10

Economic Change Blows through the Hoosier State

"There are still plenty of things for us to produce. But mass production with low skills—that's doomed."

— Ball State University economist Patrick Barkey, 2006

Hoosiers in 1945 surely looked back over the previous decade and a half with a sense of relief. The depression and the war were over. But they must have wondered what the future held. Would a war with the Soviet Union soon follow the war with the Axis nations? Would the economic depression return, along with soup lines and patched clothing?

A Booming Economy

No one in 1945 could have imagined that the years from World War II to the end of the 1960s would be the longest period of sustained economic prosperity in American history. Indiana would be at the center of a steep ride up.

During this twenty-five-year period the state's factories of all kinds clanked and purred, producing the goods that fueled growth. Massive quantities of steel shipped out of the Calumet Region to build cars in Kokomo, refrigerators in Evansville, diesel engines in Columbus, and heavy-duty trucks in Fort Wayne. Workers at Conn and Selmer created band instruments in Elkhart, and RCA workers built television sets in Bloomington.

Indiana soil produced record crop yields. With new equipment, chemicals, and techniques, Hoosier farmers planted to the fence rows. As farms grew larger, agriculture moved toward the kinds of mass production methods that characterized manufacturing.

A New Affluence

The economic boom of the post-World War II years meant material prosperity for most Hoosiers. Washing machines, televisions, and two-car garages became part of the middle-class dream. Brightly-lit stores ringed county courthouse squares, offering an array of goods and services that would have awed nineteenth-century pioneers. In larger towns and cities multi-story department stores became cathedrals of consumerism. Shoppers at L. S. Ayres & Company in downtown Indianapolis could find furniture, shoes, typewriters, and mink coats, plus a tearoom where ladies in white gloves could have lunch.

Babies were part of the driving force of the new prosperity. Born in massive numbers between 1946 and 1964, they needed more of everything, from diapers to bigger houses. Plus, more parents were saving

COURTESY OF CHRISTOPHER HUDSON

Hudson Family Farms

Fertilizing corn on Hudson Farms, owned by fourth- and fifth-generation grain farmers near Crawfordsville, Indiana. Farming methods continue to evolve while agriculture remains an important part of Indiana's economy. Modern farms rely on new science and technology to increase their size and yields.

for their children's college educations than ever before. The loud and insistent voices of this boomer generation were the soundtrack of the era. (And boomer voices remain loud as they retire during the first third of the twenty-first century.)

The baby boomers also pushed Indiana toward reform in education. It was not just the need for more classrooms, teachers, and desks; it was the very nature of learning and how schools were organized that moved education toward the top of the Hoosier agenda, where it has stayed well into the twenty-first century.

Globalization and the Winds of Change

Many Hoosiers came to believe that the economy of the mid-twentieth century would last forever. Many believed that there would always be good-paying, lifetime jobs down at the factory. Consequently, many people were unprepared for the changes and challenges that stemmed from an increasingly global economy in the 1970s and after. Globalization was perplexing.

In some ways, though, Indiana had always been part of a global economy. After all, eighteenth-century French traders on the Wabash sent their furs across the Atlantic to European markets, and pioneer farmers shipped their pork down the Ohio River and on to New Orleans and foreign markets. But the late twentieth century brought new and deeper connections to the world economy. T-shirts, toys, and even basketballs manufactured in other parts of the world began to appear in Indiana stores, challenging American-made goods. Indiana jobs moved overseas or south to Mexico.

The most obvious sign of globalization came in the volatile price of gasoline. The oil embargo of 1973–74, when Arab nations banned trade of petroleum with the United States, created long lines at gas stations and highlighted American dependence on Middle Eastern petroleum. This glimpse of the global economy was a subject of endless talk for Hoosiers and a fact many found difficult to digest.

Talk also centered on new competition in the auto industry, first from Germany and then Japan. When, in 1989 the first Japanese-owned auto plant (Subaru–Isuzu) appeared in a cornfield near Lafayette, there was a growing realization that the world was changing.

COLLECTIONS OF THE BARTHOLOMEW COUNTY HISTORICAL SOCIETY

Shopping in Columbus

Driving became a way of life in the mid-twentieth century. Fewer and fewer people walked or used public transpor-tation to finish their errands as seen in this Columbus, Indiana, photo. Outside the strip mall of stores, including Kroger, a camera shop, and a bakery, the parking lot is filled with cars.


WHITKO COMMUNITY DIGITAL IMAGE PROJECT; LOANED BY ELAINE BROWN

Boomer Classroom

The Baby Boom and school consolidation led to full classrooms, such as this first and second grade classroom in a Monroe Township Consolidated School in Kosciusko County, ca. 1959–60.

Chevys and Fords might not always rule the roost.

Increasing factory automation and other productivity gains meant fewer workers were needed. By the late 1980s U. S. Steel's Gary Works was producing more steel with far fewer workers, which Gary's mayor, Thomas Barnes, stated was "'a great success story for the company.'" But, he added, "'It ha[s] been a painful experience for us. The fact is, a business that once employed 21,000 people now employs about 7,500, and that number is probably never going to go any higher.'"

The kinds of high paying, low-skill jobs that were abundant in the 1950s became scarcer by the end of the century. Hoosiers wondered how to prepare for the new economy. What kinds of education and training would qualify a high school student for a good twenty-first century job? Industry had shifted so that a high school dropout had little chance of finding a job in a modern auto factory.

During the era of postwar prosperity there was impressive expansion of the middle class. A rising tide did, indeed, lift most boats. But there were always Hoosiers outside the sphere of affluence, people left behind, who struggled to feed and house their families. As good jobs declined, the middle class shrank as the gap between rich and poor widened.

Such massive changes in the Indiana economy at the turn of the twenty-first century made a very different world from that known by the generation of the Great Depression and World War II. Today's generations face new questions not just in jobs but in education, health care, social welfare, environmental responsibility, and politics.

Subaru Plant

Inside the Subaru of Indiana Automotive plant near Lafayette, cars go through the body shop before moving on to be painted. The Subaru plant is one example of how Indiana fits into a global economy.

10.1

Car Culture and Suburbanization

See the USA, in your Chevrolet;
America is asking you to call.

— *Chevrolet advertisement jingle, 1949*

In the years following World War II, cars drove their way straight to the middle of Hoosiers' lives. Indiana's auto plants roared with life twenty-four hours a day as they struggled to keep up with the postwar demand. With profits soaring for the Big Three (General Motors, Chrysler, and Ford), the United Auto Workers (UAW) union negotiated higher wages, better pension plans, and health care for its members. In Anderson, Marion, and other auto industry towns, jobs were abundant. Workers moved into the middle-class income brackets, enjoying the pleasures of new suburban houses and paid vacations, and for some, luxury items, such as boats, and college educations for their children. Just as car production was fueling Indiana's postwar economy, the product itself was changing the landscape and the way Hoosiers lived.

Road Rage

Roads were all the rage. Hoosiers couldn't get enough of them. Thanks to generous federal subsidies provided by the Interstate Defense Highway Act of 1956, highways spread across the state and through its cities. Indianapolis, already considering itself the Crossroads of America, was blessed with seven interstate highway spokes, eventually joined by one highway, I-465, connecting the spokes like a wheel and surrounding the inner city and its outlying areas. This interstate system expanded the path of the old railway line that had ringed the inner city in the late 1800s.

In Indiana and across America middle-class white families left the older city neighborhoods near early rail lines in favor of new suburbs built close to the new interstates. Their migration, sometimes called "white flight" in reference to its racially specific nature, left downtowns blighted and practically empty. Urban neighborhoods grew increasingly poor with a greater percentage of minority groups living in them.

With suburban expansion and increased highway mileage, public transportation declined—even in larger cities such as Indianapolis, where the last electric streetcar on rails stopped running in 1953. New construction was auto-centric. Hoosiers could conduct their business and pursue their pleasures from behind the wheel. Columbus attracted famed architect Harry Weese to design a bank in which the drive-up window was "the key element"—everything else stemmed from it. Among the first of the state's many malls, Glendale in Indianapolis opened for business in 1958. Others soon followed, their acres of parking lots pulling shoppers from former retail districts and faraway Main Streets. Drive-in hamburger stands and movie theaters, strip malls, and gas stations popped up in the ample spaces opened for development by new roads to suburbia. Many Hoosiers took to the roads for their vacations in recreational vehicles (RVs), most of which were made in Elkhart, an older industrial city that acquired new fame as the "RV Capital of the World."

Baby Boomers Take the Wheel

For a state that benefited directly from increasing automobile use, Indiana's future seemed bright. The Baby Boomers—a generation of children born between 1946 and 1964—came of age alongside a new generation of powerful wheels such as Mustangs and GTOs with V-8 engines that propelled their passengers down suburban streets and around town squares. Hot cars were coveted items for teenage baby boomers.

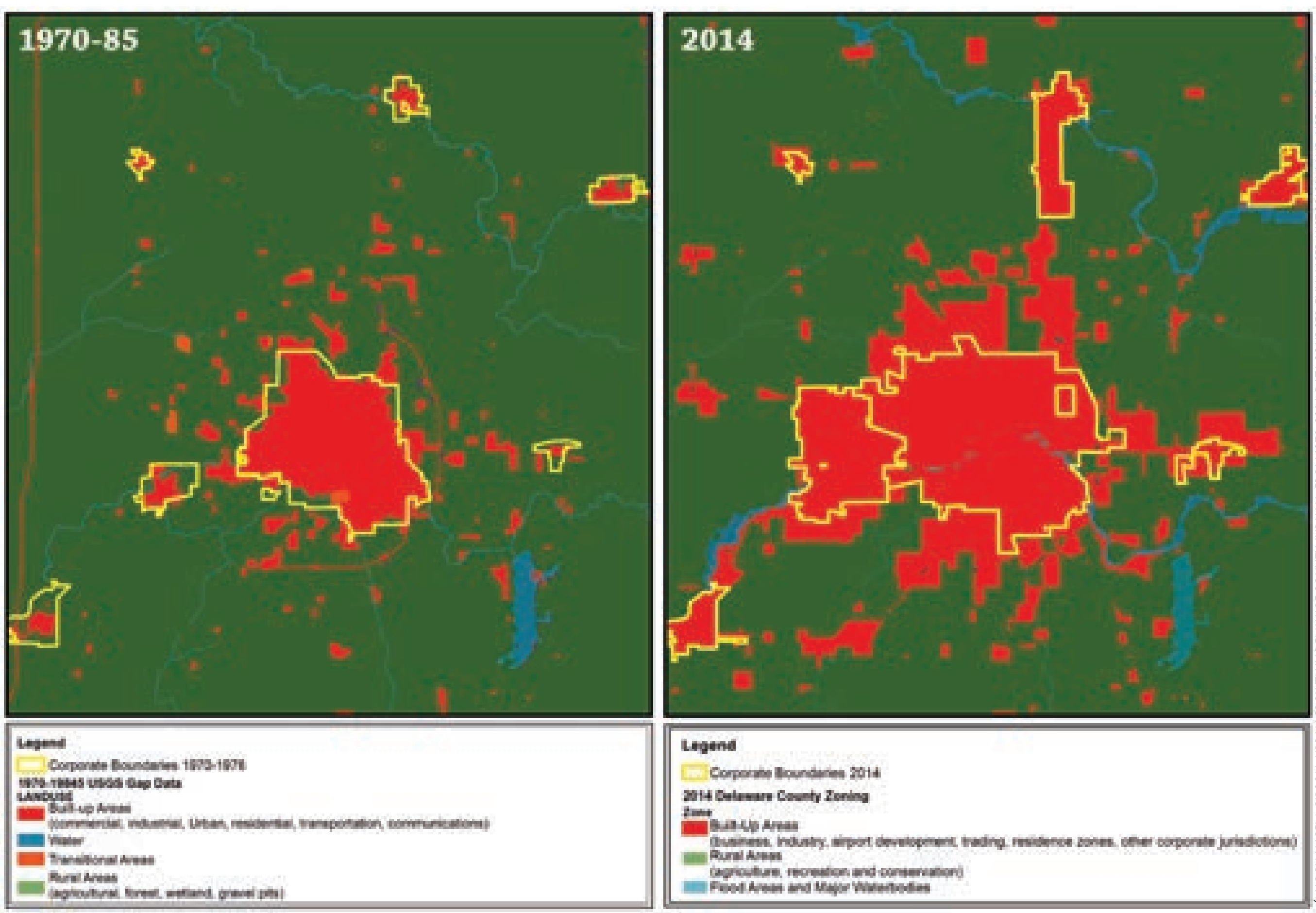
Cruising became a common activity for teens who had no particular place to go but wanted to be out in a car with other teens. But, while cruising was enjoyable, making a beeline to a special destination was better. Like the 1920s generation, young people drove to the places where they could have the most fun and hear popular music. On September 3, 1964, for example, thousands of young Hoosiers converged on the Indiana State Fairgrounds to hear one of the decade's most popular groups, The Beatles. Just getting there was

PHOTO BY MICHAEL MATTINGLY, SUBARU OF INDIANA AUTOMOTIVE, INC.

tricky as fair officials barricaded streets, re-routed traffic, and called in emergency and security personnel to handle the crush.

On a more ordinary Friday or Saturday night, teens might head to a favorite drive-in restaurant to grab a burger and meet friends. A. R. McComb's Wigwam Drive-in, built next to the State Fairgrounds in 1932, rebuilt and renamed the Tee Pee in 1939, became a beloved Indiana landmark until its demolition in 1988. A&W Drive-ins offered a kiddy mug—manufactured by the Indiana Glass Company in Dunkirk, Indiana—for the siblings in the back seat. Drive-ins declined in the 1970s as fast food chains (including Indiana-based Burger Chef, a long-time rival of McDonald's and Burger King) offered quicker, cheaper food in a paper bag from a drive-up window. Today, drive-ins are quaint relics and few remain.

Only later, as they approached middle age, would members of the Baby Boom generation question the auto-dependent world that their parents had built and they had bought into. Constant road construction brought with it increased traffic congestion and air pollution. Interstate highways cut through older urban neighborhoods, cutting off downtowns from intercity residential areas and creating eyesores such as the mass of interstate interchanges known as the "spaghetti bowl" in downtown Indianapolis. Farms and private land were sliced and diced to make way for new



(MAP BY ANGELA GIBSON, *URBAN GROWTH IN DELAWARE COUNTY, INDIANA, FROM 1970–2014*. DATA SOURCES: ENHANCED HISTORICAL LAND-USE AND LAND-COVER, UNITED STATES GEOLOGICAL SURVEY, 2005 [COMPUTER FILE]; DELAWARE COUNTY, INDIANA, CORPORATE LIMITS AND ZONING; DELAWARE COUNTY, INDIANA, OFFICE OF GIS, 2014 [COMPUTER FILES]; DELAWARE COUNTY CORPORATE BOUNDARY MAPS, BALL STATE UNIVERSITY LIBRARIES' GIS RESEARCH AND MAP COLLECTION, 1970–76 [MAPS]. SOFTWARE USED: ARCGIS DESKTOP [GIS SOFTWARE], VERSION 10.2, REDLANDS, CA: ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE)

Urban and Suburban Growth in Muncie, Delaware County, 1970–2014

Between 1970 and 2014, Muncie grew in size as residents moved away from the town center, fueling the creation of suburbs. This map shows Muncie's outward expansion. This suburbanization movement is found to an even greater extent around other Indiana cities such as Fort Wayne and Indianapolis. Movement to the suburbs developed along with interstate highways and strip malls.

BASS PHOTO COMPANY COLLECTION, INDIANA HISTORICAL SOCIETY

Tee Pee Drive-in Restaurant

A popular hangout for teenagers, the Tee Pee Drive-in in Indianapolis served up hamburgers, French fries, and shakes. Servers brought the food directly to the car, where people could sit and eat as this 1957 photograph shows.

interstate paths, including the controversial extension of I-69 from Indianapolis south to Evansville. Downtowns, courthouse squares, and eventually some older shopping centers died slow deaths as customers clogged the big discount department stores and fast food chains that continued to cluster near interstate ramps. The suburbs of Marion, Lake, Hamilton, Allen, Vanderburgh, and other populous counties could offer safe streets, good schools, and green lawns, but they could also be sprawling, traffic-clogged enclaves of blandness and boredom. On a Sunday afternoon in the twenty-first century, nostalgic Boomers sometimes hop in their cars and head for the city centers—now often rejuvenated with preserved architecture and new cultural and retail opportunities.

James Dean—Hoosier Car Lover, Cultural Icon

"Jimmy wanted speed. He wanted his body to hurtle across over the ground, the faster the better. Jimmy was a straightaway driver. His track was the shortest distance between here and there."

— Ken Miles, auto mechanic who raced with James Dean

In the flat fields that flank Interstate 69 between Muncie and Fort Wayne, billboards announce that "You are Now Entering James Dean Country." The signs typically feature the image of the handsome young Hoosier that everyone recognizes, even though he's been dead for almost sixty years.

Dean was a typical Hoosier teen who was fascinated by speed and anything with a powerful engine. Growing up on a farm just outside the small town of

DAVID C. BARKSDALE COLLECTION

New Albany Storefront Before and After

Suburbanization and a changing economy led to the deterioration of many inner cities and main streets. However, in recent years growing historic preservation and revitalization efforts have created new life in old places. In New Albany in 2009, the River City Winery opened in the newly restored Baer's Bazaar building, which dates from 1900. The restoration helped spark other preservation projects in this Indiana river town.

Fairmount, he played basketball and rode his motorcycle—fast. When people complained about his reckless driving, Dean once said, "I've got to go places in a hurry. There just isn't time."

Professionally, Dean did go places in a hurry. After graduating from Fairmount High School in 1949, he went to Los Angeles, where he briefly attended college before dropping out to pursue acting full time. At warp speed, Dean attained superstardom, though he didn't live to know it.

"Terminal God"

"James Dean was Hollywood's Terminal God," wrote Dean biographer David Dalton many years later. "He arrived at a time when the movie industry desperately needed a new star." Dean starred in just three movies, but they ensured his admission to the Hollywood Pantheon: *East of Eden* (1955), *Rebel without a Cause* (1955), and *Giant* (1956). *Rebel*, with its climactic scene involving a fatal car crash, became the emblematic film of the young generation.

Off-screen, Dean, who had once dreamed of racing in the Indianapolis 500, did some racing in Hollywood. While shooting *Giant*, he purchased a silver Porsche 550 Spyder, a seductive car on the European and American racetracks. On September 30, 1955, before the release of his second and third films, he was driving the Porsche across flat southern California farmland not unlike the countryside around Fairmount. A college student, oblivious of the low silver sports car flying toward him, turned into Dean's path. Hollywood's newest star was dead at the age of twenty-four. In Indiana, the reaction to Dean's death was low-key as this headline attests, "Fairmount Man Dies in Traffic Accident in West."

COLLECTIONS OF THE JAMES DEAN GALLERY

James Dean

Like many Hoosiers, actor James Dean loved to drive. He is pictured here on September 30, 1955, with his new Porsche Spyder prior to the drive that ultimately took his life.

10.2

Educating Hoosiers: The Evolution of Indiana Public Schools

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

— 1851 Indiana Constitution, Article VIII, Section 1

No area of state government responsibility has changed more significantly than education. Indiana's 1816 constitution declared high-minded intentions regarding public education but lacked the power to deliver. Laws giving life to these intentions evolved only gradually. Circumstances for the pioneers and their children required them to clear land, work farms, and build roads; they never implemented a progressive system as outlined in the constitution.

Indiana's 1851 Constitution reiterated the commitment to provide a free and equal system of public education, but throughout the nineteenth century education was primarily a local responsibility over which the state had little control. Town and/or township governments ran public schools. A group of teachers and citizens founded the Indiana State Teachers Association (ISTA) on Christmas Day 1854 out of concern for the state of education in Indiana, which had fewer children attending school than any other non-slaveholding state. The state subsequently mandated some changes, such as the compulsory school law of 1897, but city and township governments still paid the bills, hired the teachers, and set the agendas.

The School Reorganization Act

By the late 1950s disparity, or gaps, in the quality of education between urban and rural schools was more apparent; city schools offered wider curricula, better educated teachers, modern school buildings, and extracurricular activities such as band, theater, and sports teams. In 1959, after decades of debate, the general assembly passed one of the most significant pieces of legislation in twentieth-century Indiana: the School Corporation Reorganization Act—generally known as the school consolidation bill.

The 1959 law consolidated, or combined, small township schools into large consolidated schools. By 1968 the number of school corporations had dropped from 939 to 382, and more than 90 percent of Indiana students attended school in consolidated districts run by professional administrators. Greater efficiency and more uniform standards often lessened identification

ALLEN COUNTY PUBLIC LIBRARY'S COMMUNITY ALBUM, FORT WAYNE, INDIANA

Old Rural Schoolhouse

As township schools consolidated and larger regional schools took their place, the old school buildings got left behind. Rural schools, such as Oak Grove in Noble County, built in 1898 and photographed in 1973 surrounded by a corn field, remained a part of the landscape as a reminder of a very different era of schooling.


PHOTO BY STEPHANIE M. BAER, AURORA, INDIANA

A Consolidated Indiana High School

South Dearborn High School in Aurora, Indiana, opened its doors in fall 1978. One of many new consolidated schools in the state, South Dearborn combined the populations of three township schools.

with a school, which lessened community pride. Old basketball trophies seemed out of place in a glass case in a new consolidated school known as “North Central” or “Eastern.”

The State Steps In

As state control over schools increased so did state financing. During the Great Depression, a state gross income tax accounted for 30 percent of the revenue for schools, with the rest coming from local taxes. The state provided about one-third of the school funds until 1973 when a property tax freeze reversed the proportions. By the early twenty-first century, the state was providing three-fourths of education funding.

Recent governors have put education at the top of their list of priorities. During the 1980s Governor Robert Orr pushed hard for his A+ education package, which included increasing the school year from 175 to 180 days and implementing Indiana Statewide Testing for Educational Progress (ISTEP). Governor Frank O’Bannon put all-day kindergarten at the top of his agenda, although the legislature did not pass a law supporting all-day kindergarten until spring 2012 during Mitch Daniels’s administration. Governor Daniels also pressed to offer parents and children more choices by championing charter schools and school vouchers.

By the early twenty-first century, Indiana had created one of the nation’s more equitable school-spending systems, with less disparity between richer and poorer school districts than most states. Critics continued to argue, however, that the state did not spend as much on education as it should or could since it spent less than the national average on public education except in the area of higher education. Achievement gaps still remained, with students in wealthier communities scoring higher on standardized tests than students in inner-city schools or in many rural communities.

Well-schooled?

“Faith in education has been a dominant feature of our society since the beginning of the republic — a faith so strong that through private philanthropy and public taxation a school system has been built unparalleled elsewhere in the world.”

— Herman B Wells, president of Indiana University, December 1, 1938

After World War II, state leaders focused simultaneously on K–12 education and higher education. Many of Indiana’s private colleges continued to thrive, and the state universities grew rapidly. Indiana University under the leadership of Herman B Wells and Purdue University under Frederick L. Hovde established themselves nationally and internationally as outstanding institutions. The state universities created regional campuses and attracted adult learners around the state.

On the other hand, Indiana was slow in creating community colleges, in part because state universities resisted competition. Also, many Hoosiers believed adult education was not necessary; some believed there would always be well-paying assembly line jobs. There was also the general fear of added taxpayer expense for community colleges.

In 1963 Indiana took a step toward broader adult educational opportunities with the creation of Indiana Vocational Technical College, known as Ivy Tech or Ivy Tech Community College. As the economy changed, Ivy Tech expanded rapidly, with campuses sprouting up across the state. Confronted with fewer job opportunities in traditional manufacturing and in the auto industry, Hoosiers recognized the need for more training and education in the areas of higher-skilled manufacturing and technology, health care, service industries, and other developing fields of employment.

Educating for the Future

The burden of Indiana's educational future rests, therefore, it would seem, upon this fact: The schools can only be improved through the elevation of teachers as a body.

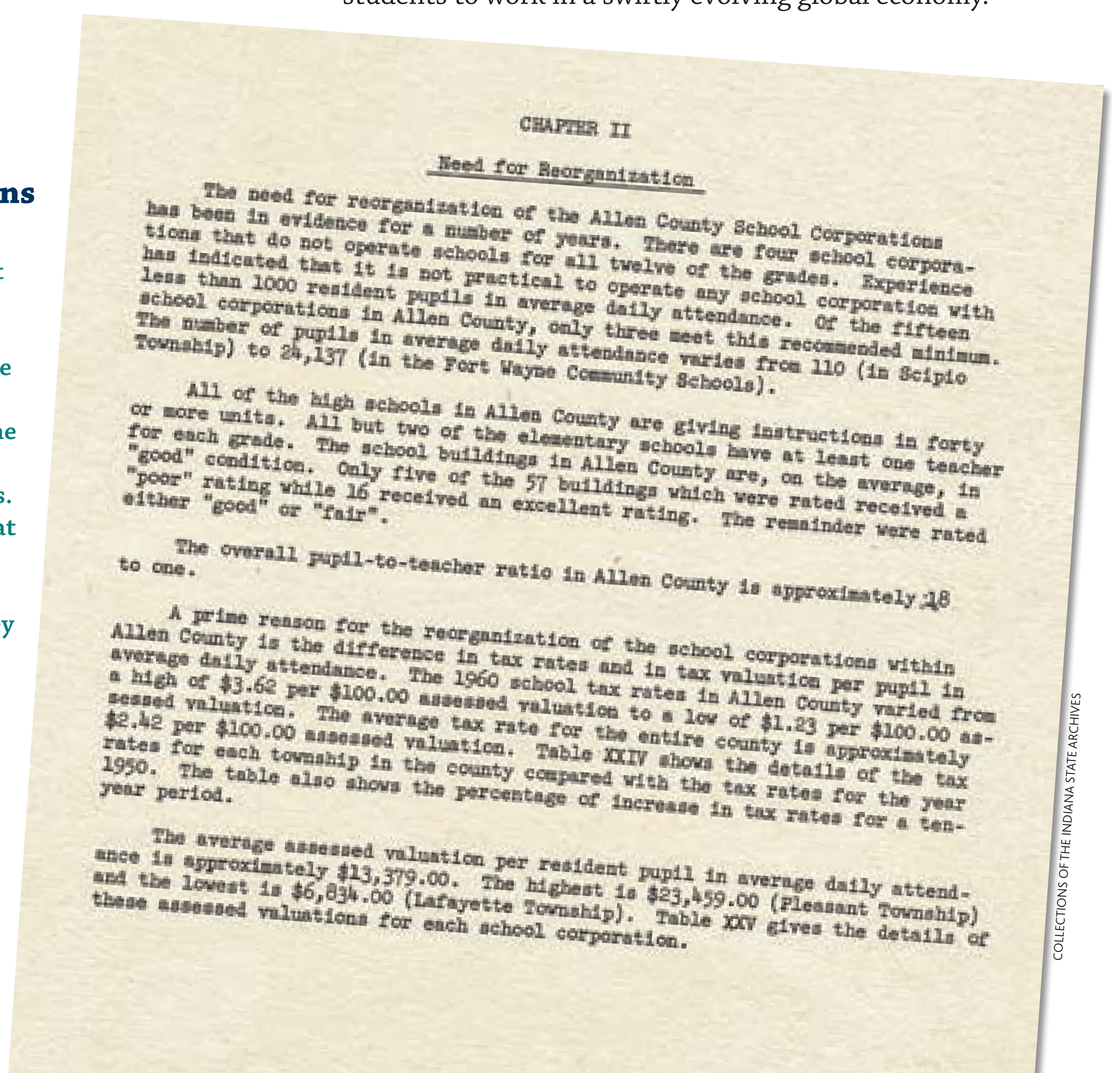
— *Indiana University professor of pedagogy Richard G. Boone,* Indiana School Journal, *1887*

Teachers have always been central to Indiana's educational system. As in any field, some teachers were better than others—some earned immense respect and long-lasting gratitude from former students while others were only minimally educated themselves. In 1854 ISTA pushed for better pay, better working conditions, and job security. More than one hundred years later, in 1973, Governor Otis R. Bowen signed into law a bill that allowed teachers to bargain collectively rather than as individuals with their respective school boards for their salaries, wages, hours, and benefits. This put more power than ever before into ISTA's hands.

Government leaders and educators continued to face the question of how to better prepare Hoosier students to work in a swiftly evolving global economy.

Comprehensive Plan for School Corporations in Allen County

This plan from 1962 spells out why Allen County needed to consolidate its schools. Allen County schools had been in the process of consolidating throughout the 1950s, but nine townships still operated their own schools in the early 1960s. Planners wanted to ensure that disparities between schools lessened and that resources were effectively allocated. They planned for school corporations to have a minimum of one thousand students for greater efficiency and to reorganize corporations so that the assessed tax valuation per student would be more equal.



CHAPTER II

Need for Reorganization

The need for reorganization of the Allen County School Corporations has been in evidence for a number of years. There are four school corporations that do not operate schools for all twelve of the grades. Experience has indicated that it is not practical to operate any school corporation with less than 1000 resident pupils in average daily attendance. Of the fifteen school corporations in Allen County, only three meet this recommended minimum. The number of pupils in average daily attendance varies from 110 (in Scipio Township) to 24,137 (in the Fort Wayne Community Schools).

All of the high schools in Allen County are giving instructions in forty or more units. All but two of the elementary schools have at least one teacher for each grade. The school buildings in Allen County are, on the average, in "good" condition. Only five of the 57 buildings which were rated received a "poor" rating while 16 received an excellent rating. The remainder were rated either "good" or "fair".

The overall pupil-to-teacher ratio in Allen County is approximately 18 to one.

A prime reason for the reorganization of the school corporations within Allen County is the difference in tax rates and in tax valuation per pupil in average daily attendance. The 1960 school tax rates in Allen County varied from a high of $3.62 per $100.00 assessed valuation to a low of $1.23 per $100.00 assessed valuation. The average tax rate for the entire county is approximately $2.42 per $100.00 assessed valuation. Table XXIV shows the details of the tax rates for each township in the county compared with the tax rates for the year 1950. The table also shows the percentage of increase in tax rates for a ten-year period.

The average assessed valuation per resident pupil in average daily attendance is approximately $13,379.00. The highest is $23,459.00 (Pleasant Township) and the lowest is $6,834.00 (Lafayette Township). Table XXV gives the details of these assessed valuations for each school corporation.

COLLECTIONS OF THE INDIANA STATE ARCHIVES

Ivy Tech Community College

Students learn in a science class at one of Ivy Tech's thirty-one campuses across Indiana. Ivy Tech provides postsecondary education to students with programs that offer academic, professional, and technical training.

During the late twentieth century, schools enhanced curricula with interactive media. Limited funds and rapidly-changing technologies made the "digital divide"—students who had access to new technology and those who did not—an ongoing challenge. State initiatives such as Indiana's 21st Century Scholars Program encourage at-risk students to stay in school and apply themselves. Launched in 1990, the program prepares low-income Hoosiers for college and grants students who take the Scholar Pledge a scholarship to help pay for their college education. In addition, state universities and colleges partner with high schools to offer programs for high school students that introduce them to higher education and enhanced future possibilities for their lives.

10.3

Farming Advances and Adaptations

Nothing is more erroneous than to think of agriculture as a declining industry. American agriculture is an expanding industry in every important respect except one—the number of people required to run our farms.

— Earl L. Butz, Dean of Agriculture, Purdue University, 1962

After 1945 Hoosier farmers had to change how they farmed or fail. Even with their fortuitous location in the great American corn belt, the modern economy demanded more than ever before. Purdue University was at the forefront of agricultural research and helped Indiana farmers make the transition.

Many farmers sold their land and took factory jobs in the cities. Those who stayed—and succeeded—bought as much acreage as they could afford. Farms, like factories, were moving toward mass production and high-volume output as they connected to processors and retailers in a complex and massive food supply chain. New agricultural technology was in large part responsible for the transformation of small farms giving way to large farms. Tractors had replaced horses completely by the 1950s. Harvesting the corn also became mechanized with farmers using corn pickers and self-propelled combines that shucked the corn, instead of spending long hours completing the task by hand. In the 1930s scientists came up with hybrid corn seed that increased yields and quality. There were also advances in commercial fertilizers, herbicides, and insecticides.

What farmers grew was also changing in the middle of the twentieth century. Whereas farmers once produced a variety of crops and livestock, they began to move toward growing only one or two crops; most often those crops were corn and soybeans. Over the last century, Indiana has generally ranked as one of the top five corn and soybean producers in the United States.

By the late twentieth century, a rural "businessman" running a farm thought and acted much like his city cousin. Using large amounts of capital, wealth in the form of money and assets, as well as science, and technology, the Hoosier farm increasingly assumed the characteristics of any other business.

Farm consolidation

As the number of Indiana farms decreased, their individual size tended to grow. Instead of thousands of farms of one hundred acres or so, there were fewer farms with more than double the acreage and many with more than one thousand acres. In 1962 Earl L. Butz, Dean of Agriculture at Purdue who would serve as Secretary of Agriculture under Presidents Richard Nixon and Gerald Ford, refuted claims that fewer farms indicated agriculture was a declining industry. Butz reported that of the 68 million people employed in America at the time, about 26 million worked in some facet of agriculture. Even though there was a smaller share of the population directly involved in farming, the agricultural industries of processing and distribution employed millions of workers. Whereas in the mid-nineteenth century a farm worker could provide food and clothing for himself and three others, his 1960s counterpart fed and clothed himself and twenty-seven others.

The consolidation trend also applied to livestock farming. The majority of livestock, such as hogs, cattle, and chickens, were now being raised by large-scale, industrial facilities that produced for a few large corporations instead of on small family farms. Hoosier farmers also began to shift toward industrial production practices for eggs, milk, and other dairy products. By the twenty-first century places such as Midwest Poultry Services, in North Manchester, Indiana, kept six million laying hens; Fair Oaks Farms, near Merrillville, housed thirty thousand milking cows; and Leesburg's Maple Leaf Farms raised almost half of the ducks in the United States. Wooden barns, chicken coops, and pig pens were rapidly becoming quaint artifacts of an earlier time and of little use to modern Hoosier farmers.

Agribusiness, Science, and Technology

"We have a population that's headed toward nine billion by 2050, depending on which number and year you look at. The ability to feed all those people is going to become more and more of a challenge."

— *Susanne Wasson, Dow AgroSciences executive, 2012*

Science and technology played a major role in agricultural development in the late twentieth century. Universities used state and federal government grants to develop and disseminate new discoveries and methods. Indiana agribusiness companies, such as Dow AgroSciences, Elanco, and Beck's Hybrids, researched animal and grain production in laboratories and in the fields. Farmers became businessmen using computers and connecting their machinery to global positioning satellites. They learned to watch harvest numbers all over the world, from Asia to South America. Consequently, farmers became aware of the global economy before most Hoosiers.

The new technologies generally increased the state's agricultural production. Food was more plentiful and cheaper than ever before. However, by the early twenty-first century, there was growing concern about some methods of food production. Critics were skeptical of biotechnology, genetically-modified seeds, chemical fertilizers, and pesticides. Some were alarmed by reports of contamination and animal cruelty in meat producing industries. A general anxiety began to grow about the harmfulness of food additives and ingredients such as corn syrup in soft drinks and in many other foods. Some felt there must be a better way.

Organic Backlash—Back to Basics

"I swear when you talk to farmers today, you see a lot of the same passions my granddad would have seen. . . . They're people who believe in taking care of the earth and their neighbors."

— *Dr. Jay Akridge, dean of the College of Agriculture, Purdue University, 2012*

During the early twenty-first century, some American farmers began embracing more sustainable agriculture, using earlier farming practices such as crop rotation and fertilizing with manure. Adding to the push back against the dominance of corporate agribusinesses, some consumers began to prefer organic and locally-grown foods. In Indiana, to meet the growing demand, Hoosier small-farm entrepreneurs started producing a broad range of local and organic foods, including maple sugar, wine grapes, popcorn, honey, goat cheeses, mint, and bison meat. By the second decade of the twenty-first century, hundreds of local food producers dotted every part of Indiana. Open

Maple Leaf Farms

Maple Leaf Farms, a family-owned company based in Leesburg, Indiana, leads North America in duck production. Like many modern poultry companies, it works with a number of independent family farms to grow and care for its ducks. Its business has expanded and become more efficient over the years due to strategic business choices and new technologies.

COURTESY OF MAPLE LEAF FARMS, INC.

air farmers markets became popular venues for local producers of fruits, vegetables, flowers, meats, and eggs. Organic dairy producers include Traders Point Creamery, northwest of Indianapolis; Gunthorp Farms in LaGrange, which sells pasture-fed pork and poultry to some of the nation's finest restaurants; and Fischer Farms, which raises high quality beef on an all-vegetarian diet outside of Jasper.

Working alongside local food producers are Hoosier restaurateurs who are committed to preparing and serving locally grown and raised food in traditional and healthy ways. Such restaurants are part of a broader trend in growing and eating habits across the United States called the Slow Food Movement. For example, Chef Daniel Orr, who has cooked in fine Manhattan and Caribbean restaurants, returned to his Hoosier roots and opened FARMbloomington, a restaurant that serves food made from local ingredients in season. Orr states, "'When I think of Midwestern food, I think of my grandmother's kitchen—country cooking of the early 1900s. I go back and I look at some of those old cookbooks . . . and see what people were doing then and kind of add my own twist.'" The efforts of chefs such as Orr and other Slow Food restaurant owners are rewarded by Americans, who are generally more aware of what they eat because of the foodie phenomenon inspired by TV cooking shows and celebrity chefs.

COURTESY OF PURDUE UNIVERSITY LIBRARIES, KARNES ARCHIVES AND SPECIAL COLLECTIONS

Farmers Planting Hybrid Corn

Men pour a bag of hybrid corn seeds into a planter in this photo from Purdue University. Hoosier Jim Holbert was a leader in developing hybrid corn seed, which is bred to be disease resistant and to produce higher yields.

Indiana's Local and Global Food Economies

Since Native Americans and the first European settlers established roots in Indiana's fertile soil the state has had a farming tradition. With some of the top chefs in the country wanting products labeled "Made in Indiana," Hoosier agriculture has experienced a renaissance that includes the grassroots food producers as well as Indiana-based corporate brands with a global reach. The coexistence of the local and global in the state's food scene has been a win-win for both. Large purveyors are exploring new avenues of sustainability, while grassroots producers are finding new ways to expand their markets.

Chef Daniel Orr

Chef Daniel Orr operates FARMbloomington restaurant in Bloomington, Indiana, where he incorporates local and seasonal meat and produce into his dishes. Regarding ingredients Orr comments, "Being a great chef is 90 percent being a good shopper and 10 percent not messing up what you bought."

PHOTOS BY KRISTIN HESS; COURTESY OF INDIANA HUMANITIES, FROM DAVID HOPPE AND KRISTIN HESS, *FOOD FOR THOUGHT: AN INDIANA HARVEST* (2012)

Jeff Hawkins, Sustainable Farmer

Jeff Hawkins, a pastor and farmer on Hawkins Family Farm in North Manchester, Indiana, is especially interested in the concept of health in agriculture and religion. Hawkins believes sustainability comes from having a polyculture on his farm, meaning there are multiple animals and crops that support one another.

10.4

RCA: A Tale of "Creative Destruction"

"A lot of people have built their dreams and their houses and their families working for that company."
— Bill Breeden, trucker for RCA, 1997

Boom Times in Bloomington

In February 1940 the people of Bloomington received great news: the Radio Corporation of America (RCA) had purchased one of the old factory buildings belonging to the Showers Brothers Furniture Company and was bringing hundreds of good-paying jobs to town. The *Bloomington Evening World* called it "one of the greatest forward advances in the history of the city." Bloomington's gain was a loss for Camden, New Jersey, since the company would largely abandon its East Coast operation. RCA's move was a classic example of what economists and business leaders call "creative destruction"—the movement of capital (wealth in the form of money and assets) to locations that produce greater profit. It provides us with a good model of the changing face of industry in many Indiana towns and cities during the decades that followed World War II.

Since the Great Depression, rural southern Indiana counties such as Monroe, where Bloomington is located, had been desperate for jobs. Monroe County's main industries, furniture making and limestone production, had been hit hard by the depression and had never fully recovered. Unlike Camden workers, the Bloomington workforce was mostly not unionized and was willing to work for lower wages. Bloomington also had a large population of what RCA deemed "high-class feminine labor"—young women with high school educations. RCA hired many workers from this pool, paying its new women employees between 17.5 and 19.5 cents per hour, or $7.00 to $7.80 for a 40-hour work week, which was the highest pay rate for women workers in the county. Most of the women worked on assembly lines doing tedious jobs, such as crimping and soldering wires for radios, which required great manual dexterity.

By 1942 RCA employed 1,200 workers in Bloomington. Bursting with pride over the city's newfound prosperity, local government officials altered their stationery to read: "'Bloomington, in the Heart of the Famous Oolitic Stone Belt, is the Home of Indiana University, the world's Largest Furniture Factory and RCA Manufacturing Company.'"

Television Arrives

"A new art and a new industry, which eventually will provide entertainment and information for millions and new employment for large numbers of men and women, are here."

— RCA founder David Sarnoff at the 1939 World's Fair

RCA had conducted television research since the 1930s. World War II delayed the company's ability to get its new product into the marketplace, but America's post-war prosperity meant millions of potential customers for the device. In September 1949 the first televisions rolled off the assembly line in Bloomington. Color followed black and white and soon billboards on the outskirts of town proclaimed that travelers were entering the "'Color Television Capital of the World.'"

By 1960, RCA had relocated even its non-manufacturing divisions as well as its administration and marketing headquarters from Camden to Indianapolis. A year later the company employed more than 12,000 Hoosiers, having opened plants in Marion and Monticello.

Hoosier Workers Want More

"There was full employment, people didn't value a job. You'd have . . . songs like 'Take Your Job and Stick It [Take This Job and Shove it].'"

— *Ed Riedweg, Bloomington RCA plant manager, 1994*

While the first generation of RCA workers in Bloomington willingly worked for low wages, subsequent waves of workers demanded more. As in Camden, Hoosier RCA workers compiled a list of complaints. In 1950 workers staged a brief strike for wage increases, vacation and holiday pay, as well as for the right to choose their own insurance company. It was settled quickly, but the seeds of discontent and dissent were germinating. During the 1960s workers were unhappy with a variety of issues ranging from the speed of assembly lines to unequal pay scales for men and women.

Strikes became more frequent in the mid-1960s. RCA's threats to relocate had little impact on workers who had grown accustomed to plentiful jobs. Then, in 1968, the company announced the layoffs of more than 2,000 workers. It would be the first of many downsizings. Following the layoff, RCA management began to move lower-skilled production jobs from Bloomington to Ciudad Juarez, Mexico, where they found an abundance of non-union workers willing to work for lower pay. Creative destruction, which had helped bring jobs to Indiana, was beginning to take them away.

COLLECTIONS OF THE INDIANA STATE MUSEUM AND HISTORIC SITES

RCA Color TV

It may not have a large screen or high definition, but this RCA CT-100 console television was state-of-the-art in 1954! These televisions, RCA's first color televisions on the market, were manufactured in Bloomington, Indiana.

RCA Assembly Line

In this photograph, assembly line workers manufacture television sets at the RCA Victor Television Factory in Bloomington during the 1950s. The first color television set was produced here in 1954.

GIFT OF THOMSON, INC., INDIANA HISTORICAL SOCIETY

The Long Good-Bye

"The uncertainty of the future and the uncertainty of whether RCA will even keep producing in Bloomington or not has changed the worker from a secure, proud person to an uncertain, unruly, stubborn [one]."

— *Bloomington RCA worker, 1994*

Between April 1975 and July 1982, RCA eliminated 3,500 more positions in Bloomington. One Bloomington worker commented that rather than laying everybody off at once, "they just sort of snuck it out one line at a time." Historian Jefferson Cowie, whose work has highlighted the RCA story, points out that Bloomington workers were more fortunate than many other electronics workers in the nation because the company continued production in the United States longer than many of its competitors.

In 1994, even as RCA was downsizing its Hoosier workforce, the company purchased the naming rights to the Hoosier Dome in Indianapolis for $10 million. The ten-year-old, nearly 58,000-seat stadium was the home of the Indianapolis Colts football team. In February 1997, RCA announced that the Bloomington plant would close permanently the following year. Eleven hundred workers in the town, along with an additional 420 in Indianapolis, would lose their jobs. Despite the shocking news, employees showed up for work the next day, a Friday, and surpassed their daily production quota. Nelda Stuppy, a thirty-one-year RCA veteran, stated that they were "from the old school," explaining, "We're paid for a day's work and that's what we've always done. We all went in, started doing our jobs and did it well." On their last day in April 1998, Bloomington workers, with classic Hoosier stoicism, exited the plant singing, "Auld Lang Syne" and "Happy Trails to You."

Jesse Jackson in Job March

Anderson, Indiana, suffered extremely high unemployment in the 1980s due to layoffs in the auto industry. Thousands of residents and community leaders joined prominent national activist Reverend Jesse Jackson, second from left, in the "March for Jobs, Justice, and Peace" in 1983 to protest government inaction on unemployment.

INDIANAPOLIS RECORDER COLLECTION, INDIANA HISTORICAL SOCIETY

RCA Dome Implosion

The RCA Dome disappeared from Indianapolis under a cloud of debris on the morning of December 20, 2008. One of the last traces of RCA in Indiana, it was demolished after construction of Lucas Oil Stadium, which can be seen in the background.

ROBERT SCHEER, COLLECTIONS OF THE *INDIANAPOLIS STAR*

Going Out with a Bang

The final shutdown of RCA in Indiana was part of a widespread trend of moving factories abroad. In the late twentieth and early twenty-first centuries, other electronics companies, including General Electric and Westinghouse, opted to pull up stakes in Indiana and head for the border or across the sea. Heavy industries, such as Kokomo's Continental Steel or Muncie's Borg-Warner, an auto parts manufacturing plant, were similarly affected by the rise of global competition and new technologies. In most places, the well-paying, steady jobs that were lost were not replaced. Some workers opted for early retirements or buyouts but many employees decided to go back to school in order to acquire new skills. Others found work at some of the new foreign-owned auto plants that sprang up in Lafayette, Greensburg, and Princeton—Subaru, Honda, and Toyota, respectively—while many tried to make ends meet by working several low-paying jobs. Today, empty factories dot Indiana and similar midwestern states, standing as painful reminders of a prosperous era that was creatively destroyed.

Indianapolis's RCA Dome—that symbol of downtown's revival and of RCA's commitment to its Indiana base—was imploded by a Baltimore-based company called Controlled Demolition at 9:35 a.m. on December 20, 2008. *USA Today* reported, "It took about 20 seconds and 875 explosive devices to reduce a landmark of the Indianapolis skyline to a broken pile of rubble." Not obliterated in the demolition was the $75 million debt still owed by the City of Indianapolis for the dome's construction in 1984. Hoosiers were now left to find new and sustainable ways of bringing good jobs and reliable business partners back to a state that had, for more than a century, invested heavily in its industrial future.

Selected Bibliography

1851 constitution, http://www.in.gov/history/2473.htm.

21st Century Scholars Indiana, http://www.in.gov/21stcenturyscholars/2524.htm.

"A Brief History of U.S. Unemployment." Business, *Washington Post*, http://www.washingtonpost.com/wp-srv/special/business/us-unemployment-rate-history/.

Bodenhamer, David J., and Robert G. Barrows. *The Encyclopedia of Indianapolis*. Bloomington: Indiana University Press, 1994.

Boone. R[ichard] G. "Indiana Teachers' Reading Circle." *Indiana School Journal* 32 (May 1887): 270–78. Available on Google Books.

Butz, Earl L. "Agriculture—An Industry in Evolution." In *Indiana: A Self Appraisal,* edited by Donald F. Carmony. Bloomington: Indiana University Press, 1966, 55–64.

———. "'Don't Downgrade Agriculture': Portion of Talk by Dr. Earl Butz, Dean of Agriculture, Purdue University, Taken from *Arizona Cattlelog*." University of Arizona, http://arizona.openrepository.com/arizona/bitstream/10150/299169/1/pa-14-02-16.pdf.

Capshew, James H. *Herman B Wells: The Promise of the American University*. Bloomington: Indiana University Press; Indianapolis: Indiana Historical Society Press, 2012.

Carnevale, Anthony P., and Nicole Smith. "The Midwest Challenge: Matching Jobs with Education in the Post-Recession Economy." Lake Superior State University, https://www.lssu.edu/ir/documents/midwest-challenge.pdf.

"City Still Owes $75 Million on Soon-to-Be Demolished RCA Dome." *South Bend Tribune*, October 29, 2006, http://articles.southbendtribune.com/2006-10-29/news/26976513_1_rca-dome-lucas-oil-stadium-debt.

"Corporate Tax Rate History." Indiana Department of Revenue, IN.gov, http://www.in.gov/dor/3470.htm.

Cowie, Jefferson. *Capital Moves: RCA's 70-Year Quest for Cheap Labor*. Ithaca and London: Cornell University Press, 1999.

Gehring, Wes D. *James Dean: Rebel with a Cause*. Indianapolis: Indiana Historical Society Press, 2005.

———. "The Last Ride: The Death of James Dean." *Traces of Indiana and Midwestern History* 17 no. 2 (Spring 2005): 36–47.

Hadley, David J. "Indiana: Interest Groups in a Changing Party Environment." In *Interest Group Politics in the Midwestern States,* edited by Ronald J. Hrebenar and Clive S. Thomas. Ames: Iowa State University Press, 1993.

Harris, Betty. "'I Want to Hold Your Hand': The Beatles at the Indiana State Fair." *Traces of Indiana and Midwestern History* 14, no. 4 (Fall 2002): 24–35.

Hoppe, David, and Kristin Hess. *Food for Thought: An Indiana Harvest*. Indianapolis: Indiana Humanities, 2012.

Hudson, John C. *Making the Corn Belt: A Geographical History of Middle-Western Agriculture*. Bloomington: Indiana University Press, 1994.

"Indiana Bank Is Automobile Oriented." *Architectural Record* (January 1964): 118.

"Indiana Glass Company." Historic Businesses, Indiana Historical Society, http://www.indianahistory.org/our-services/books-publications/hbr/indiana-glass.pdf.

Indiana State Teachers Association. *Advancing the Cause of Education: A History of the Indiana State Teachers Association, 1854–2004*. West Lafayette: Purdue University Press, 2004.

Longworth, Richard C. *Caught in the Middle: America's Heartland in the Age of Globalism*. New York: Bloomsbury, 2008.

Madison, James H. *Hoosiers: A New History of Indiana*. Bloomington: Indiana University Press; Indianapolis: Indiana Historical Society Press, 2014.

———. *The Indiana Way: A State History*. Bloomington and Indianapolis: Indiana University Press and Indiana Historical Society, 1986.

———. "John D. Rockefeller's General Education Board and the Rural School Problem in the Midwest, 1900–1930." *History of Education Quarterly* 24 (Summer 1984): 181–99.

———. “Old Times and New Times in Bloomington.” In *Bloomington Past and Present*, edited by Will Counts, James H. Madison, and Scott Russell Sanders. Bloomington: Indiana University Press, 2002, 29–33.

Marcus, Morton J. “Taxing Hoosiers.” *InContext* 4, no. 6 (November–December 2003), Indiana Business Research Center at Indiana University’s Kelley School of Business, http://www.incontext.indiana.edu/2003/nov-dec03/government.asp.

McCarthy, Martha, and Ran Zhang. “The Uncertain Promise of Free Public Schooling.” In *The History of Indiana Law*, edited by David J. Bodenhamer and Randall T. Shepard. Athens: Ohio University Press, 2006.

McCleery, Bill. “Home to Colts and Final Fours, RCA Dome Imploded.” *USA TODAY*, December 20, 2008, http://usatoday30.usatoday.com/sports/football/nfl/colts/2008-12-20-rca-dome_N.htm?csp=34.

Metz, George W., and Penny Poplin Gosetti. “Indiana Higher Education: The Hoosier Commitment to Localism and Vocationalism.” *Community College Journal of Research and Practice* 23 (1999): 43–59.

Michael, Robert S., Terry E. Spradlin, and Fatima R. Carson. “Changes in Indiana School Funding.” *Education Policy Brief* 7, no. 2 (Summer 2009). CEEP: Center for Evaluation & Education Policy, http://ceep.indiana.edu/projects/PDF/PB_V7N2_Summer_2009_EPB.pdf.

Michna, Mary Ann. “Entering James Dean Country.” *Traces of Indiana and Midwestern History* 17, no. 2 (Spring 2005): 30–35.

Nordin, Dennis Sven, and Roy Vernon Scott. *From Prairie Farmer to Entrepreneur: The Transformation of Midwestern Agriculture*. Bloomington: Indiana University Press, 2005.

O’Hara, S. Paul. *Gary: The Most American of All American Cities*. Bloomington: Indiana University Press, 2011.

Powell, Michael, and Monica Davey. “The Indiana Exception? Yes, But….” *New York Times*, June 23, 2011, http://www.nytimes.com/2011/06/23/us/23indiana.html?pagewanted=all&_r=0.

Sirico, Robert A. “Creative Destruction and the Pruning Shears: Choosing between Withering on the Vine and Fruitful New Growth.” *American Spectator*, July 3, 2012, http://spectator.org/articles/35296/creative-destruction-and-pruning-shears.

Slow Food USA, http://www.slowfoodusa.org/about-us.

Stokes, Kyle. “Why Education Technology May Have to Wait for the Mainstream,” October 18, 2011. State Impact Indiana: A Reporting Project of WFIU and WTIU, with support from IPBS, http://indianapublicmedia.org/stateimpact/2011/10/18/why-education-technology-may-have-to-wait-for-the-mainstream/.

Working America, “The ‘Right to Work’ Editorial that Renews Our Faith in Modern Journalism.” *Daily KOS*, January 8, 2014, http://www.dailykos.com/story/2014/01/08/1268033/-The-Right-to-Work-Editorial-That-Renews-Our-Faith-in-Modern-Journalism#.

Essential Questions

1 In what ways did Indiana become "auto-centric" in the post-World War II era?

2 How did the construction of interstate highways change the Indiana landscape and lead to urban blight?

3 Name some positive and negative impacts of the 1959 School Reorganization Act.

4 How did school financing change in the 1970s?

5 Name at least two ways in which farming changed in the post-World War II era.

6 How have these changes affected farmers?

7 What is the "Slow Food Movement"?

8 What is "creative destruction"? Name one example of this process in Indiana.

9 Why did some industries, such as the Radio Corporation of America (RCA) and automobile-related industries find Indiana a hospitable place to do business?*

10 What caused RCA and other industries, such as those associated with automobile manufacturing, to begin downsizing their Indiana workforce and eventually leave Indiana?*

11 Define "globalization." How has it affected the Indiana economy?*

**See student activities related to this question.*

Activity: Economic Policy and its Effect on the Lives of Hoosier Workers

Introduction: Section 10.4 details the story of RCA's role in the Indiana economy. In 1940 when RCA first relocated a factory to Bloomington from Camden, New Jersey, Hoosier laborers were willing to work for less than their counterparts in Camden had been. Furthermore, state government created an environment hospitable to RCA and other corporations through a low corporate tax rate and a right-to-work law that enabled corporations to hire non-union workers. This enabled RCA to make a higher profit (money earned after paying expenses) than it did in Camden.

However, as the Hoosier workforce unionized and began to make demands of the corporation, Indiana seemed less of an ideal location for its factories and headquarters. Strikes in the 1950s and 1960s were generally focused on raising compensation and highlighted tensions between the corporation and its workforce. Eventually, these tensions resulted in RCA downsizing its Hoosier workforce beginning with a loss of 2,000 jobs in 1968. The company slowly moved production to Ciudad Juarez, Mexico, where it found many non-union workers willing to work for lower wages.

In February 1997 RCA announced that it would pull out of Bloomington, permanently closing the plant there and laying off 1,100 Bloomington and 420 Indianapolis workers. In April 1998 the factory shut its doors for good and left Bloomington reeling from the loss of jobs.

The story of the "creative destruction" Indiana experienced as a result of RCA leaving the state is not unique. It has been repeated in other industries, namely auto-related industries and the steel industry.

With a partner or as a class discussion, consider the following questions:

1. RCA found Indiana an attractive environment in which to do business in part because of Indiana's right-to-work law. Define "right-to-work law." When was Indiana's first right-to-work law passed? When was it repealed, or revoked? How does a right-to-work law affect, positively or negatively, corporations and workers?

2. Why would a low corporate tax rate in Indiana be advantageous in attracting industry to the state? What might be some downsides of low corporate tax rates?

3. Using the RCA example, summarize how state laws and government economic policy can play a role in promoting economic prosperity.

4. As labor unions gained ground in Indiana, the state's economic policy became more supportive of workers and less advantageous for corporations. What improvements do you suppose Hoosier workers experienced as a result of this shift in policy? Consider the following issues in your answer:

   - Wages
   - Benefits—such as vacation pay and insurance
   - Working conditions—environment, such as noise and danger levels
   - Purchasing power—the costs of goods and services in relation to wage amounts

Examine the photo of Jesse Jackson at a job march in Anderson in 1983 in Section 10.4. Auto-related industries also grew up in or relocated to Indiana due to economic policies that favored corporations in the post-World War II era. The workers in these industries also unionized and enjoyed high salaries and good benefits gained through union action. However, this photo reveals some long-term consequences of economic policies that bring significant benefits to labor.

1. Notice that one of the marchers is holding a sign stating, "America Works When Americans Are Working." What does this sign tell you about what happened to Anderson's auto industry jobs?

2. Article 4 of the Indiana State Constitution grants the legislature the right to pass laws; and Article 10 gives the state government the right to levy taxes. Given your understanding of the "creative destruction" Indiana experienced with RCA and auto-related industries, what do you think the role of state government should be in shaping economic policy? Who should the state economic policy benefit—corporations, individual workers, the state, others? All of the above?

3. Define "globalization" as it relates to economics. Do you think Indiana has benefitted from globalization or not? Explain your answer.

So far we have discussed economic policy at the state level, but federal economic policy has also affected the Hoosier workforce. In the 1990s the United States negotiated free trade agreements such as the North American Free Trade Agreement (NAFTA). NAFTA reduced or eliminated tariffs, or taxes, paid on goods imported into the countries that signed the agreement. In many cases, this made foreign-made goods less expensive than American-made goods. Before NAFTA, the United States charged taxes on many imported foreign goods. At the same time, the wages paid in these foreign countries were lower than the wages paid in America. The tax raised the cost of foreign goods so that it was about the same or higher than the cost of American-made goods. By eliminating or reducing the taxes, NAFTA made the foreign goods cheaper than the American goods. This had two results for American workers. They paid less for foreign-made goods than they had previously. However, it also resulted in American jobs being outsourced, or moved, to countries with cheaper labor costs.

As you have read, this happened with RCA, which outsourced jobs to Ciudad Juarez, Mexico. Auto and steel industry jobs also fell victim to outsourcing. Communities that were once dependent on those industries found that the rise in unemployment caused by deindustrialization and outsourcing often reduced standards of living and caused social problems such as higher occurrences of divorce, suicide, and domestic violence. (*Industrial Location*, 140)

Despite the results of outsourcing on communities that lose industries, many economists think that outsourcing is good in the long run because they consider outsourcing a form of trade. In 2005 Timothy Taylor, managing editor of the *Journal of Economic Perspectives*, stated, "'Eras of expanding global trade, like recent decades, have generally been times of economic growth. Periods of contracting trade have often involved recession or worse.'" ("Outsourcing Jobs to Other Countries")

Taylor's latter observation proved true in the ensuing global recession that began in December 2007, when trade also decreased. (*State of Working America*, 11–12) Many economists also point out that outsourcing makes up only a small part of the overall economy and that other countries outsource jobs (mainly service jobs, such as financial services) to the United States, offsetting some job losses. In addition, economists state that outsourcing lowers prices for the American consumer. Even if outsourcing brings challenges in the short term, in the long run it can be seen as a positive process. ("Outsourcing Jobs to Other Countries")

▶ **Imagine that you are one of the protesters in the photo of Jesse Jackson at the job march in Anderson. You are about to lose your job to outsourcing. How would you react to the reasoning that outsourcing is positive for the economy? What evidence can you give that outsourcing hurts the economy? Consider the following issues in your answer:**

- The effect of outsourcing on the purchasing power of those who lose their jobs
- The effect that competing with lower-wage overseas workers may have on wages in America
- The effect of outsourcing on the balance of trade—the monetary difference between a country's imports and exports (that is, does the United States buy more products from other countries or does it sell more products to them?)

▶ **What actions, if any, do you think government (local, state, and/or federal) should take to encourage businesses to use American labor and to prevent jobs from going overseas? Write a letter to the editor of your local newspaper arguing your point of view.**

Alternate Activities

1. Hold a class debate in which some students argue against outsourcing from the point of view of an affected worker and some argue for it from a corporate point of view.

2. In 2012 the Indiana General Assembly passed a new right-to-work law. Discuss arguments for and against the law, including speculating whether or not the law would help protect Hoosier jobs from outsourcing. Then, hold a mock election in which students cast a vote for or against the law. Tally the votes to see if the law would have passed if voted on only by the students in the class.

Activity References

Harrington, J. W., and Barney Warf. *Industrial Location: Principles, Practice, and Policy*. London: Routledge, 1995.

Mishel, Lawrence, Josh Bivens, Elise Gould, and Heidi Shierholz. *The State of Working America*, 12th ed. Ithaca, NY: Cornell University Press, 2012. Economic Policy Institute, http://stateofworkingamerica.org/subjectsoverview/?reader.

"Outsourcing Jobs to Other Countries: Is Globalization a Threat to the American Worker?" *Bill of Rights in Action*, 21, no. 3 (Summer 2005). Constitutional Rights Foundation, http://www.crf-usa.org/bill-of-rights-in-action/bria-21-3-c-outsourcing-jobs-to-other-countries-is-globalization-a-threat-to-american-workers.html.