust them — not only in regard to their own healthcare but more generally on the proper relationship between citizens and their government. It is obvious that this proposal sends us in the wrong direction, away from rule by law and toward rule by men. It threatens our freedom. Your instructions to me therefore are clear. Good night.”

The congressmen didn’t say that because he doesn’t believe it. So he schedules townhall meetings and makes a show of gathering our views but instead lectures us on how healthcare economics is too complex for any individual citizen to grasp. He inevitably concludes that government must step in — perhaps just a little and under his personal supervision. He assures us that healthcare isn’t a free market anyway, that we don’t choose healthcare as we choose, say, a cell phone.

Ah, but we do — or at least we could. Dr. Regina Herzlinger, a Harvard business professor and an actual expert on healthcare, was in Indianapolis a few weeks earlier speaking at an *Indiana Policy Review* seminar (see page 11). She dramatically demonstrates why transparency and consumer choice — factors scarce in any government-controlled operation — are important to keeping prices low and quality high. Recalling that her doctoral dissertation required the use of a room-sized computer whose operators had to wear dust-free uniforms for fear of fouling its sensitive workings, she pulls a relatively tiny cell phone from the “hostile” environment of her purse to make the point that it is many times more powerful than that room-sized computer. The presence of unfettered genius made the difference. It did not require consumers to understand computer science. They needed only to be able to choose the progressively more amazing products developed with them in mind. This “I’ll-like-it-when-I-see-it” attitude is the carrot for innovation. The consumers of insurance and healthcare services need not know a catheter from a crutch or a co-pay from a premium. Others who do know the difference, given a free market and its incentives, will knock themselves out trying to make something that the consumer finds useful, life-saving even. — *tcl*

What would be the objection to requiring Indiana hospitals to give patients a firm price in advance of a procedure or operation rather than at some undetermined time later?

insurance are strongly protected from competition. There are explicit barriers to entry, for example, the laws in many states that require a “certificate of need” before one can build a new hospital. Regulatory compliance costs, approvals, nonprofit status, restrictions on foreign doctors and nurses, limits on medical residencies, and many more barriers keep prices up and competitors out. Hospitals whose main clients are uncompetitive insurers and the government cannot innovate and provide efficient cash service.²³

Our state lawmakers have reason to take a historic step away from all-powerful bureaucracies and those slumbering dinosaurs that are their hospitals. In doing so, Indiana could establish itself as a leader and innovator to the benefit of patients and physicians. Here are suggestions for legislative action that would move Indiana in that direction:

- On the organizational side, legislators could act unilaterally to relax restrictions on hospital construction — restrictions now weighted in favor of the politically powerful general hospitals and against the small specialty hospitals and ambulatory surgery centers. This could do much to reverse the disincentive of physicians to preserve private practices.

- On the patient side, Indiana could coordinate with other states to harmonize licensure and facilitate medical tourism through telemedicine, *i.e.*, allowing a doctor in New Hampshire to review a computerized tomography scan taken by a private practitioner in Goshen. Indeed, the Federal Trade Commission recommended a decade ago that states consider uniform licensing standards or reciprocity compacts to reduce barriers to telemedicine and competition from out-of-state providers who wish to move in-state. It is time for Indiana to catch up.

- Diagnostic and treatment skills could be differentiated. A 30-percent upward valuation in fees for evaluation and management has been proposed for diagnostic decisions under the Medicare program in addition to the modest increase provided in the Affordable Care Act. The increase would not be confined to primary-care physicians but would extend to diagnostic decision-makers such as cardiologists, radiologists and pathologists.²⁴

- What, in the end, would be the objection to requiring Indiana hospitals to give patients a firm price in advance of a procedure or operation rather than at some undetermined time later? There is almost nothing else in our economy that works the way healthcare does, observes Kevin Williams in *the National Review*:

Yes, healthcare is complicated, but so is telecommunication: How many satellites does your dermatologist operate? Even visits to auto mechanics,

which can entail nasty financial surprises, are generally characterized by prices that are determined before the work is done. It would be absurd to go into an Apple store and walk out with an iPad on the understanding that two weeks later you'll get a 40-page bill in the mail that might be for one amount — or for 10 times that amount.²⁵

Conclusion

The job of ridding ourselves of such absurdity will begin when we re-orientate policy to reflect the proper relationship between the patient (consumer) and the individual physician, to reflect the human truth of why people become doctors in the first place.

It is not to find sinecure in a sparkling new hospital set in beautiful acreage. Nor is it to please an administrator or to meet the actuarial expectations of an insurance company or a federal agency. It is to put his knowledge and skills to work healing the individual patient in front of him, hour after hour, day after day.

Such a role assumes — requires — ownership of the process, an ownership that was once built into the operational manuals of the great hospitals, *e.g.*, the Mayo Clinic, the Cleveland Clinic and, locally, the Indiana University Medical Center and Riley Children's Hospital.

The research tells us that this ownership, epitomized by the private practitioner, is absolute. It is destroyed by even the most measured changes imposed in the command-and-control systems described here. And all of the warnings signs — the loss of transparency, the inscrutable billing, the impersonal economics applied to even life and death decisions — tell us that there is no substitute.

We ignore this to our great detriment. Q

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Dr. Oreshchenkov — "The family doctor is a figure without whom the family cannot exist in a developed society . . . but nowadays it's easier to find a good wife than a doctor ready to look after you personally for as long as you want, and who understands you fully and truly."

Dr. Dontsova — "It simply doesn't fit into the system of a free, national universal health service."

Dr. Oreshchenkov — "It'll fit into a universal national health service but it won't fit into a free health service."

Dr. Dontsova — "But it's our greatest achievement, the fact that it's a free service."

Dr. Oreshchenkov — "What does 'free' mean? . . . It isn't free treatment, it's depersonalized treatment."

— *Cancer Ward*
Aleksandr Solzhenitsyn, 1967

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"Yes, healthcare is complicated, but so is telecommunication: How many satellites does your dermatologist operate? Even visits to auto mechanics, which can entail nasty financial surprises, are generally characterized by prices that are determined before the work is done."

— KEVIN WILLIAMS
National Review

THE PRIVATE PRACTITIONER

The system's ideal today is one size fits all (usually the cheapest size).

by BRUCE IPPEL

I have a small business. A service business. But it's not like your accountant or plumber or lawyer. I'm a doc, a family doc. And I can save your life or at least make it longer and more pleasant.

I've been in this business a long time. I see children of patients I delivered . . . and occasionally I might have even delivered the grandmother. I stopped delivering babies 20 years ago. I didn't stop practicing medicine, though. I hope to continue until I can no longer score well on the specialty board exams. I hope so because it's not only a privilege and a joy but it still is possible to run a good private medical practice.

That may be changing.

Now, I know there are likely better — even much better — ways for me to practice medicine. I would like our healthcare system to give me incentives to find those ways. I also would like spring to last all year. Since I rarely get what I like, I have learned to work with what I have.

More Doc Ippel on page 24

What I now have is a system that has gone from encouraging doing what's best for the patient to a system that punishes me if I don't do what the system says is best for *it*.

To summarize, it is getting seriously harder to serve individual patient needs while pleasing the system — so hard that I'm now worried that I will no longer be able to “work with what I have.”

For example, my experience tells me that some patients do better with a treatment that their health system doesn't include or cover. I can try to fight the system to get that treatment, but there's punishment in that, too. So I do what I've learned to do over the years. I find a back-door treatment that the system doesn't know about — yet.

But the system's ideal today is one size fits all (usually the cheapest size). What's even more frustrating is that the patient has no right to choose an “inappropriate” treatment in many of these all-encompassing healthcare systems, a treatment which in fact may be best for him.



Lisa Barnum, graphic design

Another important example is continuity. I mentioned that I regularly see patients at my clinic whose family have been patients of mine for generations. That kind of continuity is, perhaps, comforting although probably not that important in giving good medical care.

But now patients are presented with the complicated, confusing job of picking the “best” contract to sign up for their next year's healthcare. What is often hidden in that contract may require them to see the system's contract doctor, who may be not only someone whom they've never seen but practices at a mega clinic in a city an hour's drive away.

Worse, the current health system now mandates the wonder of the “electronic medical record.” In the old days, maybe five years ago, if you transferred to another doc you'd ask that a copy of your records be sent there. The doc's office would copy the pertinent data and include prominent notes.

Not anymore. Such snail mail is thrown over in favor of electronic transfer. But I've encountered at least two major glitches with this hot-shot miracle.

The new chart is now a huge file of infinitely repeating gobbledygook. You look long and hard to find the important needles in the haystack of computer-generated details — such as copious time stamps, computed to the second, recording when everything happened, including long lists of medicines the patient has had prescribed from forever.

Also, the systems don't talk to each other; you can't simply put the dozen important sheets in the back of your folder. No, it usually has to be faxed through cyberspace.

If it ever arrives, then you have to either spend an hour or two sifting through the 400-plus pages to print out some things that look valuable or simply put it on a disc that you will never see again.

There's quite a bit more, but you get the point. Q



Bruce Ippel, M.D., is a solo rural family physician in central Indiana and an adjunct scholar of the foundation. He and his wife of 42 years have 10 children. For the last 38 years, Dr. Ippel has run a private “hardscrabble” clinic serving the under-served.

FROM OUR FILES

THE FIXES AREN'T DIFFICULT

Consumer-driven policies can cure American healthcare.



*Regina Herzlinger, Ph.D., is the Nancy R. McPherson Professor of Business Administration at Harvard Business School, the first woman to be tenured and chaired at the school. The below essay, excerpted from her 2007 best-selling book, *Who Killed Healthcare*, was the basis of a seminar she led for this foundation in Indianapolis in 2009. Time has proven its prescience and insight (especially note her warning against the Jonathan Grubers of the world).*

by REGINA HERZLINGER

Big versus small-is-beautiful healthcare systems: These ideological dicta create distinctly differing approaches for reforming our healthcare system.

Those who distrust markets and consumers prefer a single-payer system, in which the federal government's excellent, centralized management would wring savings from billions of dollars now wasted, in their view, on the hapless competitive private-sector health insurance firms and wildly inefficient doctors, and then use the savings to provide coverage for the uninsured. Alternatively they would restrict insurance choices to a handful of uniform managed-care health insurance options. In practice, this idea would work like an automobile market in which every manufacturer offers identical cars designed by a technocratic elite. But this approach, in every situation where it has been tried, stifled new ideas that challenge conventional wisdom, reduces quality and leads to bureaucratic bloats, fraud and favoritism for the rich and powerful.

Those, however, who believe in consumers and entrepreneurs opt instead for private-sector solutions. The small-is-beautiful camp would open the health insurance and healthcare delivery markets to entrepreneurial innovators. For example, the HealthAllies division of the UnitedHealth Group, the country's largest private insurer, already offers insurance products that cost as little as \$300 a year. The company gives the little guy access to discounted networks of medical-care providers at nearly the same price as the big groups pay. Information entrepreneurs would enable consumers to scrutinize these innovations via excellent, comprehensive information about their quality and price.

While the big-is-beautiful camp, which believes that productivity increases cannot be attained, would micromanage doctors to standardize their practice patterns and curb "unnecessary" spending on the sick, the

alternative (consumer-drive healthcare) would liberate entrepreneurial healthcare providers to create new programs that control costs by increasing quality and require the dissemination of information about the prices and quality of care of providers.

Retailing led this country's productivity boom from 1995 through 1999. Healthcare entrepreneurs could lead the next productivity boom. Just as retailing entrepreneurs redesigned that industry to meet consumers' needs for good prices and convenience — giving us access to Internet shopping, stores such as Staples organized around shoppers' needs, and low prices — so would healthcare entrepreneurs redesign the healthcare system from the bottom up. The savings from all this would be used to subsidize the poor to purchase health insurance.

The fixes are not difficult. We must get back the money our employers and government now take from our salaries and taxes to buy health insurance on our behalf so that we can choose it for ourselves. Our innovative, caring doctors must be empowered to design better, cheaper healthcare. Our poor should be subsidized by the rest of us, so they can buy health insurance just like everybody else. And our government should help subsidize the poor, provide transparency and prosecute fraud and abuse. All the other busybodies must get out of the way — the empire-building hospitals, the micro-managing insurers, the self-serving academics. Their role is to support, not to manage, us and our doctors.

These are the choices that confront us — a healthcare system dominated by established, status quo players or a healthcare system dominated by consumers. The current system — and the one envisioned by Congress, the hospitals, the academics and the insurers — is hazardous to our health and our wealth. My hope is that we can change the direction they are trying to drag us and go in a different direction, one that will deliver high-quality care to everyone cheaply and efficiently.

We must get back the money our employers and government now take from our salaries and taxes to buy health insurance on our behalf so that we can choose it for ourselves. Our innovative, caring doctors must be empowered to design better, cheaper healthcare.

Q

During their two decades in Indiana, this family helped an estimated 2,000 slaves go north. Their home is considered one of the best-documented Underground Railroad sites in the country.



INDIANA AT 200

ANDREA NEAL

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



This Indiana Family Helped Slaves Escape

(Oct. 20) — Once runaway slaves made it to the home of Levi and Catharine Coffin in eastern Indiana, they were safe. Truly safe. To the best of Levi Coffin's knowledge, every slave who passed through his Underground Railroad station made his/her way to freedom.

The Coffins lived in a mostly Quaker community called Newport, now Fountain City, on the front line of the abolitionist movement. Levi Coffin was the "president," his house the Grand Central Station of a network of secret routes and safe houses that moved slaves from bondage in the South to freedom.

"You're standing on the same floor the Coffins stood on, the same floor slaves walked on," Eileen Baker-Wall tells visitors to the Levi Coffin State Historic Site.

Baker-Wall, a volunteer docent, likes to show tourists a display case containing wooden shoes that belonged to her great-great grandfather, William Bush. He was an escaped slave who ended up staying in Wayne County and working as a blacksmith.

Bush was unusual in that regard. For the vast majority of slaves, Fountain City was a momentary stop en route to Canada. There they would be beyond reach of the Constitution's Fugitive Slave Clause, which required the return of runaway slaves to their state of origin.

The Coffins, like many Quakers, felt called to ignore that particular clause in order to live out

their belief that all people were created in God's image. "Both my parents and grandparents were opposed to slavery, and none of either of the families ever owned slaves," Levi Coffin wrote in his memoir, "so I claim that I inherited my anti-slavery principles."

The family came to Indiana from North Carolina, a slave state, in 1826. Upon his arrival, Levi Coffin opened a merchandise store whose profits subsidized his anti-slavery activities. "In the winter of 1826-27," he wrote, "fugitives began to come to our house."

It was a prime location for a depot because three routes converged there; slaves typically crossed out of slave territory via the Ohio River at Madison, Jeffersonville or Cincinnati.

In 1839, the Coffins built a Federal-style brick home ideal for hiding fugitives.

Slaves entered through the north door into the dining room where they would warm up by a fireplace and be served a meal prepared by Mrs. Coffin.

Twin beds in an upstairs bedroom concealed a rafter room large enough to hide a dozen or more people. The house had an underground well in its basement that allowed the family to conceal the amount of water used to care for their guests.

Baker-Wall says there is no evidence the house was ever searched by slave hunters. Coffin was versed in law and barred entry to any who lacked requisite legal papers, which took so long to obtain that slaves could be well on their way to the next station.

In 1847, the Coffins moved to Cincinnati, where they continued with their abolitionist activities. They opened a free-labor store, which boycotted products from southern states and sold only goods produced by wage-earning workers. Coffin died in 1877, 12 years after the Civil War brought slaves the freedom for which he had fought.

During their two decades in Indiana, the Coffins helped an estimated 2,000 slaves go north. Their home is considered one of the best-documented Underground Railroad sites in the country.

On Oct. 29, the Indiana State Museum and Historic Sites will break ground for a \$3.2-million visitors center adjacent to the home that will tell the story of Indiana's role in the Underground Railroad. It is set to open in 2016 in time for the state's bicentennial.

Riley Is Loved for Homespun Poetry

(Oct. 6) — Today his poems are written off as the sentimental musings of a time gone by. During his life, James Whitcomb Riley ranked with Longfellow and Twain as a best-selling author, and his works were required reading in virtually every school.

Many historians consider Riley our most famous Hoosier, not only for the national acclaim he received but for the public image he created for Indiana.

“More than any other citizen of Indiana, James Whitcomb Riley has carried the fame of his native state into the schools and homes of the world,” declared Gov. Samuel Ralston in 1915.

Poetry magazine, the oldest monthly journal devoted to verse in the English-speaking world, said after Riley’s death in 1916: “He made the world love his Indiana – his cheerful, whimsical, unassuming, shrewd and sentimental neighbors.”

Riley was born on Oct. 7, 1849, in Greenfield, the third of six children of Reuben and Elizabeth Riley. His father was a lawyer and Civil War soldier. His mother was a housewife and part-time poet who enjoyed helping the neighbor children put on skits for their friends.

Riley, a school dropout at 16, didn’t set out to be a poet, but he had inherited his mother’s genes. His father wanted him to be a lawyer. Riley wanted to be an actor. “The nearest thing in that line I could do was to give public readings.”

These were a popular form of entertainment in the 19th century, combining lectures, poetry and musical interludes, and they were a perfect venue for Riley to recite his home-spun stories and verse. At first, crowds were small so Riley held odd jobs to make ends meet.

In 1875, Riley received his first check for a published poem and left Greenfield for a circuit rider’s life, writing and reciting poems in any city that invited him. In the 1880s, he was booked for performances almost daily and shared the stage with the likes of Mark Twain and Edgar Wilson “Bill” Nye.

Riley was best known for the dialect that characterized his most popular poems, including “Little Orphant Annie” and “The Raggedy Man.” More than half of Riley’s poetry was written in down-home country speech, which endeared him to ordinary folks who considered some poems too highbrow.

Literary scholar Paul H. Gray noted, “There was a time in American literature when sales of poetry volumes easily matched those of the novels and nonfiction works constituting today’s bestseller lists; a time when farm families after a full day of work would hitch up their teams and drive 20 miles over dirt roads at night to

hear a favorite poet perform his or her work; a time when newspaper staffs regularly included poets. The heyday of this remarkable social phenomenon lasted almost 60 years from 1870 to 1930.” It was the era of Riley.

By the time of his death, Riley had written more than 1,000 poems, which can be found in *The Complete Poetical Works of James Whitcomb Riley* by Indiana University Press.

Poetry lovers can visit several sites connected to Riley that explore his legacy. The City of Greenfield owns and operates Riley’s childhood home and museum on Main Street. A life-size Riley sculpture stands on the lawn of the Hancock County Courthouse a few blocks away.

In Indianapolis, the James Whitcomb Riley Museum preserves the Lockerbie Street home of Mr. and Mrs. Charles L. Holstein, with whom Riley lived from 1893 until his death. A column-style memorial marks Riley’s grave at Crown Hill Cemetery, one of the highest spots in the county, offering an impressive view of the city where Riley spent the last years of his life.

The Founding of Notre Dame du Lac

(Sept. 22) — If he could see it now, Father Edward Sorin would surely marvel at what has become of Notre Dame du Lac, Our Lady of the Lake, the Catholic university he founded in 1842.

These days it’s called simply Notre Dame, of course, but for Sorin the lake that inspired the name was providential. The spring-fed St. Mary’s Lake provided not only food, water, ice and marl for making bricks, but inspiration.

Arriving at South Bend with seven Holy Cross brothers on a frigid day in late November, Father Sorin took in the scene and declared it “beautiful.”

“The lake, especially, with its broad carpet of dazzling white snow, quite naturally reminded us of the spotless purity of our august Lady whose name it bears, and also of the purity of soul that should mark the new inhabitants of this chosen spot,” he wrote in a letter dated Dec. 5, 1842.

Sorin, a missionary from France, had traveled from the Catholic diocese in Vincennes with instructions from the bishop to convert 640 acres in St. Joseph County into a place of higher learning. The land had been held in trust since being purchased from the U.S. government for a Catholic mission to Native Americans.

The University of Notre Dame was officially chartered by the Indiana General Assembly on Jan. 15, 1844.

In the 1880s, James Whitcomb Riley was booked for performances almost daily and shared the stage with the likes of Mark Twain and Edgar Wilson “Bill” Nye.

“Tomorrow we will begin again and build (Notre Dame University) bigger, and when it is built we will put a gold dome on top with a golden statue of the Mother of God so that everyone who comes this way will know to whom we owe whatever great future this place has.”

— FATHER EDWARD SORIN

At first it was a modest venture that offered preparatory and grade schools, a manual-labor school and training for the priesthood, in addition to a small classical college attended by a dozen or so students annually.

After a fire destroyed most of the university in 1879, Father Sorin vowed to expand the school and its curriculum. He said the fire was a message from above that he had not dreamed big enough. “Tomorrow we will begin again and build it bigger, and when it is built we will put a gold dome on top with a golden statue of the Mother of God so that everyone who comes this way will know to whom we owe whatever great future this place has,” Sorin said.

Three hundred workers, toiling from dawn to dusk, completed construction on a new building within four months of Sorin’s pronouncement. A golden dome was added in 1882, topped by a 19-foot-tall, 4,000-pound statue of Mary. The Main Building still stands and provides classroom space and offices for administrators.

By the time Sorin died in 1893, Notre Dame was on its way to becoming a premier research university and had launched a football program that would become world famous under Coach Knute Rockne in the 1920s. Today more than 12,100 students attend its four undergraduate colleges, architecture school, law school and graduate school, and admission is competitive with six applicants for every spot.

Peter Lysy, senior archivist and records manager at Notre Dame, has no doubt Father Sorin would be pleased with how things turned out — once he overcame his shock at the changed demographics. Formerly all-male, Notre Dame’s student body is almost half women. It is 23 percent minority.

Drawing 2.15 million visitors a year, the University of Notre Dame is one of the most popular tourist sites in Indiana. “If Father Sorin looked at it objectively,” Lysy said, “he’d be very happy with the school, the prestige, the academic quality and the influence Notre Dame has.”

Banker Lanier Made his Mark Here

(Sept. 8) — James F. D. Lanier twice came to the rescue when Indiana desperately needed his help. Without him, state history might have turned out differently.

Lanier was born in 1800 in Beaufort County, North Carolina, and died in 1881 in New York City. During the interlude, he lived in Indiana and made lots of money in law, banking and railroads.

His parents moved several times before ending up in Indiana in 1817, one year after

statehood. His father opened a dry-goods store in Madison, a pioneer town of 150 that Lanier described as primitive woodland: “It was wholly without streets or any improvements fitted to make it an attractive or agreeable place.”

Madison quickly became attractive and agreeable, in no small measure due to Lanier’s efforts.

A lawyer by training, Lanier had wide interests that ranged from politics to business. From 1824 to 1827, he worked as a clerk at the Indiana House of Representatives, maintaining its journal of proceedings and earning \$3.50 a day. It took him three days on horseback to travel from Madison to the capital in Indianapolis — a trip that a few decades later would take four hours on railroad tracks he financed.

In 1833, Lanier left his law practice to help run the State Bank of Indiana, which had a central office in Indianapolis and 10 branches in leading towns. Lanier held more shares in the bank than anyone and was president of the Madison branch.

During the Panic of 1837, the nation’s first big recession, banks across the country collapsed while the Bank of Indiana paid dividends of 12 to 14 percent.

Ten years later, Indiana government faced financial ruin, unable to pay interest on an \$8-million debt acquired to finance canal construction and internal improvements. Lanier traveled to Europe to meet with representatives of the largest investors, among them the Baron N. M. Rothschild of London, and negotiated the transfer of ownership of most Indiana canals to their bondholders in exchange for a 50 percent reduction in bond value.

“The result was that I was enabled to get up nearly all the outstanding bonds and was in this way instrumental in placing the credit of the State on the firm basis upon which it has ever since rested,” Lanier wrote in his 1871 autobiography. “The State immediately entered upon a career of prosperity which has never flagged to the present moment.”

Around the same time, Lanier made his mark as a railroad financier. He was instrumental in the success of the Madison and Indianapolis Railroad, and, in 1851, he moved to New York where he and a business partner, Richard Winslow, opened a bank that specialized in railroad securities.

Although he never returned to Indiana, Lanier came quickly to the aid of Gov. Oliver P. Morton during the Civil War.

Indiana had only \$10,000 in its treasury, and Morton had promised President Abraham

Lincoln 10,000 troops to help the Northern war effort. Governor Morton was reluctant to call the Legislature into session for fear that southern-sympathizing Democrats would revoke his power to control the militia.

Lanier loaned the Indiana government \$1 million to equip troops and pay interest on the state debt. It was all paid back by 1870.

Lanier's legacy is preserved in Madison at the mansion he built along the Ohio River in the early 1840s. The home was designed by architect Francis Costigan and is considered one of the finest Greek Revival structures in the country.

The home is a state historic site and National Historic Landmark, open daily with guided tours at the top of the hour.

Potawatomi Forced From Indiana

(Aug. 25) — On the morning of Sept. 4, 1838, 859 Potawatomi were forced at gunpoint from their homes in northern Indiana and sent on foot and horseback to the "Unorganized Territory" of Kansas to begin a new life.

The march from Indiana became known as the Trail of Death because 42 Indians died along the way. Hundreds fell ill during the two-month journey across Indiana, Illinois and Missouri. A few escaped and returned to Indiana. Most settled around a Catholic mission in eastern Kansas called Sugar Creek.

Their story is not as well-known as the Trail of Tears, when more than 4,000 of 15,000 Cherokees died on a similar march from Georgia to Oklahoma. But it occurred for the same reason: to make room for pioneer families in search of fertile cropland.

In 1830, President Andrew Jackson had signed the Indian Removal Act, which gave the president power to negotiate treaties by which Indians would give up their lands east of the Mississippi River in exchange for lands to the west. The removals were supposed to be voluntary, but some tribes did not want to go.

In Indiana, Chief Menominee of the Twin Lakes region led the resistance. He accused the federal government of using false means to get younger tribal leaders to sign treaties and of plying them with whiskey that clouded their thinking. "I have not signed any of your treaties, and I will not sign any," Menominee declared. The Treaty of Tippecanoe in 1832 sold the lands in Marshall, Kosciusko, Fulton, Cass and surrounding counties without his approval.

"He didn't want to go west," says Shirley Willard, Fulton County historian and former longtime president of the Fulton County Historical Society. "Kansas is much different

from Indiana. He said, 'I'm not going to go.'" White settlers complained to Governor David Wallace about the continued Potawatomi presence and asked him to act. In the summer of 1838, he appointed General John Tipton to head a removal effort.

That was the beginning of the end for Native American tribes in Indiana. In late August with about 100 armed militia, Tipton traveled to Twin Lakes and rounded up all Potawatomi within a 30-mile radius. Chief Menominee was tied up like a dog and forced to go west with the others.

Benjamin Marie Petit, a priest from France assigned to missionary work in northern Indiana, accompanied the Potawatomi on the 660-mile trek and kept a journal of the experience. He wrote about the hardships they endured "under a burning noonday sun, amidst clouds of dust, marching in line, surrounded by soldiers who were hurrying their steps."

A similar fate awaited the Indiana Miami, most who were forced to move west in 1846. "By the end of the pioneer era," writes historian James Madison, "there were only scattered Indian people in the state, many of mixed ethnicity, many moving farther from their native cultures, many prudently choosing to hide their Native American connections and pass as white."

By the 20th century, Hoosiers began to see Indian removal as a regrettable chapter in state history that unjustly discriminated against Native Americans. In 1909, the state erected a monument to Chief Menominee's memory about a mile south of Twin Lakes.

Since 1976, the Fulton County Historical Society has remembered the Potawatomi removal with a living history festival each September. Every five years, descendants of the Potawatomi join historians and others in a caravan to travel the 660 miles from the Chief Menominee monument to the end of the trail at St. Philippine Duchesne Memorial Park in Kansas. Historical markers and highway signs note key locations along the route.

'Paddle Your Own Canoe'

(Aug. 11) — James Whitcomb Riley was the most acclaimed, but he wasn't the first Hoosier poet to gain national fame. Sarah T. Bolton deserves that honor. Even today her poem "Paddle Your Own Canoe" is cited and recited, though few know anything about its origins.

Her poetry "was known everywhere," and the canoe poem was set to music and translated into a dozen foreign languages, according to historian Jeanette C. Nolan in the book *Hoosier*

The march from Indiana became known as the Trail of Death for the Potawatomi because 42 died along the way. Hundreds fell ill during the two-month journey across Indiana, Illinois and Missouri. A few escaped and returned to Indiana.

ANDREA NEAL

Sarah Bolton was a feminist 70 years before women gained the franchise. She lobbied for women's rights when political leaders were rewriting the state constitution in 1850-51.

Paddle Your Own Canoe

by Sarah T. Bolton

Voyager upon life's sea,
To yourself be true,
And where'er your lot may be,
Paddle your own canoe.
Never, though the winds may rave,
Falter nor look back.
But upon the darkest wave
Leave a shining track.
Nobly dare the wildest storm,
Stem the hardest gale;
Brave of heart and strong of arm,
You will never fail.
When the world is cold and dark,
Keep an aim in view,
And toward the beacon mark
Paddle your own canoe.
Every wave that bears you on
To the silent shore,
From its sunny course has gone
To return no more.
Then let not an hour's delay
Cheat you of your due
But while it is called today
Paddle your own canoe.
If your birth denied you wealth,
Lofty state and power,
Honest fame and hardy health

Are a better dower;
But if these will not suffice,
Golden gain pursue;
And, to win the glittering prize,
Paddle your own canoe.
Would you wrest the wreath of fame
From the hand of fate?
Would you write a deathless name
With the good and great?
Heart and soul imbue
With the holy task, and then
Paddle your own canoe.
Would you crush the giant wrong,
In the world's free fight?
With a spirit brave and strong,
Battle for the right.
And to break the chains that bind
The many to the few,
To enfranchise slavish mind –
Paddle your own canoe.
Nothing great is lightly won,
Nothing won is lost,
Every good deed nobly done,
Will repay the cost.
Leave to Heaven, in humble trust,
All you will to do:
But if you succeed you must
Paddle your own canoe.

(Original text published 1897
by Bowen-Merrill Co.)

City. Indiana Historical Society records note that Bolton served as poet laureate of Indiana during the 1840s and 1850s.

Bolton was born Sarah Tittle Barrett in 1814 in Newport, Ky., and moved as a toddler with her parents to the Jennings County wilderness. Not liking the isolation, her father sold the farm and took the family to more civilized Madison when she was 9 where she studied Latin and read Virgil and other classics. Her first published poem appeared in the Madison Banner in 1826. She was not quite 14.

In 1831, Miss Barrett married local newspaperman Nathaniel Bolton, and the two moved to Indianapolis where they ran a dairy farm, wrote and immersed themselves in public affairs. Although Bolton had two children and performed all the traditional duties of a housewife, she was a prominent figure in Indiana and was often asked to write poems for public occasions.

Bolton was a feminist 70 years before women gained the franchise. She lobbied for women's rights when political leaders were rewriting the state constitution in 1850-51. Her

husband served as state librarian from 1847-53 and later as clerk of a U.S. Senate committee and diplomat at Geneva, which gave Bolton the chance to travel across Europe, a subject of many of her poems. He died in 1858, and Bolton remarried, but she was always publicly known as Sarah T. Bolton.

Modern critics dismiss her work as sentimental and commercial, as noted in a biographical sketch by the Beech Grove Public Library. Yet the evidence is overwhelming that she was held in high regard by her contemporaries. When Bowen-Merrill published a collection of her poems in 1892 under the title "Songs of a Life -Time," it included an introduction by Lew Wallace and a poem by James Whitcomb Riley, whose writing careers eclipsed Bolton's.

Although anthologies of Bolton's poetry are no longer in print, she was widely published for her era. During the Civil War, her "Union Forever!" poem was credited with rallying the North. Again, "Paddle Your Own Canoe" remains popular today and is often quoted by advocacy groups seeking to deviate from

conventional wisdom. Clarke Kahlo, an environmental activist in Indianapolis, explains, "Paddling your own canoe is a great metaphor for life. We all like to have control."

By 1871 Bolton had retired from the spotlight and bought land at Beech Bank southeast of Indianapolis – now Beech Grove — where she lived her golden years in relative quiet. She died in 1893. Although forgotten by Hoosiers, she is memorialized at a community park purchased by Beech Grove in 1930 from the Bolton Estate. The city's website notes, "The park reflects the life and beauty that Mrs. Bolton often spoke of in her poetry."

On a recent summer day, dozens of park visitors were enjoying the picnic areas, athletic fields and other amenities, but, when asked, none could say who Bolton was or why the park was named after her. Only a hard-to-find historical marker on Sherman Avenue near the park's side entrance offered a brief biographical explanation.

Canal Era Had Lasting Impact

(July 28) — In 1825, the Erie Canal was completed with great fanfare. Cannon fire, parades, balls and speeches celebrated the speed and skill with which New Yorkers built "the longest canal in the world," as one eyewitness erroneously called it. (The Grand Canal of China is longer).

Two years later, Indiana was busy planning its own transportation marvel. In 1827, Congress authorized a grant of a half-million acres of land to build a canal that would connect Indiana to Lake Erie at Toledo and extend southwest to the mouth of the Tippecanoe on the Wabash River. Work on the Wabash-Erie Canal began in 1832.

During the next decade, Hoosier politicians mapped out a thousand miles of canal routes, locks and reservoirs. In January 1836, Gov. Noah Noble signed the Mammoth Internal Improvement Act to fund them along with turnpikes and railroad lines.

The law provided for eight major public-works projects, including extension of the Wabash-Erie Canal to Terre Haute; the Whitewater Canal in southeastern Indiana to link the National Road with the Ohio River; and the Central Canal to stretch from Peru through Indianapolis to Evansville. It established a board of commissioners to borrow \$10 million over 25 years to finance the projects, to be paid back out of rents, tolls and profits on the routes once they were up and running.

It didn't happen. A serious depression hit the country in 1839, and work stopped on most of

the projects. By 1841, Indiana was in financial crisis and could not pay interest on the debt.

Creditors cried foul and in the end got back only half the amount due them plus stock in the one canal system with the potential to be profitable: the Wabash and Erie, which was already in service. Its route was reworked to reach Evansville in order to complete the Lake Erie-Ohio River connection.

When completed in 1853, the Wabash-Erie Canal stretched 468 miles and surpassed the Erie Canal in length. For a time it did a booming traffic in people, lumber, livestock and grain, but by the end of the Civil War, it was in disrepair and its business supplanted by the railroads, which were faster and more efficient. It was abandoned in 1874. "It was a very significant canal, but because it was built a little bit later than some of the eastern canals, it was not nearly as successful economically," says Dan McCain, president of the Wabash and Erie Canal Association.

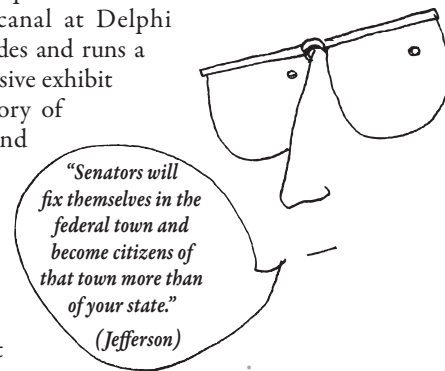
The association has preserved a three-mile stretch of the canal at Delphi where it offers boat rides and runs a museum with an extensive exhibit documenting the history of Indiana's canal era and financial collapse.

Whitewater Canal also became fully operational from Hagerstown to Lawrenceburg and Cincinnati, about 76 miles total, but was plagued by frequent flooding and abandoned in 1864. A section of the canal is preserved as a state historic site in Metamora, where visitors can ride a horse-drawn canal boat and visit the nation's only surviving covered-bridge aqueduct.

Only eight miles of the planned 296-mile Central Canal were completed and operational, a portion of which is used today as an Indianapolis water source. Starting in the Broad Ripple neighborhood, visitors can walk along the crushed-stone towpath, which looks much as it would have in the 19th century.

The canal era was short-lived but has been described by one historian as an important stage in our agricultural expansion and "economic diversification toward manufacturing and commerce." It had one other enduring impact: As a result of the experience, when lawmakers rewrote the state constitution in 1851, it contained a provision prohibiting the state from going into debt.

The Wabash-Erie Canal stretched 468 miles and surpassed the Erie Canal in length. For a time it did a booming traffic in people, lumber, livestock and grain, but by the end of the Civil War it was in disrepair and its business supplanted by the railroads, which were faster and more efficient. It was abandoned in 1874.



A CRONY CAPITALIST NEWSLETTER

Will the Band Instruments Actually Arrive?

“With so many factors in the decision to invest, so many variables at play, in so many economic arenas nationally and internationally, the ‘but for . . .’ argument is impossible to substantiate.

It is therefore largely ignored because of how impractical the task of proving the negative.”

— SEN. GREG WALKER

“Cronyism is the substitution of political influence for free markets. It comes about when government has a lot of power over private-sector decisions and when the government officials in power have great discretion over how to use it.”

— David Henderson, editor of the *Encyclopedia of Economics*

by CRAIG LADWIG

It is the time of year we collect annual reports from the various economic-development outfits around the state, quasi-government models of the new regional public-private partnerships. You will be impressed — if you don’t ask too many questions.

The report in front of me, for example, announces or at least implies the creation of 1,882 jobs with \$480,488,541 in new investment. Whatever was accomplished, the chairman writes in her annual message, was accomplished through “teamwork and collaboration.”¹

Welcome to the world of economic development — where every city is above average and prosperity is just around the corner if you trust your community’s well-being to bond issues, tax-increment financing (TIF), tax credits, carve-outs and such.

Skeptical? Well, your Hoosier common sense may be outspent in this argument. There has been a shift in big-money lobbying from Capital Hill to the statehouses. *The New York Times* reports that since 2008, America’s most prominent companies, from Aetna to Wal-Mart, have been stepping up contributions by millions of dollars to the campaigns of Republican governors, toward what the editors at the Indianapolis Star might call “Solutions Conservatives.”^{2,3}

The Chamber of Commerce? Know that if it hasn’t been the problem, it hasn’t been the solution. Fred McCarthy, a lobbyist and former Chamber official, detailed in a 2011 article the challenges facing business groups today. His conclusion, under the headline, “Reawakening the Chamber,” contained this warning:

Government has for some time presented itself as a ‘partner’ with business, and currently holds that position in the public mind. Sometimes this partnership is voluntary, sometimes not. But if partner is the right word, government has been and always will be the senior partner. To the extent that business fails

to make itself heard through effective public-affairs programs, this relationship will inevitably worsen. More and more decisions that should be economic will be political.⁴

Three years later, the Chamber is still sleepy and Big Business is now whispering directly in the governor’s ear. Nor, arguably, does the Indiana GOP have an effective public-affairs program for free markets — no one in its leadership with a concerted plan to level the field for all businesses, to bolster the middle class, to create the economic environment that attracts the most competitive investment.

Note the qualifier “competitive” investment. The pragmatists at City Hall or the statehouse will read over that in their haste to get into the eco-devo race, to take credit for creating jobs within an election cycle (more Solutions Conservatism). And although it may be true that government favor can attract businesses in the short and narrow term, it also may be true that those businesses will be the least viable even as they employ the shrewdest negotiators.

David Penticuff, a veteran editor in Grant County, argues that his community’s faith in such enterprises has produced cut ribbons but also moribund ventures, some of them seemingly launched only to collect the politically driven incentives. He tells of watching in dismay as former Gov. Mitch Daniels cut ribbons twice at the same industrial site.

Penticuff supported legislation that opened the records of local economic development groups to public inspection. “This is simple good government,” he argued. “The state and local economic-development groups are not conducting clandestine operations for national security; they are trying to lure capitalists to town. We need to be able to follow our tax dollars with the public invited along and make a judgment on whether those dollars are used wisely by those spending them.”⁵

But can anyone prove that public-private partnerships don’t work? How exactly can we know that the team of corporate attorneys sitting across the table from our hometown mayor can be trusted, that the band instruments will actually arrive? How do we know that their client would not have relocated or expanded anyway? And once the money is dispersed, how much sodium Pentothal would be needed to determine whether it actually produced any new jobs?

In philosophical terms, we have Bertrand Russell's teapot, the nonsensical expectation that others should believe a teapot orbits the sun somewhere between Earth and Mars because they cannot prove that it does not.

"I am not aware of how anyone could prove the growth and vitality in any community can be attributable to the utilization of TIF, for example," says Sen. Greg Walker of Columbus. "With so many factors in the decision to invest, so many variables at play, in so many economic arenas nationally and internationally, the 'but for . . .' argument is impossible to substantiate. It is therefore largely ignored because of how impractical the task of proving the negative."⁶

Logic, though, remains, and connecting the dots is Tad DeHaven, a deputy director of the Indiana Office of Management and Budget in the Daniels administration. He is more impolitic, dubbing the game that governors play "press-release economics":

The Indiana Economic Development Commission (IEDC) might not admit it, but most businesses already know where they are going to locate before they contact the agency. Businesses consider a myriad of factors, including demographics, transportation logistics and workforce capabilities when choosing where to set up shop. Although the tax and regulatory climate is an important consideration, IEDC handouts are just that — handouts. Because a governor will get credit for creating jobs, businesses know they can extract taxpayer money from the state for these subsidies. After a company reaches an agreement with the IEDC, the administration issues a press release. For the high-profile deals, it arranges a choreographed ribbon-cutting ceremony at the company's facilities. The company helps fulfill its end of the bargain by telling the press that the administration's support sealed the deal.⁷

Finally, there is a chart showing that Indiana has given out 1,339 grants to targeted businesses in recent years, only a few hundred less than that paragon of good government, Illinois.⁸ This means we are close to ending up on that "wrong side of history," to affect an Obama-ism, or at least on the wrong side of economic history.

That warning is sounded by the American Legislative Exchange Council, a conservative think tank for state legislators. It has just published a white paper advising governors and lawmakers to teach themselves how jobs and investments are economically created rather than politically manipulated:

Choosing to introduce tax policies that are favorable to a few large firms, rather than implementing competitive tax policy for all firms — whether currently existing or soon to be started by entrepreneurs — hurts a state's growth potential. Government does not know which firms will provide innovation, employment growth, wage growth and tax-revenue growth for the state. Empowering government to cater to a few high-profile firms while not fixing underlying problems in the tax

code is poor policy, as policymakers and bureaucrats are unlikely to outperform diversified market performance relative to their narrow picks.⁹

By way of summary, McCarthy took up a challenge to propose a better way. He did it by writing a new "Invest Indiana" advertising campaign in the form of a pledge:

The State of Indiana announces a new policy for business development. In the belief that businesses locate or expand more productively using long-term, genuine economic logic, we will no longer offer temporary tax incentives. Instead, we pledge the efforts of government to create and maintain the best business climate for you. Within the limits of fairness and justice, rules and regulations inhibiting such productive operations will be reduced or eliminated whenever possible. Grants, abatements, subsidies and other tax gimmicks that depress governmental revenues and increase other taxpayers' bills will cease. On the other hand, be assured that tax dollars you may pay in the future will never directly finance your competitor. All private businesses will be treated in the same way.¹⁰

If your economic-development director won't sign it, he is wasting your community's time.

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10. McCarthy, *op. cit.*

We are left with Bertrand Russell's teapot, the nonsensical expectation that others should believe a teapot orbits the sun somewhere between Earth and Mars because they cannot prove that it does not.

“You’ve got to grab your friends. You’ve got to grab your co-workers. You know, don’t just get the folks you know are going to vote. You’ve got to find Cousin Pookie, he’s sitting on the couch right now watching football, hasn’t voted in the last five elections, you’ve got to grab him and tell him to go vote.”

— BARACK OBAMA



CECIL
BOHANON

Voting Is a Right but Being Informed Is a Duty

(Oct. 26) — The other day, my wife and I received postcards from the local election board informing us of a change in the location of our polling place. We also received a card informing a previous resident of our house of the change — a resident who is no longer in the state.

If I were a devious political operative, I could persuade a sympathetic person of similar political persuasions and low ethics to vote falsely, assuming the identity of the former resident. This is why I think it is wise to require voters to show a picture ID when voting. This hardly seems an unreasonable requirement. Maybe you disagree, and that is all right; we can have a conversation about the issue later.

The point I want to make, however, is the one I make every election year: It is fine to encourage people to become informed and then vote, but there is no reason to encourage, cajole or shame the uninterested or uninformed to vote. It is silly to encourage people to vote just for the sake of voting. This issue is different from the specific rules that should or should not be enacted about voting. I raise this because a more left-leaning colleague of mine castigated me last election for this latter opinion — arguing it was a mere stealth version of the former one. Well, it’s not.

In a free society, the God-given natural rights of individuals are respected, and the state is established to protect those rights. But as many wise women and men have recognized, rights also come with duties. A free society requires citizens who are willing to make sacrifices to maintain freedom, and some of those sacrifices cannot possibly be attained by state coercion.

The government must coerce people to pay taxes under threat of prison time, but we really don’t want government to coerce people to participate in a park cleanup. (Note that is exactly what the government does in North Korea, perhaps the most unfree country in the world.) Yet I submit that the durability of our republic depends on the duties we as citizens

voluntarily perform as much as those that are enforced by government threats.

We all have the right to vote, but this implies a duty to be informed about the issues and candidates for whom we vote. We should not vote for a candidate because he or she has a cute name, sex appeal or because our friends pressure us to do so. Why should this be considered controversial? Sure, the requirement to be thoughtful and informed can only be self-defined and self-enforced — but if you can’t justify to yourself why you are going to the voting booth, then don’t go.

Contrast this with standard political rhetoric: “You’ve got to grab your friends. You’ve got to grab your co-workers. You know, don’t just get the folks you know are going to vote. You’ve got to find Cousin Pookie, he’s sitting on the couch right now watching football, hasn’t voted in the last five elections; you’ve got to grab him, and tell him to go vote.”

The statement is from Barack Obama, and I suspect he assumes Cousin Pookie will reliably vote for Democrats. I also suspect that John Boehner or John McCain would happily make the same statement — except refer to Cousin Billy Bob and assume he will reliably vote for Republicans. And I say unless you tell Billy Bob or Pookie to get informed, let them both stay on the couch. — Oct. 26

Inebriation and Micro-Aggression

(Sept. 29) — Indiana’s public intoxication law looks like it will be overturned. That seems to me entirely appropriate — if we haven’t confounded the problem.

Prior to 2012, if one’s blood alcohol content was above the legal limit, one could be arrested almost anywhere in Indiana. I recall a number of unconfirmed anecdotes around my campus in which students who had a few too many made a responsible decision and called a taxi, only to be arrested when exiting the bar to the taxi.

The legislature to its credit changed the law. The new law, however, is flawed because it sets a standard that isn’t clear: The intoxicated person must also engage in behavior that is “annoying” to get arrested. The problem is, how does the law objectively define annoying? The answer is it can’t; almost any behavior, drunk or sober, is annoying to someone. A drunken

Cecil Bohanon, an adjunct scholar and syndicated columnist with the foundation, is professor of economics at Ball State University, earning his doctorate from Virginia Polytechnic Institute and State University in 1981. Dr. Bohanon received Ball State’s Outstanding Young Faculty Award in 1984 and the Dean’s Teaching Award in multiple years. In 1990, he was awarded Educator of the Year by Delta Sigma Pi and was the Virginia Ball Fellow in 2009. During that fellowship, he directed his students to complete the documentary film “Increasing the Odds,” which won an Emmy Award for best photography.

person espousing a political position is surely annoying to some but may be amusing or inspiring to others.

Universities and colleges are supposed to be places that encourage the free exchange of ideas. You would think that the prerogative given drunks (you gotta do something more than being annoying to get in trouble) would be a prerogative granted to members of an academic community. That's why I'm concerned about two cutting-edge examples of political correctness: micro-aggressions and trigger-warnings. I hope those of us in higher education will have the wisdom and ability to resist these becoming entrenched parts of academic culture.

A micro-aggression is an act "in which a member of a dominant culture says or does something, often accidentally, and without intended malice, that belittles and alienates a member of a marginalized group." An example in a minister's newspaper column recently had to do with a young man of Asian descent adopted by a white family. At a diversity seminar, the young man was approached by an older woman who asked where he was from. He responded "West Chicago." She then said, "I mean before that," and the young man was offended and traumatized.

A trigger warning is a warning given a class that an assignment might trigger a traumatic memory. The classic example is a reference to rape in an assigned book that could trigger a traumatic response to a student who has been raped. Other examples include references to suicide, despair or humiliation or . . . you fill in the blank.

Fair enough. No one wants to traumatize adoptees or victims of violent crime. And I suspect most of those who are touting these offenses are well-meaning, but, to mangle a Jane Austen title, I think they have more sensibility than common sense.

How in the world is one to know what kind of comments or references might 'belittle' a member of a marginalized group? By what standard? In whose judgment? And surely almost any set of facts, sequence of events or illustrating examples may generate bad memories to someone or make someone feel alienated. How is a lecturer to know what to exclude?

The consequence of all this is to make certain topics off limits. Better to talk about something else than risk social censure. But robust intellectual inquiry will not occur if everyone is walking on eggshells with regard to potentially sensitive topics.

My more skeptical side suspects that this is the goal of some of those touting these

standards. Nothing is more effective than to claim the moral high ground, then use fear and shame to intimidate those who disagree with the orthodoxy.

And I find that . . . well, annoying.

Defeat Those Higher-Ed Blues

(Sept. 15) — I noticed something unusual about editorials over the Labor Day weekend: Instead of discussing the status of unions, or the state of labor in the American economy, they were about the state of college education.

In a sense, this is not surprising. Increasing access to university education has long been seen as a key to reviving the middle class. The upshot of many of the commentaries, however, was that it doesn't seem to be working. Tales of debt-ridden college graduates stocking grocery stores shelves paint a rather dire picture of the value of a baccalaureate degree.

There is a related vein of criticism of higher education — that it fails to prepare students for a real-world workplace with the specific job skills that employers seek. As a 35-year veteran of higher education who has spent his career in a college of business, I can add perspective to that. A few years back, I engaged in a research project that examined historic issues in colleges of business. It ends up that the complaint that graduates do not have real-world skills is as old as colleges of business themselves. In fact, colleges of business were founded on the proposition that the captains of industry "did not see why their sons could not be learning something bearing on their future business while acquiring a liberal education."

So there always has and likely always will be a conflict between liberal education and vocational training. My grandfather (who bankrolled my college education) wanted me to major in accounting. I wanted to major in philosophy. Economics was a compromise. I tell incoming college students that they are subject to two pressures when they consider their course of study. The first is to please Mrs. Jones, their high school English teacher, who encourages them to seek knowledge, truth and enlightenment; the second is to please their Uncle Jack, who will inevitably ask at Thanksgiving dinner, "What kind of job do you expect to get with that?"

I then ask them to consider two points regarding their course of study:

1. Graduates with certain majors do earn more than those with other majors, and yes, the high-paying majors are more vocational. If you choose such a major, such as accounting, make sure you take coursework outside accounting.

The complaint that graduates do not have real-world skills is as old as colleges of business themselves. In fact, colleges of business were founded on the proposition that the captains of industry "did not see why their sons could not be learning something bearing on their future business while acquiring a liberal education."

American companies are reincorporating outside the U.S. for a simple reason: The statutory tax rate on corporate income is 35 percent in the United States while it is typically 20 percent in other nations.

Also, do not be afraid to raise big-picture issues in your vocational courses — your professors will likely appreciate it. Whatever you do, do not be a narrow specialist.

If, on the other hand, you choose a major that is not so vocationally oriented, such as philosophy, make sure you take some courses that are more vocationally oriented, and don't be afraid to ask how some of your more liberal coursework might add to your job skills — again your professor will likely appreciate it. Do not ignore or disdain the “real” world.

Among the best pieces of advice my dad gave me was that an educated person should “know everything about something and something about everything.” Good advice then and now.

2. Take responsibility

for your education.

The days of a college degree ensuring an automatic ticket to a middle-class job are gone. Whatever your major, get involved in campus life. Join clubs, talk to your professors, listen

to campus speakers, cultivate contacts outside your social circle, and be engaged. Always be respectful, interested and courteous. Don't burn bridges: You never know who might be the key to that perfect post-graduate opportunity.

Okay, I am biased, but I think college is great; get all you can out of the experience.

Stop Vilifying and Follow the Incentives

(Aug. 18) — The world just seems to be filled with stupid, lazy and greedy people.

A Wall Street Journal article a few years back described a really dumb practice of a major American automobile company. Passenger vans produced in Turkey are imported into the United States. As soon as they clear U.S. customs, they are shipped to an auto shop. The windows are removed from the vans and panels are installed in their place, and the rear seats are also removed and destroyed. Net of the scrap value, the operation costs a few hundred dollars per van.

Why would a firm make a passenger van outside the United States and then convert it to a commercial van once it has cleared customs? This is the height of stupidity — no wonder American business is losing its competitive edge if corporate executives make such bone-headed decisions.

Here is another example of bad decision-making: A single mother is offered an opportunity to increase her income by accepting a promotion that will require her to take on more responsibility. She declines the offer. Here is a woman we are trying to help who will not help herself. Too many poor people are just lazy.

A third example is the current trend for American corporations to reconstitute themselves as legal entities outside the U.S. Businesses nurtured in America are abandoning their own country.

Let's face it, the problem is greed, and greed rules in business.

Bottom line: We need better education to generate a fundamental reform of human character. We need a protracted war on stupid, lazy and greedy people. Well, no. As Paul Harvey used to say: now for the rest of the story.

An imported commercial van is subject to a 25 percent tax. An imported passenger van is subject to a 2 percent tariff.

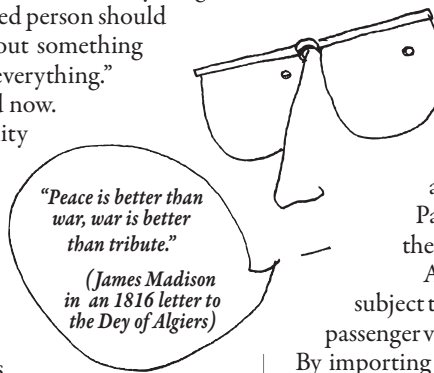
By importing vehicles as passenger vans and then converting them to commercial vans, the auto company saves thousands of dollars per vehicle. This more than pays for the conversion that cost only a few hundred dollars per vehicle. Far from being stupid, this is quite sensible, given the tariff structure.

If the woman takes the promotion, she will earn more gross income. However, most of the income gain will be eaten up by additional taxes and reductions in the government benefits she receives. On net, she will not be much better off by taking the more difficult job. Her refusal to take the job is not a sign she is lazy, rather it indicates she is prudent.

Finally, American companies are reincorporating outside the U.S. for a simple reason:

The statutory tax rate on corporate income is 35 percent in the United States while it is typically 20 percent in other nations. This saves billions of dollars for the company shareholders, most of whom are Americans. One can say that this is greed, but it is no more so than when an individual taxpayer takes advantage of any component of the tax code.

What is common to the three stories? The dysfunctional behavior is not so much a byproduct of a character flaw but rather a byproduct of a perverse incentive. We humans are flawed creatures. We all act in ways that are stupid, lazy and greedy. Our tax code, however, often encourages us on.



BACKGROUNDS

Expert commentary on Indiana issues of moment.

Social Security: A Christian Objection

(Oct. 26) — I recently heard a politician promise that he would protect Social Security, arguing that this vaunted program is an inviolable “contract” between the government and seniors. Hah.

Now, this politician was just doing what comes naturally; that is, saying anything to appease a particular voting bloc, in this case the powerful American Association of Retired Persons. His statement about Social Security, however, obscures the economic and ethical problems that plague this and other entitlement programs.

First, we should realize that Social Security is not a sound retirement-income program. In a bona fide pension system, people contribute their own savings that are then invested. The retirement income of these investors is based on the principal plus the investment return of the fund.

With Social Security, though, “contributions” (payroll taxes) are not invested but spent. The lack of investment returns means current beneficiaries are funded by current taxpayers and not their own prior contributions. Indeed, Social Security began paying out more to seniors than it takes from workers’ paychecks in 2010, and this problem is set to get far worse due to the wave of baby-boomer retirements and meager employment growth.

So, Social Security is an unsound, bankrupt government excuse for a retirement program. We all knew that; what really should gall us is this idea that Social Security represents some kind of sacred obligation between the government and old folks. A contract between two parties that involves stealing money from a third party is not valid under Common Law. Indeed, we have another name for it — theft. So let’s recognize Social Security for what it really is: an inter-generational wealth transfer scheme, or, to put it bluntly, legalized plunder of the young by the old.

This aspect of Social Security is grotesque when viewed from a Christian perspective. Proverbs says “A good man leaveth an inheritance to his children’s children.” And Saint Paul, further emphasizing that wealth should be handed down and not up, admonished the Corinthian believers that “the children ought

not to lay up for the parents, but the parents for the children.” Social Security reverses this, representing a financial version of Isaiah’s prophecy of how the wicked would “feed on the flesh of their own offspring.”

Though Social Security is morally perverse to those of us who adhere to Judeo-Christian ethics, economics informs us why politicians — both Republicrats and Demoblicans — continue to champion Social Security. They are power oriented and observe the first rule of (re)election: Old people vote.

They know that retired seniors have much more at stake in any federal election than the average working family, as 33 percent of federal spending is for old-age “entitlements” in the form of Social Security and Medicare. Having more spare time and more wealth on average than working-age families, seniors also vote more and make larger campaign contributions — all aimed largely at keeping the gravy train of entitlement spending rolling. Social Security is known as the electrified Third Rail of politics for good reason: Any politician who touches it will die in the next election cycle.

Due to these political dynamics, prospects for Social Security reform are slim to nil. So what are the rest of us to do? Here’s what I’m doing, and what I advise young people to do: Forget about Social Security. It’s immoral, it’s bankrupt and, even if reformed someday, it won’t give you near the same benefits given to your grandparents. This should not surprise us. Why would the U.S. government, the same outfit that gives us airport security, the Postal Service and the Internal Revenue Service, do a better job administering a retirement program?

Even setting the insolvency and immorality aside, Social Security is a terrible retirement plan; it earns a pathetic return from its holdings of government bonds, faux investments that don’t contribute to capital formation or economic growth. Those who want real

“Social Security is grotesque when viewed from a Christian perspective. Proverbs says, ‘A good man leaveth an inheritance to his children’s children.’”

— WATTS

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“Did you notice something odd about the recent fight between our Democrat and Republican leaders over your healthcare future? It wasn’t about *if* but about *how* government should control it? Did you notice almost everyone’s insurance premiums went up — a lot?”

— IPPEL

income security for retirement simply need to consistently save 10-15 percent of their income in a diversified portfolio in an individual retirement account or a 401(k). These are financial vehicles that promote actual business investment and therefore job growth, not just tax payroll.

Someday, perhaps, we can end this sham or change it into a welfare program for the truly poor. For now, let’s at least stop the political pretense that government is contractually obligated to take from the young and give to the old. Our politicians cannot magically transform theft into “entitlement” and draw up “contracts” that would offend the Mafia. — *Tyler Watts*

Medicare: Deciding About Decisions

(Oct. 9) — This is about decisions. It starts with your decision to read it. What about the other decisions in your life? If you’re an adult with, say, a high-school education and not currently in the Army or prison, then you should be making about all of them yourself.

Or not. You probably believe that you should decide what kind of car you drive and what food you eat or what, if any, medicines you take. But throughout history and all over the planet, most people have not been allowed to make these kinds of decisions.

We Americans don’t accept that, never did. Why’s that? The American War of Independence was not just against the king of England. It was mostly that government (King George) insisted on making decisions that the colonists had the right to make (under English Common Law) for themselves — you know, taxation only with representation. The idea of making our own decisions wasn’t revolutionary; it stretched back hundreds of years before America was born.

Making one’s own decisions has layers of benefits — benefits that spread from England to its colonies and eventually to parts of the world as diverse as Hong Kong and Australia. The fact that you’re not at the edge of starvation and don’t have a privy in your backyard in which to relieve yourself is a direct result of that.

When I turned 18, my Uncle Sam sent me a little present. A wallet-sized red, white and blue

card that informed me that I was now required to fight a war . . . should he decide to wage one. My Selective Service card. The other day, I got another of those cute little red, white and blue cards from him. My Medicare card.

Now my Uncle decides what medical care I will have. When the Medicare program started, it was pretty freewheeling. Patients and docs could largely do what they wanted. Every year, though, it gets more regimented. Maybe that’s why the Medicare card looks like my draft card, the point being that once government starts making decisions, your freedoms evaporate. Slowly at first. Now faster.

We Americans, including the physicians, bought into that innocent Medicare rollout and watched it balloon, eating tax dollars like so many bags of candy. And like anyone eating too much candy, we started packing on weight. This weight equals money, which equals power. It was trick or treat.

Did you notice something odd about the recent fight between our Democrat and Republican leaders over your healthcare future? It wasn’t about *if* but about *how* government should control it? Did you notice almost everyone’s insurance premiums went up — a lot? Did you notice many people lost their insurance and now have to buy policies that are so expensive that it’s a lot cheaper for them to pay the government’s fine? Did you notice the warning that if not enough people buy these policies it would generate a crisis that the government will have to solve?

I noticed, and so did many of my patients. But I’m okay with these changes because my new card allows me to jettison the premium boost that Anthem Blue-Cross was fixing to stick to me. Now you and other taxpayers will shoulder it.

Which gives me an idea. Would you vote for me if I proposed that all of you could get on Medicare, too? I’m pretty sure you would after you get your next insurance premium bill. I can see myself in Congress already. Or maybe higher up.

Look for me at your next 4th of July picnic. That’s where we Americans celebrate our freedom to elect leaders who make decisions better than we ever could.

Ain’t politics wonderful?

Tobacco Revenue Trumps Health

(Aug. 29) — In the office, we have a handout for smokers that gives some potent hints and tools on how to quit. What it doesn’t cover, however, is the magnitude and scope of the economic interests trying to keep them addicted.

Bruce Ippel, M.D., is a solo rural family physician in central Indiana and an adjunct scholar of the foundation. He and his wife of 42 years have 10 children. For the last 38 years, Dr. Ippel has run a private “hardscrabble” clinic serving the under-served.



There's a river of money flowing into a variety of pockets from tobacco — and money talks, not usually politely or with your health in mind. Here's what it's saying:

Virtually any product that you consume, whether food, booze, cosmetics, even rat poison, must have a legally mandated list of ingredients on every package. We know that most tobacco companies put lots of stuff in cigarettes besides tobacco. So much so that one company considers it worth advertising that its cigarette is purely “organic,” meaning it contains only tobacco. But try to find an ingredient list on your Marlboro pack or carton . . . 'taint there.

Why? In Indiana alone, nearly a half a billion dollars are paid in tobacco taxes every year. When the tax was proposed, our politicians bad-mouthed the big tobacco companies and the harm they do to all of us left paying for the health consequences of addiction. So it was decided we needed to tax those nasty smokers to help with the costs. As a doctor, though, I can tell you that I don't see a single dollar of that coming to pay any bills for my patients with lung disease.

And there's the National Master Tobacco Settlement, the biggest legal payout of all time, a \$100 billion bonanza for the government and still counting. With that money, the tobacco industry in effect purchases immunization against additional government prosecution or lawsuits — ever. Do you think the Mafia could afford this kind of protection?

And there's Chantix, the most potent medicine to free people of tobacco addiction. A daily dose costs about the same as a pack of Marlboro. The prescription is for two months. That is prohibitive for most smokers (who still smoke most of the first month). Medicaid covered that cost initially. Today, not so much.

And there's electronic cigarettes, now taking on a life of their own as “vaping” (producing an apparently harmless vapor). Many if not most of the patients I can talk into using these e-cigs eventually become tobacco free. I saw a study from Britain in which more than 60 percent quit this way.

But here in the U.S., my medical publications bad-mouth vapor users, saying there's no evidence it helps them quit and implying that vapor breathing may slide into opium or coke or who knows what. For only God knows what poisons the manufacturers are really putting in there. That is said even though electronic cigarettes, unlike tobacco cigarettes, are sold with a list of ingredients.

I'm waiting to hear that e-cigs are the major cause of global warming. Money talks.

When Your Doctor Was Your Doctor

(July 28) — Go to school. Get a license. Practice medicine — I'm one of the few who remember when this was actually possible.

Just me and the patient in the exam room. I give my best care, and the patient pays a fee. If the patient likes me and I like him, we develop a relationship that can last a lifetime. To the benefit of both of us, God willing.

Forty years on, it's a different landscape. You now have to sign up with a healthcare plan. You may still call it insurance, but those of us who know realize that you are now a small piece of a multi-layer mega-system. What used to provide funding for unanticipated illness and injury to a relatively inexpensive doctor or hospital was, in the good old days, your financial insurance against that possible rainy day.

Nowadays, “The Plan” is in charge of what, when, where and how much healthcare you can get. It tells you where you go and who you see and controls what kind of tests, treatment and medication you can have. Your “provider” is on a temporary contract basis. If he or she doesn't follow The Plan's rules, he or she doesn't get reimbursed, which is worse than getting fired, at least for the large clinic where he or she works.

If you haven't recently felt this kind of straitjacket when you go to your doc, believe me, it's there. Whether they tell you or not, that clinic knows how to make sure you get only the stuff allowed. And all these rules aren't of the devil. They're from people whose job is to bring you the least-expensive and best healthcare possible.

And this exceedingly complex, expensive and intrusive bureaucracy — like the similarly complex, expensive one running the “war” on drugs — is a spectacular failure.

Your doc may still give you reasonably good healthcare but that is despite, not because of, your health plan. There is a constant battle going on for The Plan to pay the least amount possible and everyone else trying to extract as much payment as possible. There is a highly trained group of expert money extractors facing a similarly expert group of money hoarders at each level of the system.

For sure, someone has to try to rein in the exploding health budget. It's just that we're going at it in the wrong way.

American politicians know they can't get elected proposing a realistic system. Too many regulators and their lobbyists could lose money. These people would scream scary stuff to the media, who would then destroy the reputation of any politician stupid enough to try to do the right thing.

“Your doc may still give you reasonably good healthcare but that is despite, not because of, your health plan. There is a constant battle going on for The Plan to pay the least amount possible and everyone else trying to extract as much payment as possible.”

— IPPEL

“Millennials, though, are an interesting case. On the one hand, they tend to be the least civically aware, engaged and religiously unaffiliated generation, yet they still tend to hold to strong ideological views on a range of issues, including abortion, the size and scope of government and the use of government to protect individual morality.”

— KING

No, I’m afraid we’re headed for the crash-and-burn of our sick healthcare system — an extreme case of the Winston Churchill quote: “You can always count on Americans to do the right thing...after they’ve tried everything else.”

My hope is that the government gets so knotted up that it has to completely back out of healthcare. Then people would have to shop around for the best healthcare for what they want to spend. The free market and private charity would sort it out, and the U.S. healthcare system would again be the envy of the world — as we are in other areas that the government hasn’t messed with . . . yet. — *Bruce Ippel*

Mixing Politics, Religion and Millennials

(Oct. 9) — Millennials, the age cohort between 18 and 29 who came of adult age around 2000 or so, are poised to impact the world around them. In some ways, they are scattered in their views, but in others they are consistently inconsistent. Still, this generation of nearly 60 million can and will have a significant impact upon not only culture in general but in politics and policy specifically.

The most recent U.S. Religious Landscape Survey (2007, updated 2013) from the Pew Forum on Religion and Public Life revealed much about Americans religious, political and ideological beliefs. Surveying more than 35,000 individuals, Pew discovered that Americans for the most part hold a “non-dogmatic, diverse and politically relevant” religious faith.

Religion and religious faith, including Christianity, are still important to Americans — at least somewhat so — with more than half surveyed saying that “religion is very important in their lives,” including church attendance and practicing their faith through prayer and devotion or meditation. A key demographic variable is generational affiliation: For example, the older population (65 and up) versus younger age groups such as Generation Y or commonly the Millennial Generation (18-29), tend to: 1) have stronger religious beliefs and doctrine; and 2) are more likely to be civically engaged, such as in voter turnout rates.

Although Pew finds that approximately 25 percent of Millennials are not affiliated

with a particular religious faith, Christian or otherwise, there are generational similarities related to religious belief and involvement with themselves and Generation X at similar points in their life cycle. For example, 41 percent of Millennials say that they pray daily; this compares to 43 percent of X’ers in the late 1990s. Fifty-eight percent of Millennials have no doubt that God exists; this compares favorably to X’ers (54 percent) in the late 1990s. And finally, 27 percent of Millennials say that the Bible is the literal word of God; this compares to 28 percent of X’ers in the late 1990s. So, even though Millennials tend to be more adverse to institutional religion and traditional religious practices, this difference is not any more drastic than their generational predecessors at approximately the same age.

How does this translate into civic awareness and, more importantly, civic engagement? Is there a link between religious belief and activity and civic awareness and engagement?

According to Pew, most Americans who display a strong affinity toward religion, and especially practicing their religious faith, are also predisposed toward engaging in some type of cultural, political and social activities, from voting to joining a political or policy-oriented organization.

The Pew Report contends that “The relationship between religion and politics is particularly strong with respect to political ideology . . .” In other words, those who self-identify as strongly religious also have strong beliefs ideologically, especially on hot-button social issues such as gay marriage and abortion. On other issues, though, such as size and scope of government or foreign policy, Pew notes that the differences between religion and ideology are not as strong.

Millennials, though, are an interesting case. On the one hand, they tend to be the least civically aware, engaged and religiously unaffiliated generation, yet they still tend to hold to strong ideological views on a range of issues, including abortion, the size and scope of government and the use of government to protect individual morality. For example, compared with the oldest population (65 plus), Millennials are more liberal in their position on abortion (52 percent to 37 percent), size and scope of government (67 percent to 31 percent) and in arguing that government should do more to protect individual morality (45 percent to 39 percent).

Reason, a Libertarian think tank that markets itself as promoting “free minds and free markets,” recently conducted a nationwide poll on the political attitudes and beliefs of

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Millennials. It found what they called “eye-opening insights.” Reason contends that the Millennials are an untapped political resource, one that can, if properly motivated, shift the current U.S. electoral landscape.

Reason’s polling data affirms what we already know about Millennials: They are “socially liberal and economically moderate” with two times more self-identifying as liberals and Democrats than conservatives and Republicans. Reason’s data supports Pew data that Millennials strongly support a larger government, particularly in social areas, while at the same time they trend more conservative or even libertarian on economic issues.

What is enticing about the Reason survey data compared with the Pew data is that Reason found Millennials trending in three directions:

1. anti-egalitarian
2. strong work ethic
3. entrepreneurial

However, even as Millennials argue that government should do more to protect individual morality, they are more distrustful of federal government. Thus, the kind of political candidate a Millennial would vote for is “fiscally conservative (and) socially liberal.”

We can summarize this and other data this way: Millennials, including Christian Millennials, lean Libertarian, identify as Independent and largely vote Democrat. If you were a Republican strategist looking at upcoming elections, the research might suggest three strategies:

- First, do not cave on key ideological principles, especially promoting individual liberty. Millennials, whether religious or not, highly value public policies that embrace freedom, such as decriminalization of drugs and gay marriage.

- Second, Millennials are ready for political and spiritual revival. This is evident, it seems, considering their institutionally religious non-affiliation and political heterogeneity. The type of political candidate they will gravitate toward is one who is willing to buck the national and global trends and be willing to think innovatively and creatively.

- Third, Millennials are an energetic dynamo. They are ready to act and serve. They crave working to address and solve problems. They don’t take no for an answer. They are not interested in debating endlessly; they find it tedious and non-productive. So put them to work.

If these strategies are combined with a high-tech savvy unparalleled over the last 50 years, Millennials will have significant impact on the political and policy world. — *Stephen M. King*

The Parents’ Role In Career Discernment

(Sept. 23) — Stories abound of school dropouts who consequently fail to establish themselves in jobs because of parental attempts to force youngsters onto a particular career path. Less noted are young people presenting in the offices of their undergraduate advisers with no interest in a particular major and indicating that all their parents care about is the diploma.

Parents question what they, as a shelf-stocker, truck driver or home-care aid, have to offer a bright young son or daughter on track to climb a corporate or professional ladder. The answer is almost everything. Getting along with people on the job, dealing with bosses and navigating employment searches are similar throughout occupational and industrial classifications.

Furthermore, who is in a better position to speak candidly about appropriate work attitudes and transmit job-retention skills than parents?

Consider, as well, the situation of children in both high- and low-income households in which circumstances preclude the dominant parent from wage income. Here, parents together with their children meet the challenge of paying bills on time, purchasing and preparing food, and maintaining homes. In addition, they watch over a calendar scheduling medical care and educational milestones for family members. In the workplace, such “housekeeping” skills are highly valued and pay good salaries.

Because of affection and interest in a child’s long-term well-being, parents tend to check their fantasies and constrain projecting a vocational choice onto the next generation. Similarly, parents are best positioned to guard against overly enthusiastic teachers, coaches, uncle-managers or interfering grandmas who, even if well-intentioned, point a young person in a direction inconsistent with that parent’s understanding of a particular child. That said, we may never know how much the good example of a relative, teacher or neighbor influences a child’s development.

Like physicians treating members of their own family, parents are acutely aware of their inability and cluelessness on career orientation. Some children appear to be born

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— KEATING

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BACKGROUNDERS

“The problem is that the Fed interprets its role as a dual one, not only to maintain the value of the dollar but in addition to maintain full employment. Thus, whenever unemployment rises to an unacceptable level, such as above 6 percent, the Fed engages in expansionary monetary policy.”

— KEATING

knowing exactly what they want to do, and go after it. Retrospectively, for most of us, connecting career dots is like Monday morning quarterbacking. Much appears to be random, dynamic or simply the luck of being in the right place at the right time. Nevertheless, parents are essential partners on a young adult's career journey, but not infrequently taken completely off guard and surprised by the outcome.

Upon personal request, some colleges offer vocational-interest tests followed by a one-on-one session to interpret the results. Matching interest inventories with persons in a particular field can be amusing, but, like charmony.com matches, it provides valuable information. In addition, most faculty members are pleased to discuss career options with individual students, but expectations must be reasonable.

U.S. schools are precluded from releasing performance information to third parties, such as a potential employer, unless a student grants permission. Juniors in college, especially if they are undecided on the next step in their career, can be encouraged to complete one or more graduate-study entrance exams. At a minimum, seniors should enroll with the university placement center, seek letters of recommendation, and sign-up for on-campus interviews.

In March 2014, *the Career Development Quarterly* published the results of a study based on 231 college students on vocational identity and career decision-making. As expected, it found fewer difficulties with career decision-making among students who had emotionally established themselves as individuals, the “I position.” Interestingly, however, emotional independence and realistic career choice were significantly associated with a healthy level of attachment to parents. It appears that separation alone does not lead to healthy career development. What is significant is the quality of family interactions surrounding the separation process. Young adults make educational and vocational decisions in the midst of differentiating themselves from their family of origin. Anxiety, symptomatic distress and an inability to make personal decisions are correlated with family over-involvement, on the one hand, and unresolved family dynamics on the other.

The authors of the career development study admit that a young adult's emotional fusion with parents can actually lead to a certain level of borrowed certainty about career choice, but, unless alternatives are considered, autonomous decision-making is delayed. They recommend facilitating open discussions between parents

and students on career decision-making and working together on this process. They warn that premature or emotionally charged cutoffs between parents and young adults are inversely related to career development.

Parents, you see, serve although they only stand and wait.

The Fed and Multi-Tasking

(Aug. 26) — The belief in tons of gold in Fort Knox backing the U.S. dollar is an illusion. There is absolutely no commodity backing for the dollar, either gold or silver or anything else. The dollar is accepted on faith; it is a “fiat” currency. This means that individuals accept the dollar in return for their labor, services or products because they trust those in authority to maintain its value. A rising price level erodes the value of the dollar.

If there is nothing like precious metal backing the dollar, then what does legal tender mean? It indicates that, according to U.S. law, all debts public and private can be paid with U.S. dollars — nothing more. U.S. courts will not support your right to be paid in a more valuable currency or in coins made of silver or gold.

The Federal Reserve System, referred to as the “Fed,” is responsible for maintaining the value of the dollar. The value of a dollar is what you are able to purchase in exchange for it. So, a dollar is worth a cheeseburger, or a small cone at McDonald's, or about one-fifth of a bushel of corn, or, if you prefer, four quarters. Dollars held here and around the world are supported by the capacity of the U.S. to produce real goods and services that people can purchase. We expect the Fed to use its policy tools to guarantee that, in years to come, the average price of a designated basket of goods and services will not increase much beyond 2 percent a year. The 2-percent target appears, at this time, to be politically acceptable to the American public.

All this suggests that the role of the Fed is merely technical, not political. Economists are pretty much in agreement that, with some variation, a 2-percent yearly rate of inflation is feasible given close monitoring of price changes, of total money held by the non-bank public and of bank lending. The problem is that the Fed interprets its role as a dual one, not only to maintain the value of the dollar but in addition to maintain full employment.

Thus, whenever unemployment rises to an unacceptable level, such as above 6 percent, the Fed engages in expansionary monetary policy. This is designed to decrease the average level of the many interest rates prevailing in the economy. The belief is that lower interest rates stimulate consumer and business spending

and lead to higher levels of employment and economic growth.

However, expansionary monetary policy, like keeping a foot on the gas pedal, has the potential of infusing too much liquidity into the economy, causing prices to increase. A sustained increase in the average price level is inflationary. What is the problem with inflation, though, if there is even a slight chance that expansionary monetary policy could increase employment and the production of goods and services?

In the short run, lowered interest rates and higher prices harm retirees living on their savings and others living on fixed incomes. Higher prices, as well, erode the financial wealth of all households. The long-run effects of hyperinflation are devastating to any financial system. Higher prices lead to expectations of even higher prices. Inflation diverts funds away from productive financial investments in machinery, plants and equipment and into precious real assets such as jewelry and paintings. No one wants to lend good money at low interest rates in return for a future payment with less purchasing power.

Inflation also affects international trade. If exchange rates with respect to international currencies are fixed, higher prices in the U.S. cause exports of corn and soybeans to decline. On the other hand, if and when the value of an inflating floating currency declines, the U.S. dollar price of imported intermediate goods, such as those needed for making recreational vehicles, soars.

At present, do prices in general seem to be increasing at more than 2 percent yearly? Is it taking longer to get quotes for household repairs? Is it plausible that historically low interest rates are designed to keep interest payments on the national debt down rather than to stimulate the economy?

Is it time for the Fed to take its foot off the gas pedal? Is it leading or following the market in determining interest rates?

You are not alone if you answer yes to these questions. Unfortunately, contractionary monetary policy to ward off inflation raises interest rates, lowers prices on outstanding bonds and can adversely affect the Stock Market. Taking away the punch bowl when the party is just getting started is not politically popular. Hesitation, though, only makes adjustment more difficult.

The painful effects of stop-and-go monetary policy are a result of asking the Fed to multitask. It should concentrate on maintaining the value of the dollar. The buck, literally, stops there.

Reduced Hours or Layoffs?

(Aug. 4) — At dinner, the four-year-old reported that her nursery school classmate, Billy, had a bad day and acted mean. When asked what the teacher did, the four-year-old replied wide-eyed, “She took away Billy’s job.” Most of us can empathize with Billy’s symbolic loss of group identity. However, adult unemployment generally is beyond personal control and represents as well a loss of income in addition to emotional grief.

In the U.S., most employed workers in good standing are eligible for unemployment compensation on being laid off. If actively seeking and willing to accept another position, they receive partial wage compensation to tide their families over a temporary loss of income.

Eligibility and compensation vary by state. For example, 43 percent of those unemployed in Hawaii in 2011 were receiving benefits averaging \$416 weekly, but in Mississippi only 27 percent of those unemployed received benefits averaging \$190.

Unemployment compensation (UC), a federal-state partnership, is funded almost totally by employers. At the federal level, the overall UC program is administered by the U.S. Department of Labor, and each state maintains its own unemployment insurance agency; in Indiana it is the Department of Workplace Development. Generally, benefits to those eligible are paid up to 26 weeks. In periods of high and rising unemployment, “extended benefits” may be paid for 13 to 46 additional weeks. During the Great Recession of 2008, benefits in some states were extended to 99 weeks. Unemployment compensation is a federal entitlement, and each state is required to pay claims from its fund balances.

Currently, employers are required yearly to pay federal unemployment taxes (referred to as FUTA) of 6 percent on the first \$7,000 earned by each of their employees.

Employers can take a credit up to 5.4 percent of this amount if they fully comply with their state unemployment taxes. FUTA taxes are used to cover the costs of administering unemployment compensation programs in all states and pay one-half of the cost of extended unemployment benefits (during periods of high unemployment). From this Federal Unemployment Account, states borrow, if necessary, to pay claims for unemployed residents.

Indiana began borrowing from the FUTA fund in November 2008 and presently has an outstanding loan balance. Because of outstanding loans, Indiana, with two other

“Because of outstanding loans, Indiana, with two other states in 2010 and 19 others in 2011, are referred to as credit-reduction states. As such, employers in those states are required to increase federal unemployment tax contributions to repay loans and restore funds earmarked for that state.”

— KEATING

BACKGROUNDEERS

“Thanks to ObamaCare, there are many more contexts in which working less — and hiring people to work fewer hours — has become financially attractive. Aside from the amazingly slow pace of the economic recovery by historical standards, all of this also explains why we’ve had so much growth in part-time work and so little in full-time work.”

— CHRISTIANSON and SCHANSBERG

states in 2010 and 19 others in 2011, are referred to as credit-reduction states. As such, employers in those states are required to increase federal unemployment tax contributions to repay loans and restore funds earmarked for that state.

Following the 2008 recession, many workers exhausted their unemployment benefits and others dropped out of the labor force completely. In response, the Middle Class Tax Relief and Job Creation Act of 2012 proposed a policy aimed at helping employers retain skilled workers and employees retain their jobs with partly recompensed benefits during economic turn downs. This policy proposal is referred to as short-time compensation or work sharing.

In such a Work Share program, employers reduce the hours and wages of all workers in a particular group. All impacted workers are entitled to supplement their reduced paychecks with unemployment compensation. Work Share contrasts with completely laying off individual members of a particular work group. The 2012 Act offered federal revenue for a limited time to states to implement the program and educate employers about the program.

Indiana missed the deadline for receiving about \$2 million in federal dollars to initiate the program but retains the opportunity to reconsider Work Share during this next legislative schedule. The act also provides 100 percent federal reimbursement for Short Time compensation costs for up to 156 weeks (three years). The Center for Economic and Policy Research estimated that Indiana could have saved more than \$17.1 million over three years by adopting the program and substituting federal revenue for state unemployment costs.

So, should Hoosiers attempt to get the Work Share measure passed in the General Assembly?

The Indiana Institute for Working Families and the Indiana Chamber of Commerce are reported to be proponents. The Department of Workplace Development is opposed.

Immediately, the implementation of the program raises questions. Is this an attempt by government to disguise unemployment? Should we be concerned about an increase in the number of households dependent on government income? Does it signify more federal involvement in workplace hiring decisions? Will it add to the national debt by introducing general tax revenue into a program essentially funded by employers? How much discretion do firms have in deciding how to implement the policy? Would the program affect economic growth by reducing the flexibility of employers and employees in adapting to long-term economic and technological changes?

Highlights of the Department of Labor guidelines indicate that before a request for short-time compensation is considered for government approval there must be a needed 10-percent workweek reduction for the affected unit. Employers cannot have significantly reduced the workforce during the preceding four months and must demonstrate need for reducing work hours in terms of the existing program. Employees would not be required to conduct a job search to receive pro-rated benefits, and employers must continue to provide full health and retirement benefits to all affected workers. If the workforce is unionized, the union must give consent to the request.

The goal of the Work Share proposal appears to address economic turn downs of relatively short duration. It does not attempt to deal with negative social effects associated with long-term unemployment. What happens when years after a recession ends, businesses of all sizes are slow to restore full-time status to workers?

A better program might be to allow businesses to focus on expansion and job creation, rather than jumping through the compliance hassles associated with more complicated unemployment compensation regulations.

Existing unemployment compensation policy is far from perfect, and we have no sure way of knowing the unintended consequences of this new Time Share proposal. We do know that unemployment is quite painful — even for four-year-olds having a bad day. — Maryann O. Keating

ObamaCare and A Tale of Four Students

(Sept. 1) — This is a story about four current college students who have similar family situations. Whatever the intention of politicians, all four were harmed by the Affordable Care Act, popularly known as “ObamaCare.”

Student No. 1 is a young graduate student still fully covered by both parents’ health-insurance plans. He works as a graduate assistant (five hours per week for a small tuition discount and a little more than the minimum wage). He also is enrolled in the university’s

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health insurance with no premium payments. He now has redundant insurance coverage from three plans. Surely, the university sees those premiums as part of his compensation. He derives no benefit from this health plan, however, and does not have the option to be paid more money instead. This is a lose-lose situation, because the employer is paying an expense that the employee would prefer as cash.

Student No. 2 is an undergraduate putting himself through college and covered by his father's health insurance. He works as a resident's assistant (RA), helping in the dorms to pay his room and board. He was also working in the campus Internet Technology (IT) department. This is his major, so it offered both compensation and relevant work experience. But because of ObamaCare's requirement to provide health insurance for those working more than 30 hours per week, the university forced him to choose between the two jobs. Since his RA job was so important to his current living costs, he dropped his IT job despite its value for his future.

Student No. 3 also is an RA with health insurance through both parents. The university requires RAs to report their work hours each week — to stay under the ObamaCare mandate on hours worked. Yet, during the weeks before classes, she is "required" to work long days with no off days for training or student move-in — even though those hours are not counted for the purposes of ObamaCare.

Student No. 4 attended college for a while but decided to work and take time to think about what he would like to do in the future. He works part-time for a grocery chain and wants to work full-time. Although management thinks he is an excellent employee and might have a fine career with the company, they could not offer him more hours because the company can only afford a few full-time employees. In the meantime, he is covered by his parents' insurance.

All of these are perverse and largely-ignored consequences of ObamaCare. None of these students needs health insurance but all of them have been penalized by the legislation.

We see the same sort of outcomes throughout the economy. In the last month, three surveys by the Federal Reserve branches in Philadelphia, New York and Atlanta indicated remarkably consistent results: About 20 percent of firms are cutting jobs; 20-30 percent are shifting jobs to part-time; and about 20 percent are shifting higher insurance costs to employees.

From the employee's perspective, a recent National Bureau of Economic Research (NBER) paper by Casey Mulligan indicates that 6-11 million workers can increase their

disposable incomes by reducing their work hours.

Thanks to ObamaCare, there are many more contexts in which working less — and hiring people to work fewer hours — has become financially attractive. Aside from the amazingly slow pace of the economic recovery by historical standards, all of this also explains why we've had so much growth in part-time work and so little in full-time work.

The government has been heavily manipulating the markets for healthcare and health insurance for decades — subsidizing insurance through the workplace, restricting healthcare and health-insurance options, giving away a lot of "free" healthcare and so on.

ObamaCare did little to reduce the problems created earlier by the government. And in its attempt to help some people, it extended those problems and added new ones — by multiplying and complicating the links between health insurance, work and family.

When we use unwieldy federal legislation to manipulate a complex, messed-up system, it's not surprising that the results are a very mixed bag. — *Linda Christiansen and Eric Schansberg.*

The Incongruities of Labor Unions

(Aug. 10) — I read an Indiana mayor's recent statements on collective bargaining with interest because they are a nice application of principles that I teach every semester. The mayor, the city council and public-sector unions are engaged in what is a common debate about pay.

We see this play out in the private sector all the time. For example, consumers want lower prices for goods and services; producers want higher prices. If markets are competitive, then the market will reduce prices to a level that reflects costs and a normal rate of return. It's the tension of demand and supply — and the goals behind each — that yield market outcomes.

In the public sector, it's more complicated for at least two reasons. First, the public sector tends to be much more monopolistic. From K-12 education to national defense to fire, police and roads, monopoly power is the rule more than the exception. And where government dominates, monopoly power and its problems tend to follow.

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"All things equal, there is a reason to avoid government solutions — particularly those that give public-sector providers a lot of power over consumers and taxpayers. Notably, Indiana has been ahead of the curve in terms of reducing government's monopoly power over K-12 education, recognizing that competition is good for consumers — even though it's not popular with producers."

— SCHANSBERG

“It is, as some credible observers point out, unnatural for any demographic group in a two-party political system to cast 90 percent of its votes in favor of one of those parties. It is also politically unhealthy because it renders a difficult social situation the more difficult to solve because of inevitable partisan considerations.”

— HUSTON

All things equal, there is a reason to avoid government solutions — particularly those that give public sector providers a lot of power over consumers and taxpayers. Notably, Indiana has been ahead of the curve in terms of reducing government’s monopoly power over K-12 education, recognizing that competition is good for consumers — even though it’s not popular with producers.

Second, agents in the public sector are spending someone else’s money — and those costs are diffused among many, many taxpayers. It’s certainly possible to spend your neighbor’s money as carefully as you spend your own. It’s far less likely, however, that you would spend a stranger’s money as well — or that you would be as concerned if the costs were otherwise hard to trace.

Let’s assume that 2,000 public sector workers in Fort Wayne all receive an extra \$1,000 in pay. The additional \$2 million would cost \$8 per person annually (\$.16 per week) for the 250,000 people in the city. Who would notice those few extra dollars in taxation?

As such, economists say that the general public is “rationally” ignorant and apathetic about such policies. It doesn’t make sense to learn about such things or to take action against them; it’s only \$8. Those receiving the extra \$1,000, however, will be excited — and they may engage in a number of activities to encourage the wealth transfer, i.e., voting, lobbying, campaign contributions, etc.

Proponents also will try to provide rationales for why this serves the common good. One of the most popular stories is the erroneous idea that such redistribution creates economic activity. And you can see how someone could believe this. It’s easy to imagine the economic activity generated by this additional government spending. But the \$2 million didn’t grow on trees; it came from other people, destroying at least as much economic activity. Although the costs are more subtle and require more sophistication to see, they are at least as large. Supporting higher pay might be a good idea but don’t imagine that it’s a boon for the community.

So, how does this apply to a city’s debate over pay?

In one sense, we don’t know. We can be reasonably confident that most government workers will receive adequate compensation — wages, fringe benefits, working conditions, job security, deferred compensation, etc. If not, they would not accept the jobs or remain in them. But given the discussion above, we might expect at least some government workers to receive above-market compensation. In any case, we can be confident that interest groups and politicians will, at least occasionally, be tempted to engage

in mutually beneficial trade at the expense of the general public and the common good.

Finally, we trust in an effective media such as this newspaper to do what it can to emphasize the less obvious consequences of public policy — and make it easier for the general public to become better informed. — *Eric Schansberg*

GOP Agnosia in Ferguson

(Aug. 19) — Too many Republicans miss a fact central to the disturbance playing out in Ferguson: Quite a few people get shot and killed by police officers in America every year; not many of them, however, are unarmed. Suspicions rightly arise when an unarmed individual is killed by the police.

Those suspicions are greater in circumstances in which the police officer is white and the victim is black, and it is not because the Reverends Sharpton and Jackson rush to the scene or Attorney General Holder reverts to form. Nor is it because the Democrats and their media allies pour fuel on the fire. The frustration and anger that routinely erupt among blacks of all classes in circumstances such as those playing out in Ferguson are not ginned up out of partisan furies or racial paranoia. Rather, suspicions by African-Americans of hostility and maltreatment by the police are rooted in their shared history and their common experience as black people in America.

Things have changed greatly for the good since the era of Bull Connor. Some veterans of the civil-rights movement who stood up to Connor and his ilk, for reasons of partisanship or nostalgia, are reluctant to admit as much. They do their cause no favor. Fifty years ago, a large segment of the public would have been indifferent to an incident such as that which occurred in Ferguson. Today, the reason the Brown shooting arouses such interest and fuels such emotions is because such shootings are rare and the country cares.

During the 1970s, I supported racial-preference hiring in public services (police and fire departments) because I believed that racial integration of those critical institutions was imperative in the shortest possible time in order to preserve the public peace. Ferguson

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is two-thirds black. Its police force is virtually all-white (only three black officers). Would the people in Ferguson have reacted in quite the same way if the police force more closely reflected the demographics of the community?

Don't get me wrong. I don't buy the notion that white police officers are inherently racist, but public confidence is predicated on perception, intuition and experience, not peer-reviewed surveys of the racial attitudes of law-enforcement personnel. We are long past the time when we can justify vast racial disparities in our public-safety forces, but not yet to the time when the color of a police officer doesn't matter to the community he or she serves.

It is, as some credible observers point out, unnatural for any demographic group in a two-party political system to cast 90 percent of its votes in favor of one of those parties. It is also politically unhealthy because it renders a difficult social situation the more difficult to solve because of inevitable partisan considerations. Those who believed that the election of Barack Obama would be helpful to race relations in this country have been disappointed. As long as African-Americans are viewed as a captive constituency crucial to Democratic political success, there is a political incentive to maximize fears of racial bias and injustice.

For some of those calling for justice for Michael Brown, the definition of justice is "guilty, and don't bother me with the evidence." Troubling as this is, it is more so when the Department of Justice encourages rather than tamps down demands for vigilante justice.

The police officer who shot Michael Brown is presumed innocent and is entitled to a fair trial. Those facts should be kept in mind amid justified concerns about the militarization of local police forces and the necessity of fair representation of all segments of the community in police and fire departments.

All of us rely on our local police for our safety. The men and women in blue put themselves at risk to protect us. For that we should be grateful and supportive of all those who serve with courage and honor.

Republicans Can't Throw a Punch

(Aug. 14) — I cannot resist a certain admiration for the sheer audacity of the criminal enterprise that is the Obama administration. Its tentacles extend to so many branches, bureaus and cubbyholes of the Leviathan as to defy diagramming, and its unity of action without unity of command offers a new model for imperial government. Its spokesmen are wonderfully shameless, its enforcers are ruthless

and efficient and its disinformation operation is of KGB quality. I knew many of the men around President Richard Nixon who were caught up in the Watergate scandal; I wasn't surprised that most of them moved as quickly as possible to cover their own rear ends. With the exception of John Mitchell and Gordon Liddy, they were for the most part Babbitts who believed in nothing, had no loyalty to president or party, and in battle would be the first to clamber out of the trenches with their hands up.

With the exception of the old Nixon hands (Ray Price, Pat Buchanan, Rose Mary Woods) and a few others, everyone on deck elbowed their way into a lifeboat as soon as they perceived that the Nixon presidency could be sunk. The Republicans on Capitol Hill either turned tail or offered so little support as to leave the president without any effective political line of defense.

Something in the Republican bloodstream renders them incapable of waging fierce partisan combat other than when their own jobs are at stake. There is among them none of the loyalty of the clan, the obligatory closing of ranks associated with the Scots-Irish temperament that marked the fiercest of America's political combatants from Jackson to Truman. Republicans are likely to skedaddle off the field at the first sound of cannon.

The Al Capones of the world come and go, and you can acknowledge their individual skill at making a living without prescribing their work habits as a model for emulation. So it is with the Obama gang. The country can survive Congressional Democrats covering up for the various dons who administer the mob enterprise. What it cannot survive, however, is the institutionalization of the idea that government power is just another weapon to be employed against your partisan enemies.

Democrats who live next door would never think to lift your wallet, push your wheelchair into traffic or cut your daughter's throat, but increasingly they have come to believe that what Lois Lerner and her buddies at the IRS sought to do was perfectly reasonable. If the opportunity arises to order an IRS audit of a Republican senator, of course you take it. If some Texas Tea Party group can be shut down by the IRS, of course you shut it down. If a rich guy writes an anti-Obama op-ed for the Wall Street Journal, why wouldn't you have the IRS audit him and, for good measure, turn the EPA loose on his business?

There is no political tradition in this country for unity of party and state, but that seems to be where we are headed. Nixonian fantasies are now Obama's standard practice. One would think the threat obvious. Apparently it isn't.

— Tom Charles Huston

"The country can survive Congressional Democrats covering up for the various dons who administer the mob enterprise. What it cannot survive, however, is the institutionalization of the idea that government power is just another political weapon to be employed in battle against your partisan enemies."

— HUSTON

THE OUTSTATER

What Indianapolis Doesn't Want You to Know

Paddling Toward Ferguson

Faced with any daunting problem, it's always a time-saver to pick up *the Indianapolis Star*. Its chief columnist, a prolific writer, erudite in the Starbucks fashion, thinks so reflexively with his heart that whatever position he takes on a serious policy question is sure to fail.

"I'm drowning, and you're describing the water," says the troubled Melvin Udall (Jack Nicholson) in exasperation at some well-meant but useless advice. — "As Good as It Gets," directed by James L. Brooks.

(Oct. 27) — As members of a great society led by the smartest people, we have been humbled by the realization that we cannot protect ourselves from a deadly disease because we might offend the sensitivities of the disease inflicters. There's small hope, then, that anything truly complex like crime or urban blight can ever be solved.

Yet, in the spirit of Melvin Udall, let's give it a try. Let's keep paddling.

Faced with any daunting problem, it's always a time-saver to pick up *the Indianapolis Star*. Its chief columnist, a prolific writer, erudite in the Starbucks fashion, thinks so reflexively with his heart that whatever position he takes on a serious policy question is sure to fail. That is precious time saved, and, as luck would have it, he has addressed our very issue. It is in his recent column titled "Riggs Takes New Approach to Tackling Crime in Indy."

Tory Riggs is the city's public-safety director. Our columnist seems to think Riggs is the man to save Indianapolis from a Ferguson-like incident. You can be sure, therefore, that he's not that man. And applying reverse logic to the *Star*'s interview, plus an ability to hear the liberal dog whistle after years in Democrat newsrooms, we can derive the correct policy by deduction:

I hear people say that the city's problems are too big to solve," (the director) said. "Well, in eight square miles they're not too big to solve." Part of the challenge, he said, is that, "Everyone wants this one thing we can do to make these problems all go away. But there isn't one thing. It's about rolling up our sleeves and working hard for a long time.

The "problems" (people stealing and hurting one another) need to be addressed immediately and continually. A tough job, certainly, and we can appreciate why a public-safety director might rather position himself atop a political system perpetually transferring money from one group to another without design, effect or accountability. But there in fact is "one thing" he is obligated to do, with or without rolled-up sleeves. That is to enforce the law and protect the citizenry, and on a schedule quite a bit tighter

than "working hard for a long time." He is the chief law-enforcement officer of a modestly sized Midwest city, not a philosopher.

It is looking at school suspension and expulsion rates in neighborhoods, understanding that they are tied to crime and need to be met head-on with mentors, tutors and safe programs for teens. It is seeking to reduce crime by better addressing mental-health and addiction issues, guiding people not only to jail, but also to counseling and other sources of help. Police runs related to mental-health issues consume tremendous resources in Indianapolis, so if the city can increase the percentage of people who receive needed mental-health and addiction services, the reduced strain on police and taxpayers will be tremendous.

We can safely reject the tired 1980s narrative that each 911 call is the culmination of hundreds, perhaps thousands of societal failures, all the result of altruistic but underfunded socio-governmental agencies. For after more than four decades of the Great Society and 20 trillion dollars spent, we know just this: It is reasonable to ask people in even the most troubled economic conditions to decide whether they want to live in a default setting mired in dependency, dysfunction and crime or whether they want to make themselves exceptional by taking daily responsibility for their families, neighborhoods, behavior and choices.

There has to be a philosophical change in the way we do government," (the director) said. "Data has changed everything in life, from how we enjoy sports to how businesses are run, but it hasn't changed government." But it can, he said, because good data gives officers and others a better understanding of the core issues facing a city and its neighborhoods, and it offers better guidance on how to address those problems.

There he goes again, philosophizing. Yes, we need a change, but in the opposite direction. Perhaps after spending \$15 million on a new data system, the director is merely engaging in some defensive bibble-babble. At best, his new data trove will describe the water in which his citizenry is drowning. At worst, he might actually believe that laws should be applied — adjusted — to fit a demographic detail.

In any case, the way to avoid civic disaster is to do the opposite, and in this case that is to treat each law-enforcement contact as a citizen with rights and responsibilities (aligned, one can hope, with Western Civilization). We do not

want to end up as ciphers loaded onto police smartphones in some dystopian novel.

With that, we rest and await *the Star's* heartfelt advice on Ebola and Israel.

A Hyphenated-American Appeal

(Oct. 13) — “It’s anybody’s guess how Republicans are thinking about this (open immigration),” Barack Obama said in Los Angeles last week. “If they were thinking long-term politically, it is suicide for them not to do this.”

I hate to drag my great-grandmother into this, but she would have a point to make: Being “American” is a state of mind, an apparently changing one.

My grandmother, please know, was not a model citizen. She spoke only German. She did show no interest in being nationalized. She never rose to the level of illegal alien or even undocumented alien. In fact, during the war years, she carried a card identifying her as an “enemy” alien. Worse, she was a Democrat.

Yet, she somehow “got it,” as they say — got what it means to be an American along with the half-million other Germans who spread across the Midwest and Great Plains during the last half of the 19th century. A son would be elected a sheriff. A grandson would be a decorated U.S. Navy aviator. Several others would make their mark as corporate executives, bankers, farmers and such. America offered her — or, more to the point, her children — something better.

“Any other country might have been changed in its very essence as English colonists were replaced by German, Irish, Italian, Jewish, Scandinavian, Asian and Latin immigrants, all with their own motives, culture and needs,” writes the political scientist James Q. Wilson. “But it did not happen here. The immigrants became more like America and less like their native countries.”

What makes the immigration discussion infuriating is that Americans today, however documented, are confused about that “American culture,” about that “something better,” and nobody in leadership seems willing to explain it to them.

They are promised rights and legal status, plus free education, healthcare and stuff, if they can only manage to step onto American soil. But they aren’t stupid; that can’t make any sense to them. Nowhere else in the world works like that. They must wonder if that is what “American exceptionalism” means.

That is not what it means, and any such interpretation should be aggressively written out of local and national policy. We offer something

better because Americans, regardless of DNA profile or even citizenship status, are inheritors of a thousand-year-old revelation that laws should not be made, nor taxes levied, except by consent of the governed. That wisdom has been perfected in our constitution to direct that, unless our elected assemblies make some action expressly and narrowly illegal, it is assumed to be legal.

The opposite is the case almost everywhere else, including my ancestral Germany and the rest of continental Europe. And that has made the difference. It is why jobs, investment and opportunity have been plentiful here by any comparison, at least for those willing to appreciate Common Law (simple genius) and to learn English (maddeningly difficult).

“Ours is the civilization that made the state the servant rather than the master of the individual, that taught the world constitutional freedom,” writes Dan Hannan, British historian and member of the European Parliament.

That should resonate among those of my great-grandmother’s ilk, those “yearning to breathe free” today. But again, fewer Americans fully believe it themselves. Our most prestigious colleges no longer teach it or even allow its sentiment to be freely expressed on their campuses. Instead, they institutionalize envy.

Many of us, perhaps a majority now, dismiss our prosperity as a matter of fertile soil, temperate climate, racial or religious privilege, class exploitation or just plain geopolitical luck. How, really, can newcomers be expected to think differently?

Barack Obama, oddly and tragically, is working hard to make sure they don’t.

Veterans’ Day 2014:

Lawyers at War

“All the war propaganda, all the screaming and lies and hatred, comes invariably from people who are not fighting.” — George Orwell

(Sept. 23) — For the first time ever, the foundation’s annual Veterans’ Day essay is being written in advance of Nov. 11. As is the formerly procrastinating author’s custom, he is wearing his U.S. Navy baseball cap with the button, “We Were Winning When I Left.”

This year he is sipping hot oolong tea sent by a friend’s parents who live in North . . . oops . . . who live in Vietnam as he sorts through a loose collection of family military medals in an old box.

But he has found something wrong, very wrong: The actual combat veterans in his collection were awarded fewer medals than the others. He wonders why Douglas MacArthur

“Ours is the civilization that made the state the servant rather than the master of the individual, that taught the world constitutional freedom.”

— Dan Hannan, British historian and member of the European Parliament

THE OUTSTATER

He wonders why
Douglas MacArthur
didn't wear medals. He
wonders why David
Petraeus wore so many.

He wonders why David
Petraeus wore so many.

All of which is to say that the country, even in its measure of heroism, seems headed in the wrong direction. That, however, does not excuse the degradation of honor and duty. And this Veterans' Day we are in an Orwellian struggle to even understand what "war" means or what being our "enemy" involves. We are, alas, lawyers at war.

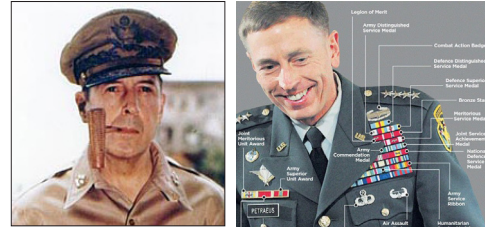
Daniel Henninger of *the Wall Street Journal* reports that there are now 10,000 lawyers in the Department of Defense: "The U.S. military has become a giant Gulliver wrapped in a Lilliput of lawyers. No one goes to war in this country until those Defense lawyers — plus lawyers at the Justice Department and White House — define in detail the parameters of battle. There is an intricate debate in legal blogs now over whether it is legally correct to call ISIS our 'enemy.'"

So, if we may or may not be at war and if we may or may not have an enemy, there is no need to send actual Americans into battle. Well, that's Kennedy-Johnson-Nixon Vietnam-era hogwash. If we should get involved — and with this bunch in Washington, that's always a big "if" — we should be involved to win, and that means committing U.S. forces to destroy the enemy utterly.

The historian Arnold Toynbee outlined the alternative in his "third response of a declining civilization." First there is an attempt to enlist an "external proletariat" to maintain borders and fight wars. Not coincidentally, next there is the spread of sophisticated weaponry and combat tactics to neighboring regions. "The combination of these two factors will prove to be lethal to the (civilization)," Toynbee predicts. "At such a stage, developments may go dramatically fast."

But back to the medals. In the interest of getting that little box of colored ribbons in order, a new standard of heroism is needed, one developed without any legal input whatsoever. It can be found in the person of British Lt. Col. John "Mad Jack" Churchill.

Churchill, in command of a beach landing against a German garrison at Vågsøy, Norway, did not bother negotiating flyover rights to strike the enemy unexpectedly from the sky. He leapt from his landing craft as the ramp was being lowered playing "March of the Cameron Men" on his bagpipes before tossing a grenade and running into battle wielding a Scottish Claybeg broadsword. Later, with the help of a corporal, Churchill would capture a German observation post, taking 42 prisoners, including a mortar squad. The refrain from Mad Jack's bagpipe tune:



*The moon has arisen, it shines on that path,
Now trod by the gallant and true;
High, high are their hopes, for
their chieftain hath said
That whatever men dare they can do.*

That all goes in the box with the old medals.

Football: Not a Game for the Silly

(Sept. 16) — A former United Nations ambassador is being mentioned as a reform commissioner for the National Football League. Well and good for her. Maybe diplomacy can change the sport along more socio-politically correct lines. She will have to give it a different name, though.

For football, the genuine thing, will go on unchanged. The game, an amazingly true reenactment of phalanx battle, has roots going deep into Western Civilization. Its rules, if there really are any, are hardwired into the male psyche.

Know that there is virtually no distinction between the tactics to be employed this Sunday by down linemen at EverBank Field and those of shield-bearing hoplites on the plains of Thermopylae. Indeed, King Philip of Macedonia called the first trap play, a deceptive stagger step creating a gap in the line through which he obliquely drove his cavalry. A son, Alexander, conquered the world with it.

Here is a lengthy but essential excerpt from Wikipedia's description of Roman improvements to the basic phalanx. See if you can identify the X's and O's on the chalk board of some early-day Belichick:

Phalanxes facing the legion were vulnerable to the more flexible Roman 'checkerboard' deployment, which provided each fighting man a good chunk of personal space to engage in close-order fighting. This manipular system also allowed entire Roman sub-units to maneuver more widely, freed from the need to always remain tightly packed in rigid formation. The deep three-line deployment of the Romans allowed combat pressure to be steadily applied forward. Most phalanxes favored one huge line several ranks deep. This might do well in the initial stages, but as the battle entangled more and more men, the stacked Roman formation allowed fresh pressure to be imposed over a more extended time. As combat lengthened and the battlefield compressed, the phalanx might thus become exhausted or rendered immobile, while the Romans still had enough left to not only maneuver

but to make the final surges forward. Hannibal's deployment at Zama appears to recognize this — hence the Carthaginian also used a deep three-layer approach, sacrificing his first two lower-quality lines and holding back his combat-hardened veterans of Italy for the final encounter. Hannibal's arrangement had much to recommend it given his weakness in cavalry and infantry, but he made no provision for one line relieving the other as the Romans did. Each line fought its own lonely battle and the last ultimately perished when the Romans reorganized for a final surge.

Have the rules changed? Yes, you can no longer stab your opponent in the knee with your short sword. Were there cheerleaders in 364 B.C.? Not exactly, but there were camp followers, and when battles occurred near cities, people would come out to watch at a safe distance — not, of course, in a way that would generate residuals or reliable season-ticket sales. And yes, there were the lawyers, agents and publicists of antiquity who rode down from the hills to rob and shoot the wounded.

Which brings us to the current situation. There is a determined effort by various interests, few selfless, to tame the sport. If allowed, they will destroy the NFL version of the game by degrading the very reason it is popular, i.e., it is a refuge, perhaps the last, of the male spirit.

Women understand the testosterone-soaked history of the thing, its incorporation — nay, exaltation — of the most detestable aspects of the male personality. They have avoided it until now, leaving husbands and significant others sitting alone in momentary peace in front of the television set.

This created something remarkable in an increasingly fragmented and weak media market — a dependable, identifiable and wonderfully valuable customer base. You can be certain that alarms bells went off on Madison Avenue after Monday's first ESPN game, whose announcers delivered a continuous, incongruous lecture on the wrongness of punching one's fiancé in the face. The show's rating, not coincidentally, was down 21 percent from last year.

If you can accept for the purposes of this discussion that rugby and football are interchangeable, the famed Scottish right half Sir William Shankly had good advice for network executives or anyone else who would mess with the game:

"Some people think football is a matter of life and death. I assure you, it is more serious than that."

The 'Secret' to Local Development

"Whatever you do will be insignificant, but it is very important that you do it." — Mahatma Gandhi

(Sept. 4) — Those who believe that their town's economic development plan is working also read the bar charts in the Chamber of Commerce newsletter and trust that the utility company is figuring their bill accurately. The rest of us have our doubts.

So it was encouraging to hear an old friend, an accomplished mayor and legislator, recall in a self-effacing way how his Indiana city learned that a strong community spirit guided by well-grounded leadership can turn disaster into triumph. And that is true irrespective of PowerPoint presentations, complex rebate formulas and other institutional cleverness.

Actually, there were dual disasters. Fort Wayne had been defined for generations by the International Harvester plant. In the early 1980s, however, the company was crippled by what at the time was the longest strike in the history of the United Auto Workers. The plant closed, and, while that news was still being absorbed, a once-in-a-century flood inundated the city.

Winfield Moses, a local businessman, had just been elected mayor. He remembers doubting there was much that government in itself could do to overcome so much bad fortune. But he felt it was important that his office be seen trying, and in ways easily understood by a hard-pressed and anxious citizenry.

It seemed that an idea a day came flying out of City Hall. The mayor was regularly in the newspapers, on radio and television discussing a wide range of economic-development and relief options — plainly and without posture or pretense.

Most remarkable, his administration didn't seem interested in gathering the usual suspects — corporate executives, bankers, congressmen and such. Instead, Moses met informally and quietly with men and women with a life-or-death stake in the community. They were shop owners, car dealers, real-estate brokers and the like — people too busy keeping their businesses afloat to serve on formal boards or emergency task forces.

Some of the ideas worked; some didn't. The mayor and his staff gained confidence, whichever the case, in their ability to tell the difference. And most important, citizens began to feel that City Hall was doing what could reasonably, realistically be done.

And then — boom — came the announcement that the county had been chosen as the site of a much-coveted General Motors

Know that there is virtually no distinction between the tactics to be employed this Sunday by down linemen at EverBank Field and those of shield-bearing hoplites on the plains of Thermopylae.

Fort Wayne won its General Motors plant because of an enduring image in the chief executive's head of neighborhood volunteers standing strong to defy the waters of a once-in-a-century flood.

small-truck plant, far bigger and better than the old IH facility in every way. The city not only was saved but restored to its former high place on the manufacturing ladder.

Was it the staff's spot-on color-slide presentation? Did the county's responsive and generous tax incentive do the trick? Was it the fact-filled brochure from the Chamber? The blue-collar authenticity of the union delegation? Okay, then, surely the brilliant business instincts of our friend the mayor?

No, none of that. It was the flood — or how Fort Wayne reacted to it.

General Motors executives had been impressed by the community spirit apparent in national news stories telling how the city had met the flood head-on without so much as a whimper. Fort Wayne was a city, seemingly, where nobody waited around for some official to file the appropriate disaster-relief documents.

There was a *Reader's Digest* article referring to "the city that saved itself." That was soon followed by a presidential visit, with all the attendant hoopla. A local paper won the Pulitzer Prize for its flood coverage. GM is said to have incorporated Fort Wayne's example of self-reliance into its leadership-training programs at the time.

We know some of that because Randy Schmidt, former UAW president here, has a mischievous streak. He had heard so many local politicians claim credit for winning the GM site that he promised himself he would learn the truth if he got the chance.

The chance came several years after the plant was up and running. Schmidt attended a union-management event with General Motors' chairman Bob Stempel. He made sure to sit next to Stempel so that he could ask outright who, exactly, deserved credit for bringing GM to town.

Stempel recognized only one of the local politicians whom Schmidt suggested. He remembered the name Moses because the company chairman at the time of the site decision, Roger Smith, mentioned it when the list of sites had narrowed to only a few. "We ought to go with the town with a mayor named Moses who can part the waters," Smith reportedly quipped.

So, the fact-filled presentations that the economic-development experts had so carefully assembled may have been appreciated and useful but, in the end, were secondary. It was that enduring image in a chief executive's head of neighborhood volunteers standing strong to defy the waters.

And you thought the secret was tax-increment financing with a value-capture plan

that internalized the positive externalities of public investments.

Indiana's 'Uncertainty Index'

(Aug. 20) — These troubling times tend to shrink our circle of friends in high office as statehouse ambitions clash with economic reality. But we have at least one left, a state legislator, and he has an idea for unleashing investment throughout Indiana.

He would counter what the economists call "regime uncertainty" — in a sentence, the stagnation caused when investors not only have to calculate likely returns but also potential government intervention. An example would be if rumors are true that the Pence administration favors an entirely new business tax aimed at an entirely new target (the service sector).

Markets now rise and fall not on economic news but on such political news. "In recent years, stock markets in countries ranging from Japan to Mexico have rallied on mere hope for political change: specifically, the rise of new leaders who seem likely (or unlikely) to push economic reform," writes Ruchir Sharma in "Why Markets Now Use Politics to Predict Economics."

Our legislator, nameless lest he lose his Chamber endorsement, can explain:

Today, business interests that have operated for years or decades without political agenda are forced to embroil themselves in government, placing reliance on political clout rather than business acumen. This is not because they are dumb but because they are smart: They see the politically connected win economically in spite of poor business models and because of solid political ties.

The incentive, then, for Indiana businesses is to stake out political positions with all the major players in both political parties, at home and in Indianapolis. That is how investing in productivity and expansion (jobs) becomes secondary.

"Business leaders can adapt to even high taxes or stiff bureaucratic control if the rules would just stabilize," our friend argues. "Instead, we expect them to project return on investment even as a bunch of arbitrary, politically driven moving targets are tossed into their model each legislative session. They need a predictability that allows best-case and worst-case analysis."

How true. Since abandonment of the Justinian Code — *quod principi placuit legis habet vigor* (what pleases the prince is the law) — it has been understood that the less regime uncertainty there is the better. Proof can be seen in a lesson of the Great Depression highlighted by Robert Higgs in a widely circulated article for *the Independent Review*:

From 1935 through 1940, with Roosevelt and the ardent New Dealers who surrounded him in full cry, private investors dared not risk their funds in the amounts typical of the late 1920s. In 1945 and 1946, with Roosevelt dead, the New Deal in retreat, and most of the wartime controls being removed, investors came out in force. To be sure, the federal government had become, and would remain, a much more powerful force to be reckoned with. But the government no longer seemed to possess the terrifying potential that businesspeople had perceived before the war. For investors, the nightmare was over. For the economy, once more, prosperity was possible.

Our particular nightmare, though, is not over. And considering the stakes, someone might want to assess the damage being done. Call it the “Indiana Uncertainty Index.”

A business professor suggests the independent variable of the index might include the regulatory flux with the proxy being the amount of new regulation (number or page count) per industry segment. Dependent variables could include financial performance measures at firm level with mediating variables being the amount of political contributions, proportion of dollars directed to one party, number of lobbyists employed, etc.

Simple enough, so let’s fix it — at least for Indiana.

The problem, as you might guess, is that some of the very people in Indianapolis on whom we depend to protect us from statist folly (Republicans) have built reputations on that potential to intervene that economists warn us about. They will work cleverly and mightily to discredit any index that measures their dirty work.

So we will just ask ourselves a common-sense question: If we were an investor, would we rather put our money in an Indiana where success is dependent on political whim and connection or in one where hard work and foresight are determinant?

If the answer is hard work and foresight, our next question is whether our political representation is concordant with that.

A Reinvented Indy Star? Probably not in this Lifetime

(Aug. 14) — Indiana’s only statewide newspaper has reinvented itself, we are told. You should hope it succeeds — for the sake of the hard-working, ink-stained souls there but also for the health of our public discussion.

Yet, there are veteran newsmen still at their desks who have been “reinvented” dozens of times during the last couple of decades only to see their paper’s circulation numbers steadily decline. “My career objective,” one of them told me, “has been reduced to getting hired by a newspaper with rising circulation.”

Most troubling is that steadiness, a slow hiss of air escaping from a tire that will inevitably go flat. Charts show readership dropping as early as the 1970s. The unwavering downward slope of the line — decade after decade, despite all reinvention — makes clear there is something seriously, systemically wrong, something more than the invention of the 64K microchip and personal computing.

With that as background, comments this week by *the Indianapolis Star* editor were read with informed interest, with a hope that they would address that “something.”

The editor’s proclamation of reinvention, “What *the Star* Newsroom of the Future Looks Like,” was published as Gannett announced it will spin the newspaper away from its more profitable enterprises. There was mention of how well the executive team had kept up with the electronic marvels of the age. There was understanding of the need to serve all readers (apparently of whatever political persuasion); affirmation of the love that he and other out-of-state executives held for Indiana and its quaint people; a statement of deep appreciation for the heritage of the newspaper, at least to the degree any of them were aware of it.

To capture the banality, a snippet: “(*The Star* means) to enrich lives and help our communities succeed, to expose what’s wrong and reveal what’s right, to confront our failings and celebrate our triumphs, to convey a deep sense of place and understanding of Hoosiers and the place we call home.”

There were details, but of the kind one assumes are already included in the daily budget of any fully functioning newsroom, i.e., investigate malfeasance, track the business community, keep in touch with reader lifestyles, etc.

In sum, meet the new boss who is a lot like the old boss. Most discouraging to those of us who wish the best for *the Star*, the mission statement has been reduced to the level of a publicist’s handbook: “To serve the greater good of Central Indiana.”

Central Indiana? *The Star* not so long ago thought of itself as the newspaper for all Indiana under a masthead boldly asserting 2 Corinthians 3:17: “Where the Spirit of the Lord is, there is liberty.” And what is this pablum about a greater good? Is it a newspaper or a sociology department?

There are other questions that should be asked before our only statewide newspaper fails altogether:

- Is the ownership model a good fit for an industry with a constitutional license to protect liberty, a license that more properly might be assigned to local proprietors rather than widely held corporations?

Some of the very people in Indianapolis on whom we depend to protect us from statist folly have built reputations on that potential to intervene that economists warn us about. They will work cleverly and mightily to discredit any index that measures their dirty work.

This latest reinvention likely means *the Star* will continue to unabashedly reflect the political whims and hyper-social sensitivity of an insular staff and a self-involved management.

• Is the circulation decline merely a matter of delivery or is the editorial content being rejected? Specifically, does the decline coincide with a shift from factual journalism to advocacy journalism?

This latest reinvention likely means *the Star* will continue to unabashedly reflect the political whims and hyper-social sensitivity of an insular staff and a self-involved management. It thumbs its nose at a long-suffering readership. “We are so far from the cash register, we can’t hear it ring,” is the boast.

That’s what passes for courage in today’s metro daily newspaper culture — and courageous it may turn out to be if the word implies an indifference to ruin and disaster.

Local Politics: The Game Is Up

(Aug. 8) — Two political studies hit the news this week, seeming to point us in different directions. One, from Princeton University, suggested that average Americans are powerless over the political process. The other, from CNN International,

found that only 13 percent of us trust the government to do what is right always or most of the time.

You should bet that last statement will dictate the politics of the future — in Indiana, at least.

Why? Because every couple of generations going back, say, to Richard II of England, we catch up with the political elite — we figure out which walnut shell covers the pea. It is neither guesswork nor any particular genius, merely the same trick being played one too many times on an intelligent and watchful mark.

Let’s begin with a short list of knowledgeable but independent-minded average Hoosiers who are anything but powerless against a detached government, whether it be at the state or municipal level:

• Heather Crossin and Erin Tuttle, two everyday mothers who founded Hoosiers Against Common Core, utterly destroyed the most carefully crafted story about how the educrats in Indianapolis and Washington could decide best what children should learn — better even than their district teachers and educators or even their parents.

• David Penticuff, an Indiana editor of the old school, and Tom Heller, a retired systems

analyst in Columbus, have untangled TIF fundingschemes. Their well-researched articles demonstrate once again that there is no free lunch, especially when it comes to economic development.

• Aaron Smith, a retired executive who is Watchdog Indiana, continues his decade-long pressure on the legislative processes by simply showing up at proceedings with his notebook in hand and his brain engaged. Legislators have come to fear the very sight of him.

• Joy Pullmann, editor of *The Federalist*, applies world-class journalistic talent to local issues that the statehouse and governor might wish would just go away. Pullmann, working from her Indiana home, recently turned her attention to the question of whether that 12 percent of the Indiana education budget coming from Washington doesn’t cost more than it’s worth.

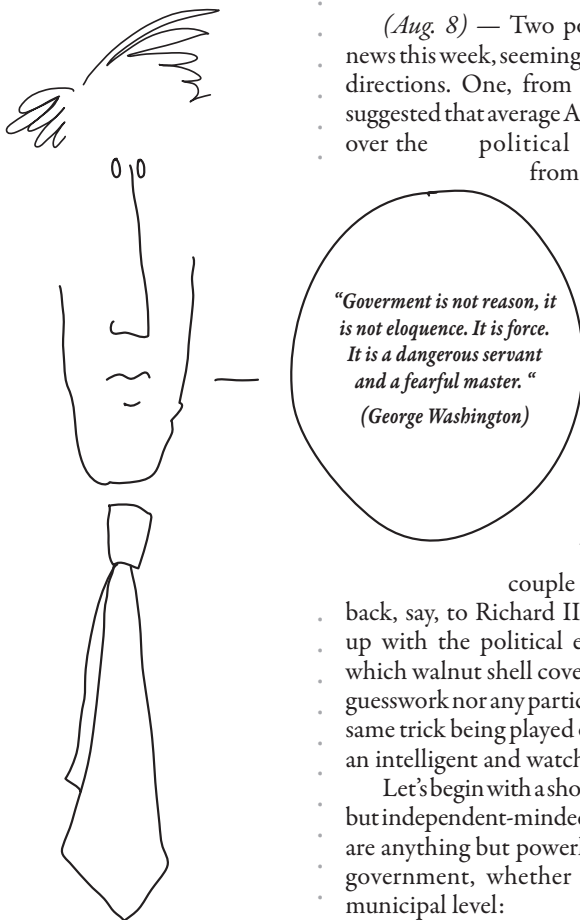
That is the sort of citizen awareness that can bring down even the clever and the quick. If worst suspicions are confirmed, it means Indianapolis makes education decisions in part on whether they would offend federal overseers rather than whether they serve the interests of Hoosier classrooms.

Yes, that would be malfeasance, but it gets worse. Our Cecil Bohanon and Eric Schansberg, economist of the Public Choice school, have explained articulately and with authority how human incentives even in a democracy can be misaligned to favor the political elite. The math is simple, and so is the political thinking:

Making sure it is cast in terms of the common good, it would help build my reelection coffers to vote for a new tax of a penny or so on 6 million Hoosiers if the money could be funneled into the special-interest causes of 100 political contributors or soon-to-be contributors. Even if the individuals taxed get wise, it hardly pays to march to the statehouse and complain; it’s only a penny after all. The preferred 100, though, can be expected to be hugely grateful.

And this one is not just another shell game. It ratchets us backward toward a system in which kings (governments), parliaments or judges decide year by year what is legal, regardless of constitution or case law. It is the default setting of history and rules most every other democracy.

The solution, the counter to what the Princeton study described as helplessness, will require moxie. We’ve got plenty. A friend of this foundation, the author and director Dinesh D’Souza, has described our situation perfectly: “George Washington, Abraham Lincoln, Ronald Reagan — we don’t have them, but we have us.”



The “us” in this case are the Crossins, the Tuttles, the Penticuffs, the Hellers, the Smiths, the Pullmanns, the Bohanons and the Schansbergs. Lend them your support, and keep your eye on that pea.

Consolidation Unraveled

(July 30) — The eternal impulses that argue for consolidated government, regional zoning, county executives, etc., have awakened in our corner of Indiana. Someone forgot, apparently, to drive the stakes through their hearts during the last rising.

So we citizens find ourselves divided by an argument that won't be resolved in the light of day; that is, rhetorically in advance of policy. Some of us simply believe; others of us simply don't. The thing will be settled only in the messy world of actual cause and effect.

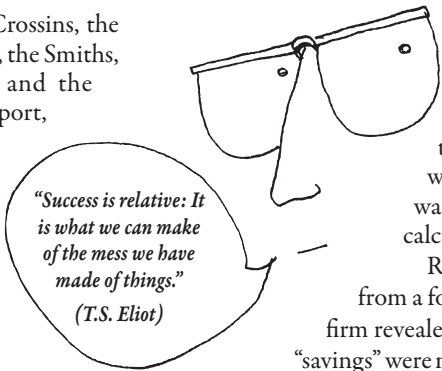
Coincidentally, an item came across our desk this week that offered valuable perspective. Ten years ago, former Mayor Bart Peterson of Indianapolis began a campaign to merge certain police and fire departments in Marion County. His most persuasive argument, other than the gathering of power and influence, was that taxpayers would save money.

Peterson guessed that consolidation would save close to \$9 million: \$300,000 through better management; \$1.3 million in reduced facilities and fleet costs; \$1.5 million in support services and \$1.4 million in budget efficiencies; and \$4.3 million in personnel costs.

Those savings were not realized. Indeed, they were largely imaginary, as experts at the time had told everybody would be the case. Undaunted, the Chamber of Commerce, *the Indianapolis Star* and the leadership of both political parties jumped for civic joy. Consolidation would improve efficiency, they had cheered as one. This was supposed to work in the same way as businesses combine departments — or in the same way you might combine the operations of your kitchen with your garage.

Oops, bad example . . . no wait, it was a good one, for what was being combined in the stratosphere of Indianapolis City Hall was not combinable as apples are with apples or oranges are with oranges.

Our Dr. Sam Staley made that point in testimony before a study commission of the General Assembly. He had told the legislators, without refutation, that the savings estimates were exaggerated. That, he said, was partly because the estimates assumed labor costs would not increase when higher-paid city union salaries



“Success is relative: It is what we can make of the mess we have made of things.”
(T.S. Eliot)

were combined with lower-paid county non-union salaries at the higher rate, which, of course was the point of this calculated exercise.

Related testimony from a forensic accounting firm revealed that the mayor's “savings” were mostly the result of uncommon accounting practices and blatant omissions. One example that sticks in the mind was the administration's inclusion of monies that had been gradually put away by county trustees for large-equipment purchases. That was cleverly wrapped into the mayor's projections of first-year consolidation “savings.”

This massive misunderstanding — the word fraud is overused these days — was detailed this month in a long-delayed audit report, one that had been grudgingly ordered way back in 2007 as a condition of GOP approval.

Russ McQuaid of Fox59 News broke the story: “Management savings were negligible, facilities savings were eaten up by contracted lease costs, unforeseen technology costs negated the support-services predictions, contracted jail medical and food costs wiped out budget efficiencies, and overtime and Social Security spending, combined with pay raises, actually increased personnel costs, according to the audit.”

Marion County taxpayers must live with the results. The rest of us, though, can be on watch for politicians promising to run our government more efficiently. They miss the point that we don't want them to run it more efficiently so much as less intrusively, the difference in this case being a \$9-million waste of everybody's time, not including the inestimable cost of switching from democratic to administrative rule. — tcl

See also: Sam Staley, ed., with Dagny Faulk, Suzanne Leland and Eric Schansberg. “Consolidating Local Government: What Works and What Doesn't.” The Indiana Policy Review, winter 2006.

The savings promised for Marion County consolidation were not realized. Indeed, they were largely imaginary, as experts at the time had told everybody would be the case. Undaunted, the Chamber of Commerce, *the Indianapolis Star* and the leadership of both political parties jumped for civic joy.

“The whole modern world has divided itself into Conservatives and Progressives. The business of Progressives is to go on making mistakes. The business of Conservatives is to prevent mistakes from being corrected.”
— C.K. Chesterton

Q. Presidential veto or not, do you think that the Indiana congressional delegation should vote to repeal ObamaCare?

YES — 68 percent

NO — 32 percent

Comments:

• **CONCEIVED** in fraud and deceit, the law wouldn't have passed if the truth of its content had been known to the public.

• **PRONTO**, it is an unworkable program designed by corrupt politicians and other scumbags to destroy much of the nation and empower the government to control whatever might be left.

• **LET BARACK OBAMA** stand all alone on this one. I doubt that Joe Donnelly would ever vote against ObamaCare, but I sure hope that Dan Coats and the House members would do so — even if Obama is going to veto it. It is time to take a stand and stop the endless compromising. Too much is at stake.

• **THIS ABOMINATION** was not created to provide better healthcare but rather to gain control of our citizens' lives and take a giant step beyond the terrible socialistic mess in which we are now engulfed. Costs are already going up, and in 2015 and 2016 it will be untenable. It is evident the liberals are hell bent in their efforts no matter the costs and damages already done. And now we know they lied to the public.

• **MOST PREFERABLY** accompanied by immediate enactment of ways to handle some real problems like "pre-existing conditions."

• **THIS IS NOT** a yes-or-no answer. One must first study to find out how much damage has been done and to whom. From what I have learned from my own circumstance, some could be hurt if a complete repeal is done rather than an overhaul of the package. At first one feels that a complete repeal would be the easiest but one would have to be careful that maybe 10 million would be put in a vulnerable position. The damage was done several years ago. A correction will be difficult.

• **HOW IT WAS PASSED** was disgusting and criminal. It does much more harm than good. It is a death-sentence tax for many smaller businesses. We need an open and honest debate on how to improve our healthcare system.

• **THEY SHOULD VOTE** to repeal it, defund it or whatever strategy would reduce its harmful effects on the citizens of the U.S. Ultimately, they will have to win the presidential election in 2016 to fully repeal it.

• **REGARDLESS** of whether or not Barack Obama vetoes the bill, it is important to make a statement to the people that Congress believes that something this harmful to the well-being of our country should be gotten rid of. It will let all of the voters know where their politicians stand by forcing them to cast the vote. Republicans owe this to the people based on the election results, which were more a vote *against* the Democrats than votes *for* the Republicans.

• **ALTHOUGH** repeal would be ideal and symbolic, why waste the time? Fix the major problems and let's move on.

• **THEY** don't have the backbone.

• **IT SHOULD** be repealed in its current form. Change it so that if the cap is met, insurance can be renewed at the previous cost — with the government covering the difference. Americans with existing medical conditions should be able to purchase insurance at the normal rate.

• **I EXPECT** the road to a more effective healthcare system will need to involve the consumer. We all need to involve ourselves with healthcare choices. ObamaCare is not perfect but with effort we can keep all the good parts and correct the dysfunctional parts.

• **THE GOVERNMENT** should not be responsible for my healthcare, I should. And I say that as someone with a serious pre-existing condition.

• **CHANGE IT** to become more consumer-friendly and open to market forces.

• **WHILE I WOULD LIKE** to do away with this bad law, I doubt that any member of our congressional delegation has the courage or principle to actually do so. We should return medical decisions to the realm of individual responsibility and the free market.

• **IT WOULD BE BETTER** to repeal the most disastrous parts — those that can attract enough Democrat support to be veto-proof and actually improve things — than to cast a purely symbolic vote just to brag about. A veto that stands will have done absolutely nothing to help the nation suffering under this horrible act. Republicans have large majorities now and need effective (adult) leadership for a change. I'm hopeful McConnell and Boehner are on the right course. George Will has the best advice: Pass a bill each week.

• **HEALTH** insurance is something everyone should have.

Forty-seven of the 134 correspondents contacted completed this quarter's opinion survey for a response rate of 35 percent. The survey was conducted Nov. 13-14.

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

THE DESTINIES OF THOSE WHO SIGNED

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

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



Emanuel Gottlieb Leutze, oil on canvas, 1851



Thomas Hoepker, photograph, Sept. 11, 2001

Please Join Us

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

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

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



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

INDIANAPOLICY

Review

An Indiana Journal of Classical Liberal Enquiry
Observing its 26th Year