



I N S T I T U T E

FACTS & OPINIONS

On Public Interest Issues

Quotes

Socialism is workable only in heaven where it isn't needed and in hell where they got it.

– Cecil Palmer

The greatest act of faith is when man decides he is not God.

– Oliver Wendell Holmes

If a man will begin in certainties he shall end in doubts; but if he will be content to begin in doubts he shall end in certainties.

– Francis Bacon

What Is "The Public Interest?"

Stephen M. King, Ph.D.

If you remember the days, weeks, and months after September 11, 2001, and Hurricane Katrina in September 2005, when everyone came together for a common cause, then you remember “the public interest.” It is in such moments that good people escape the overwhelming emphasis of contemporary American culture that focuses on “looking out for number one.” It is in these moments that we often witness the best in one another and in ourselves. Why can’t we have “the public interest” the whole year around? We can and do!

The “public interest” has a rich heritage, dating back several hundred years, and has been the focus of intense discussion among philosophers, political theorists, and economists. Key to most of their debate is the question: “What is the public interest?” Some readers may think that this question has an obvious and evident answer; however, it does not. It

does, though, mean something more than just the collective interests of individuals. The following discussion briefly highlights some of the key characteristics, concepts, and ideas surrounding the meaning and implication of the “public interest,” beginning with the influence of the Declaration of Independence and the U.S. Constitution upon the formation of the “public interest.”

John Locke is considered the primary political theorist who exerted the greatest influence on the heritage of the Constitution and the development of the “public interest” concept. Recent notions of a Lockean heritage of the Constitution are due to the influence of Louis Hartz in *The Liberal Tradition in America*.¹

Hartz argued that because of the absence of feudalism, Americans never developed the extreme bitter ideological difference that racked Europe. According to Hartz, political

continued on page 4

FACTS & OPINIONS

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Dr. Don Racheter

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Focus on Iowa Wesleyan College

IWC recently announced plans to commission a monument dedicated to the memory of Arabella "Belle" Babb Mansfield. In 1869, Mansfield, an IWC graduate, became the first woman in history licensed to practice law in the United States. To date, funds in excess of \$60,000 have been raised to erect a statue in her honor.

The Roy J. Carver Charitable Trust has awarded IWC with a \$200,000 grant to refurbish the Adam Trieschman Hall of Science. Matching funds for the project will be provided by IWC friends, alumni, and the Howe Foundation Challenge Grant.

On 13-15 April the Friends of the Harlan-Lincoln House hosted the Association of Lincoln Presenters' annual national convention. The purpose of the convention is to entertain, inform, and encourage learning about Abraham and Mary Lincoln.

On 8 April IWC hosted its monthly brunch on Easter Sunday in the Student Union Social Hall. The event lasted from 11:30 a.m. to 1:00 p.m. The brunch served an array of delicious entrees. The Sunday gatherings offer students, faculty, and members of the community the opportunity to gather and socialize.

What's New at Public Interest Institute?

On 29 March Research Analyst Jon Miltimore traveled to Chicago, IL, for a healthcare conference sponsored by Cato Institute. The two day summit featured roundtable discussions on many of the salient challenges in healthcare. Numerous healthcare policy experts and representatives from dozens of think tanks and outreach organizations from across the country were present.

On 2 February Institute President Don Racheter (Ph.D.) visited Virginia Beach, VA, for the 2nd Annual Ronald Reagan Symposium of Regent University. Key speakers included Michael Barone, Marvin Olasky, and Michael Novak. From February 15-17 Dr. Racheter was in Montreal, Canada for a Liberty Fund Conference. The focus of the conference was national identity and its relationship to liberty. In March, Dr. Racheter was in Las Vegas, NV for a conference examining politics and government in an uncertain world.

Finally, the Heritage Foundation affiliate *Insider* published "The Historical Success of Tax Cuts," an essay written by PII Research Analyst John Hendrickson.

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A National Taxpayer Bill of Rights

John Hendrickson

In the midterm congressional elections of 1994 the Republican Party, led by Representative Newt Gingrich, nationalized the election under the Contract With America. The Contract, among other things, was a document advocating the return of limited constitutional government. The ideas and principles outlined in the historic Contract fizzled out, but were renewed by the Republican Study Committee's pledge to fight for *The American Taxpayer Bill of Rights*. In the current era, taxpayers need and must demand fiscal accountability.

Proof of this can be found in the budget proposed by Senate Budget Chairman Kent Conrad (D-ND). Brian M. Riedl, who is the Grover M. Hermann Fellow in Federal Budgetary Affairs at The Heritage Foundation, outlined some of the consequences of the proposal. Some of the warnings include: "Raises taxes by \$900 billion over five years and a projected \$3.3 trillion over ten years, translates into a tax increase of \$2,641 per household annually over the next decade, and increases discretionary spending by nearly 9 percent in FY 2008 and does not terminate a single program."¹

Writing in *The Wall Street Journal* editorial page, Senators Judd Gregg (R-NH) and Chuck Grassley (R-IA) described the plan as "putting the economy on a

dangerous new path."² The authors also write: "Despite campaign promises not to raise taxes, the new majority party's budget fails to keep existing tax policies in place, which amounts to a \$900 billion tax hike over five years, the largest tax increase ever."³

Most importantly, Congress must address the issue of out of control entitlement spending. The future costs of Medicare and Social Security will place gigantic pressure on the budget, which means increased pressure on wallets and purses. "The total present value of unfunded federal obligations of the federal government, or fiscal exposure, is now \$50.5 trillion (\$38.8 trillion of which is due to Medicare and Social Security)."⁴

The national debt is also increasing at an alarming rate, in spite of massive economic growth. Rep. Ron Paul (R-TX) wrote: "The official national debt figure, now approaching \$9 trillion, reflects only what the federal government owes in current debts on money already borrowed."⁵ "Don't believe for a second that we can grow our way out of the problem through a prosperous economy that yields higher future revenues," wrote Paul.⁶

In summary, tough fiscal decisions will have to be made. If not, our future course will consist of higher taxation, fewer services, and more budgetary competition between "guns and butter." This is why *The American Taxpayer Bill of Rights* is needed. The Republican Study Committee outlined four principles for taxpayer protection⁷:

- Taxpayers have a right to have a federal government that

"The answer to these critical financial realities is simple but not easy: We must rethink the very role of government in our society."

does not grow beyond their ability to pay for it.

- Taxpayers have a right to receive back each dollar that they entrust to the government for their retirement.
- Taxpayers have a right to expect the government to balance the budget without having their taxes raised.
- Taxpayers have a right to a simple, fair tax code that they can understand.

Even though this four-point plan would get an enthusiastic thumbs-up from the late Virginian, Patrick Henry, it will take enormous fiscal discipline and courage to confront our budget realities. "The answer to these critical financial realities is simple, but not easy: We must rethink the very role of government in our society. Anything less, any tinkering or 'reform,' won't cut it," stated Paul.⁸

Tax cuts often result in economic growth. But Congress, and more importantly, the nation as a whole, must, as Paul advised, start rethinking the proper role and function of government. This means rediscovering the

continued on page 6

What Is "The Public Interest?"

Stephen M. King

continued from page 1

clashes in the U.S. were between relatively similar common folk with more common beliefs than conflicts. Thus, Hartz argued that any heritage of the Constitution should be linked to John Locke.²

Many American political concepts, such as majority rule, liberty, and inalienable rights to life, liberty, and the pursuit of happiness — all considered to be manifestations of the “public interest” — are clearly linked to John Locke. Thomas Jefferson adopted these ideas from John Locke’s *Second Treatise of Government*³ when he wrote the Declaration of Independence in 1776. Jefferson specifically credited Locke for these ideas in later recounting that authority of the Declaration of Independence rested upon sentiments of the day, “...whether expressed in conversation, in letters, printed essays, or in the elementary books of public right...”⁴ Thomas Jefferson and other Founders have argued that the Declaration and the Constitution differ greatly, suggesting that the Constitution of 1787 may have been a conservative reaction to the more radically democratic principles of the Declaration.

Scholars, such as Patrick Riley,⁵ argue that Thomas Hobbes

is the primary philosophical influence on the content of the Constitution of 1787. For example, in analyzing the history of the concept of the will in political philosophy, Riley discovered important connections between Hobbes’ theory of human nature and the underlying assumptions of human nature expressed in *The Federalist Papers*,⁶ especially in the several sections written by James Madison. In comparing their theories of the state of nature, Hobbes’ deterministic assumptions of human nature and the will are in contrast with Locke’s more voluntary notions of the will. For Hobbes, people just can’t help themselves in a war of all against all, while Locke assumes greater control of will by each individual.

Do *The Federalist Papers* reveal a clear approach to defining and understanding the “public interest?” *The Federalist Papers* first appeared in New York City newspapers, article by article, beginning October of 1787 and running through May of 1788. They were designed to be a defense of the proposed Constitution and ratification by the citizens of New York. By 1788 the anonymous authors of *The Federalist Papers* were revealed: Alexander Hamilton, James Madison, and John Jay.

Martin Diamond argued that *The Federalist Papers* addressed not only the citizens of New York and other states, but also *posterity* to give meaning to the Constitution and the greater “public interest” for future

generations: “It seems clear that its authors also looked beyond the immediate struggle and wrote with a view to influencing later generations by making their work the authoritative commentary on the meaning of the Constitution. While *The Federalist* was the most immediate kind of political work, a piece of campaign propaganda, it spoke to thoughtful men then and now, with a view to the permanence of its argument.”⁷

The importance of *The Federalist Papers* remains as the classic exposition and defense of the Constitution by some of its most important authors. It was also the first treatise on federal government under the Constitution. It has been frequently cited as a source of the meaning of constitutional law by the U.S. Supreme Court and is regularly included, in part, in standard texts of constitutional law.

Richard Flathman, a modern philosopher, argues that the “public interest” is a normative concept. It is the pursuit of human rights and organizational responsibilities; it expresses subjective preferences not simply or only by objective, behavioral, and empirical requirements. For Flathman the “public interest” is based upon what he terms the Universiability Principle: a “logical test which any substantive answer must meet.”⁸

Universiability Principle “requires that political actors consider the impact of their

continued on page 7

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Slouching Towards Socialized Medicine?

Charles Rousseaux

Health care is hot. The status quo is not. And universal care is in the air. The three leading Democratic candidates are reaching out for the healing hands of complete coverage. The numbers say there's more to it than pure poll positioning. The problems are real as millions are uninsured and costs are climbing.

Last year Americans spent more than \$2 trillion on health care. This year we'll spend more, and in a decade, we're likely to be dropping a whopping \$4 trillion – plus a year on health care – nearly 20 percent of America's Gross Domestic Product (GDP).

Little wonder that ninety percent of respondents to a recent New York Times/CBS survey said that the current system needs either fundamental changes or total rebuilding. Two-thirds said the federal government should guarantee health insurance to all Americans. And 47 percent said it would be better to have a government-run system with universal care compared to 38 percent who preferred the current system.

All of this has the makings of a slouch towards socialized medicine. That would be bad for erstwhile slackers of Generation X and Gen Next. It would be even worse for the rest of the country. That's because the slouch could

easily become a straitjacket, for any move toward state-run healthcare will happen in the context of already exploding debt.

Even if they've already paid off their student loans (snicker) and have exactly no credit card debt (giggles giving way to loud gasps of laughter), X-ers and Nexters are already up to their eyeballs in debt for the big three entitlement programs – Social Security, Medicare, and Medicaid.

Federal Reserve Board Chairman Ben Bernanke recently testified to Congress, "Expenditures for entitlement programs are projected to rise sharply over the next few decades." They're being driven by a combination of increasing life expectancies and decreasing fertility.

Spending on the big three currently amounts to more than 8 percent of America's GDP. That will rise to more than 10 percent in 2015, and to more than 15 percent in 2030, if projections by the Congressional Budget Office hold true. The percentage of Americans more than 65 years old is also expected to increase pretty dramatically too, from 12 percent of the U.S. population to 19 percent in 2030.

Facts & Opinions Question of the Quarter:

Will Iowa remain a right to work state?

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That puts the slouch towards socialized medicine in its proper context. No one knows what a government-run health care system would cost. (John Edwards put the price of his universal care plan at \$90 to \$120 billion per year.) But it is almost certain to be far more expensive and far less efficient than advertised. Moreover, the combo of socialized medicine with already squeezed budgets will not make for a happy meal. And the rest of the probable menu – raised taxes and/or restricted medical choices – will be more appropriate to the style of the Hamburglar than Mayor McCheese.

In 1966, spending on the big three made up about a quarter of the federal budget. Today, it makes up more than half. If current trends continue, the sorts of spending that people think of when they imagine the government at work – whether building roads and making bombs or supporting a teapot museum and a cattle congress (the last two courtesy of the 2006 Pig Book) – will constitute just a fraction of the actual budget. All the rest will be mandatory entitlements.

That doesn't leave a whole lot for X'ers to retire on. It doesn't leave a whole lot for them to sustain America's leadership in the
continued on page 6

A National Taxpayer Bill of Rights

John Hendrickson

continued from page 3

Constitution and reestablishing a constitutional spirit; that is, we need to rediscover James Madison, not Franklin Roosevelt.

"The New Deal changed American life by changing the relationship between Americans and their government," wrote Michael Barone.⁹ In *Reclaiming the American Dream*, Richard Cornuelle wrote: "The Depression trauma ran deep and touched nearly everyone. It marked the end of automatic confidence in our traditional way of doing things. That confidence has never been completely restored. Our habit of sending difficult problems to Washington quickly became a reflex. A one-way flow of responsibility to the federal government, begun by depression remedies, has continued and gained speed. In less than thirty years the government has nearly cornered the market for new public responsibility."¹⁰

Cornuelle's book was originally published in 1965. This was just after Barry Goldwater was trounced by Lyndon Johnson, a defeat which opened the doors to new government experimentation ("The Great Society"). This experiment has failed. As The CATO Institute's Michael Tanner wrote: "Despite government spending of more than \$9 trillion over the past 40 years on welfare programs, nearly 37 million Americans are still living in poverty."¹¹

The Roosevelt record of government intervention has a legacy of fostering dependence, not only for those who need services, but for eager politicians who like to spend taxpayer dollars for a variety of purposes. *The American Taxpayers Bill of Rights* is a step in the right direction, but Rep. Paul is correct when he says "we must rethink the very role of government in our society."¹² This means discarding the Roosevelt tradition for a Madisonian one.

(Endnotes)

¹ Brian M. Riedl, "The Senate Budget: A \$2,641 Per Household Tax Increase and No Entitlement Reforms," WebMemo No. 1405, The Heritage Foundation, March 22, 2007.

² Judd Gregg and Chuck Grassley, "Don't Mess With Success," *The Wall Street Journal*, March 15, 2007, p. A16.

³ Ibid.

⁴ Stuart M. Butler, "Solutions to Our Long-Term Fiscal Challenges," The Heritage Foundation, January 31, 2007, p. 26, <<http://www.heritage.org/Research/Budget/tst013107a.cfm>> (March 2007).

⁵ Ron Paul, "The Coming Entitlement Meltdown," *Texas Straight Talk*, March 5, 2007, <<http://www.house.gov/paul/tst/tst2007/tst030507.htm>> (March 26, 2007).

⁶ Ibid.

⁷ Republican Study Committee, "The American Taxpayer Bill of Rights," Republican Study Committee, <<http://www.house.gov/hensarling/rsc>>.

⁸ Paul.

⁹ Michael Barone, *Our Country: The Shaping of America from Roosevelt to Reagan*, The Free Press: New York, 1990, p. 95.

¹⁰ Richard C. Cornuelle, *Reclaiming the American Dream: The Role of Private Individuals and Voluntary Association*, New Brunswick, Transaction Publishers: New Jersey, 1993, p. 24.

¹¹ Michael Tanner, *Leviathan on the Right: How Big Government Conservatism Brought Down the Republican Revolution*, CATO Institute: Washington, D.C., 2007, p. 77.

¹² Paul.

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Slouching Towards Socialized Medicine?

Charles Rousseaux

continued from page 5

world with either. As Chairman Bernanke concluded, "Dealing with the resulting fiscal strains will pose difficult choices for the Congress, the Administration, and the American people."

What's the solution? It ain't the slouch. Forty-four percent of respondents to the Times/CBS poll said that the government would do a worse job at providing coverage than private companies, compared to 30 percent who thought it would do better. They're probably on to something, as the European experience of health care rationing shows. Besides, as Ronald Reagan observed in his Creative Society speech, "For every ounce of federal help we get, we surrender an ounce of personal freedom."

The solution to better care at lower costs is increased freedom, and a number of solid steps are being taken in that direction right now. States have much more freedom on how to use their Medicaid dollars, thanks to the Deficit Reduction Act. And last August, President Bush signed an Executive Order calling on federal health care programs to become transparent about quality and price, among other things. Since then Health and Human Services Secretary Mike Leavitt established an initiative on transparency (see <http://www.hhs.gov/transparency/>) and has been asking private health

continued on page 8

What Is "The Public Interest?"

Stephen M. King

continued from page 4

actions and demands on the other members of society, reduce idiosyncratic demands, and seek constantly to find common ground with other men." This largely dispels the notion that the "public interest" is only what all individuals in society would want or agree to. As Flathman notes, "The concept 'public interest' functions to justify action in the face of disagreement. To contend that the requirements of 'public interest' are such that individuals may press only those demands about which there is unanimity is to fly in the face of elementary facts concerning the concept and political life generally."

Virginia Held, who followed the same philosophical vein as Flathman, put the philosophy to work. She examined the 1960s discourse between Federal Communications Commission and the television industry regarding enforcement of a public interest programming standard that required going beyond personal tastes, broadcaster demands, or audience ratings. In this discourse, Held found that the phrase "in the public interest" meant more than a mere compilation of individual preferences. Instead, it contained significant normative content that tended to be based on the values

of open public discourse found within the U.S. Constitution's First Amendment.⁹

Political scientists, such as Frank Sorauf¹⁰ and Glendon Schubert,¹¹ contend that the concept of the "public interest" is simply meaningless, largely because of its vagueness and its need to be elastic, applicable to as many individuals and groups as possible. This political elasticity forces it to be effectively meaningless. Schubert found the "public interest" in the rational framework of the decision making process. He was strongly critical of even the mere use of the term "public interest," because it did not operate in the realm of reality, but in the realm of normative speculation.

Finally, the economists speak up. Anthony Downs,¹² a highly respected economist and one of the early proponents of the public choice theory, posits a rational economic-man definition and explanation of the "public interest." According to Downs the function of the "public interest" fulfills three goals: 1) serves as a device for citizens to judge public decisions; 2) acts to placate individuals who may otherwise not be open to the concept; and 3) acts as a check on public officials who do not have any direction from their constituents.

Downs defines the "public interest" as "those government actions that most benefited the whole society." The meaning of "public interest" in a democracy is contained in the rules of democratic conduct and the general principles regarding how

social policies ought to be implemented. Thus, Downs connects the procedural or pluralistic notion of the public interest with the republican or substantive conception of the public interest. The concept of the "public interest" is a broad, rich, and ancient concept associated with the literatures of philosophy, political theory, and economics. The intention to radically "define it away" as meaningless is itself a meaningless attempt at not recognizing the obvious: the "public interest" has at its core the belief that political and policy issues impact the whole of society. The work of the Public Interest Institute is invaluable, because it believes in and reflects the core values of the public: freedom, truth, honesty, and constitutionality. It consistently and thoroughly examines the hard truths of policy issues affecting all Iowans, issues that impact their lives, careers, families, work, and religion.

ENDNOTES

¹ Louis Hartz, *The Liberal Tradition in America*, Harcourt: New York, NY, 2nd Haves Edition, 1991; original publication date in 1955.

² *Ibid.*, at 4-13, 17-18, 59-63.

³ John Locke, *The Second Treatise of Government*, edited by Thomas P. Peardon, Bobbs-Merrill Educational Publishing: Indianapolis, IN, 1952.

continued on page 8

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Slouching Towards Socialized Medicine?

Charles Rousseaux

continued from page 6

plans and private employers to join in. He's gotten some big commitments, including from the CEOs of the more familiar Big Three. More information, more choice, more freedom: That's the way forward.

Otherwise, it could come back to [pop singer] George Michael, "Well it looks like the road to heaven/But it feels like the road to hell." Now that's scary.

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What Is "The Public Interest?"

Stephen M. King

continued from page 7

⁴Letter of Thomas Jefferson to Henry Lee, May 8, 1825, in A.A. Lipscomb, ed., *The Writings of Thomas Jefferson* (1905), Vol. XVI, p. 117.

⁵Patrick Riley, *Will and Political Legitimacy: A Critical Exposition of Social Contract Theory in Hobbes, Locke, Rousseau, Kant and Hegel* Harvard University Press: 2 Cambridge, MA, 1982.

⁶*The Federalist Papers*, with introduction by Clinton Rossiter, New American Library: New York, NY, 1961.

⁷Martin Diamond, "The Federalist," in L. Strauss and J. Cropsey, eds., *History of Political Philosophy*, University of Chicago Press: Chicago, IL, 3rd edition, 1987; original publication date, 1963.

⁸Richard Flathman, *The Public Interest: An Essay Concerning the Normative Discourse of Politics*, John Wiley and Sons, Inc.: New York, NY, 1966, p. 40.

⁹Virginia Held, *The Public Interest and Individual Interests*, Basic Books: New York, NY, 1970).

¹⁰Frank Sorauf, "The Public Interest Reconsidered," *The Journal of Politics*, Vol. 19, No. 4, November, 1957, p. 616-639.

¹¹"The Public Interest" In Administrative Decision-Making: Theorem, Theosophy, or Theory?" *The American Political Science Review*, Vol. 51, No. 2, June 1957, p. 346-368.

¹²Anthony Downs, "The Public Interest: Its Meaning in a Democracy," *Social Research*, Vol. 1, No. 29, Spring 1962, p. 1-36.

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