



FACTS & OPINIONS

On Public Interest Issues

Quotes

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

—Frederic Bastiat

I consider it a cowardly concession to a false extension of the idea of democracy to make *sub rosa* attacks on the public tastes by denouncing the people who serve them. It is like blaming the waiters in restaurants for obesity.

—George Stigler

What enables men to know more than their ancestors is that they start with a knowledge of what their ancestors have already learned. A society can be progressive only if it conserves its tradition.

—Walter Lippman

Spending Cuts Even Democrats Could Support

Jeffrey Alan Miron

Most economists agree that large and persistent budget deficits are bad for the economy. Deficits mean government borrowing, which implies higher interest rates, lower investment, reduced capital accumulation, and slower growth. A few economists endorse an alternate view — Ricardian equivalence — which holds that private saving offsets government dissaving, making government deficits irrelevant. But this offset seems to be only partial, so the U.S. fiscal outlook is indeed bleak. This especially reflects the looming imbalances in Social Security and Medicare.

When it comes to reducing the deficit, however, economists divide into two camps. Those on the Republican side endorse tax cuts, even while decrying deficits. These economists argue that taxes are an independent evil because they distort economic behavior. And these economists suggest current deficits can help restrain future spending.

Economists in the Democratic camp regard tax cuts as folly. These economists downplay the distortions caused by taxes, and they claim that starving the beast does not work. Many also paint scary scenarios of financial market meltdown from ever-increasing U.S. borrowing.

In addition, Democratic economists suggest there is no expenditure to cut because most of the budget is national defense, entitlements, and interest payments on the debt.

Reasonable economists can disagree about the magnitude of distortions caused by taxes, as well as on whether continued borrowing will cause a financial crisis. And reasonable economists are understandably skeptical about starving the beast, since the substantial increase in expenditure following the Bush tax cut is at odds with this hypothesis.

But the claim that government expenditure cannot be cut is dead wrong. I offer here a list that

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FACTS & OPINIONS

August 2006
Volume 12, Number 3

President
Dr. Don Racheter

FACTS & OPINIONS is one of our quarterly membership newsletters, arriving in February, May, August, and November. It consists of short articles of public interest with an emphasis on current issues.

FACTS & OPINIONS is published by Public Interest Institute at Iowa Wesleyan College, a nonpartisan, nonprofit, research and educational institute, whose activities are supported by contributions from private individuals, corporations, companies, and foundations. The Institute does **not** accept government grants.

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Focus on Iowa Wesleyan College

On Saturday, May 6, 181 Iowa Wesleyan graduates gathered on the campus lawn to receive diplomas. Commencement ceremonies began at 1:30 p.m. and Philip Ciarco ('66) served as special speaker alumnus. Members of the class of '56 were also recognized and received 50-year diplomas at the ceremony. An afternoon reception was held on the campus lawn with music provided by the Iowa Wesleyan Jazz ensemble.

Iowa Wesleyan College has awarded Vincent Naccarato ('60) and Dr. Elisa Bell ('83) with the 2006 Distinguished Alumni Award, and R. John Badger ('62) and Bernice Hollander Foster ('62) with the Alumni Service Award. Alumni Service Awards are presented to those who have faithfully served in helping to create a greater Iowa Wesleyan College, while Distinguished Alumni recipients are selected on the basis of outstanding professional achievement or community service.

On 9 June, the Iowa Wesleyan College Choir left for its first international trip. The choir is scheduled to perform several concerts, including appearances in London and Paris.

What's New at Public Interest Institute?

Jonathan Miltimore

The Public Interest Institute is proud to welcome John Hendrickson as its newest Research Analyst. A native of Duluth, Minnesota, John is a Graduate of the University of North Dakota, where he received a B.A. and M.A in History. John's recent work history includes an internship at the Heritage Foundation in Washington D.C. and a stint at the *Mesabi Daily News* as a Legislative Correspondent.

John will be replacing Robert Stewart, who will be leaving PII to pursue a law degree at Drake University. Though PII staff laments the loss of Bob, we wish him all the best in his pursuits.

Finally, PII welcomes the summer additions of student-workers Aani Brown and Elie Nsabindra. Aani is entering her junior year at Capital University in Ohio. Elie, an exchange student from Rwanda, is set to enter his second year at Iowa Wesleyan College.

Jonathan Miltimore is a Research Analyst at Public Interest Institute.

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Mad Dogs and Englishmen

Joyce Malcolm

With Great Britain now the world's most violent developed country, the British government has hit upon a way to reduce the number of cases before the courts: Police have been instructed to let off with a caution burglars and those who admit responsibility for some 60 other crimes ranging from assault and arson to sex with an underage girl. That is, no jail time, no fine, no community service, no court appearance. It's cheap, quick, saves time and money, and best of all the offenders won't tax an already overcrowded jail system.

Not everyone will be treated so leniently. A new surveillance system promises to hunt down anyone exceeding the speed limit. Using excessive force against a burglar or mugger will earn you a conviction for assault or, if you seriously harm him, a long sentence. Tony Martin, the Norfolk farmer jailed for killing one burglar and wounding another during the seventh break-in at his rural home, was denied parole because he posed a threat to burglars. The career burglar whom Mr. Martin wounded got out early.

Using a cap pistol, as an elderly woman did to scare off a gang of youths, will bring you to court for putting someone in fear. Recently, police tried to stop David Collinson from entering his burning home to rescue his

asthmatic wife. He refused to obey and, brandishing a toy pistol, dashed into the blaze. Minutes later he returned with his wife and dog and apologized to the police. Not good enough. In April Mr. Collinson was sentenced to a year in prison for being aggressive towards the officers and brandishing the toy pistol. Still, at least he won't be sharing his cell with an arsonist or thief.

How did things come to a pass where law-abiding citizens are treated as criminals and criminals as victims? A giant step was the 1953 Prevention of Crime Act, making it illegal to carry any article for an offensive purpose; any item carried for self-defense was automatically an offensive weapon and the carrier is guilty until proven innocent. At the time a parliamentarian protested that "The object of a weapon was to assist weakness to cope with strength and it is this ability that the bill was framed to destroy." The government countered that the public should be discouraged "from going about with offensive weapons in their pockets; it is the duty of society to protect them."

The trouble is that society cannot and does not protect them. Yet successive governments have insisted protection be left to the professionals, meanwhile banning all sorts of weapons, from firearms to chemical sprays. They hope to add toy or replica guns to the list along with kitchen knives with points. Other legislation has limited self-defense to what seems reasonable to a court much later.

Although British governments insist upon sole responsibility for protecting individuals, for ideological and economic reasons they have adopted a lenient approach toward offenders.

Because prisons are expensive and don't reform their residents, fewer offenders are incarcerated. Those who are get sharply reduced sentences, and serve just half of these. Still, with crime rates rising, prisons are overcrowded and additional jail space will not be available anytime soon. The public learned in April that among convicts released early to ease overcrowding were violent or sex offenders serving mandatory life sentences who were freed after as little as 15 months.

The government's duty to protect the public has been compromised by other economies. Police forces are smaller than those of America and Europe and have been consolidated, leaving 70% of English villages without a police presence. Police are so hard-pressed that the Humberside force announced in March they no longer investigate less serious crimes unless they are racist or homophobic. Among crimes not being investigated: theft, criminal damage, common assault, harassment, and non-domestic burglary.

As for more serious crime, the unarmed police are wary of responding to an emergency where the offender is armed. The Thames Valley Police waited nearly seven hours to enter Julia Pemberton's home after she telephoned from the closet where she was hiding from her estranged and armed husband. They arrived once the danger to them had passed, but after those who had pleaded for their help were past all help.

To be fair, under the Blair government a host of actions have been initiated to bring about more convictions. At the end of its 2003

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Federalism: An Antidote to the Poison of Faction

Jonathan Miltimore

We are incessantly warned of a yawning cultural divide threatening America: Red State versus Blue State, Left versus Right, so on, so forth. Of course this is nothing new. God-fearing, pick-up-driving folks from Alabama to Montana, Indiana to Utah, have long cast a suspicious eye toward Washington, a place most of them had never visited, but one that often seemed to want to take things away from them: their guns, the nativity scene in the town square, the Ten Commandments in the local courthouse, or more of their hard-earned paycheck.

More recently, progressive liberals — Hollywood moguls, the major media, academics in universities, environmentalists, etc. — have begun to chafe under a sort of cultural-conservative renaissance. Instead of retiring to the ash-heap of history in the post-Nixon years, conservatism, to the bewilderment of progressives, flourished. This success is largely attributable to Bible-thumping social conservatives who flocked to the GOP standard in opposition to the Democrat party's liberal stance on social issues like gay rights, abortion, and religious expression in public places (e.g. prayer in school, the use of the word "God" in the Pledge of Allegiance, etc.).

Today, this bi-cultural cauldron

is seething. Secularists and progressives seem genuinely threatened by this religious reawakening. They envision a GOP in control of the government that is beholden to zealous evangelicals who want to write social policy into the U. S. Constitution and teach creationism in schools. They see a movement that has *Roe v. Wade* itself on the brink of extinction and a future where women seeking an abortion are persecuted.

Ironically, religious and social conservatives seem to feel similarly threatened. They see government schools that seem more concerned with teaching sexual and cultural diversity than math and science, courts that defy the will of the people (and in some cases 5,000 years of precedent) by divining inalienable rights from shadowy penumbras of the Constitution, and their religious expression dependent on whether a snowman and Santa Claus appear next to baby Jesus and the Three Wise Men.

How did we come to this? We have abandoned the founding principle of democratic-republicanism: the belief that people should govern themselves. Today, most Americans regard self-government as anachronistic. The idea that people in Alaska, Massachusetts, or Mississippi should themselves address such weighty issues as gay marriage or abortion is considered facile. Clearly, we have educated lawyers — Harvard and Yale graduates! — in Congress and the Supreme Court to do this for us. Consequently, we have replaced a federal government with specific and

limited powers with one possessing indefinite and limitless ones. The result has been broad, straight-jacket type federal laws (or rulings) that may make one constituency happy, but leaves another group aggrieved and with little recourse. In a nation as populous, expansive, and diverse as the United States, it is perfectly natural for people to possess vastly different, even conflicting, values and traditions. The Framers of our Constitution understood this. Their solution was federalism.

"Today, most Americans regard self-government as anachronistic. The idea that the people themselves should address such weighty issues as gay marriage or abortion is considered facile."

Federalism is the notion that governmental power should be split between a central authority and various sub-units. Unlike a unitary government, federalism divides sovereignty among two (or more) governments, each possessing unique delegated powers.

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The Slippery Slope

Walter E. Williams

Down through the years, I've attempted to warn my fellow Americans about the tyrannical precedent and template for further tyranny set by anti-tobacco zealots. The point of this column is not to rekindle the smoking debate. That train has left the station. Instead, let's examine the template.

In the early stages of the anti-tobacco campaign, there were calls for "reasonable" measures such as non-smoking sections on airplanes and health warnings on cigarette packs. The door was opened, and the zealots took over. Much of the attack was justified by an Environmental Protection Agency (EPA) secondhand smoke study that used statistical techniques, which if used by an academic researcher, would lead to condemnation if not expulsion. Let's say that you support the attack on smokers. Are you ready for the next round of tyranny using tactics so successful for the anti-tobacco zealots?

According to a June 2 Associated Press report, "Those heaping portions at restaurants — and doggie bags for the leftovers — may be a thing of the past, if health officials get their way." The story pertains to a report, funded by the U.S. Food and Drug Administration (FDA) titled, "Keystone Forum on Away-From-Home Foods: Opportunities for Preventing Weight Gain and

Obesity." The FDA says the report could help the American restaurant industry and consumers take important steps to successfully combat the nation's obesity problem. Among the report's recommendations for restaurants are: list calorie-content on menus, serve smaller portions, and add more fruits and vegetables and nuts. Both the Department of Health and Human Services and the FDA accept the findings of the report.

"How many Americans would like to go to a restaurant and have the waiter tell you, based on calories, what you might have for dinner? How would you like the waiter to tell you, according to government regulations, we cannot give you a doggie bag?"

Right now, the FDA doesn't have the authority to require restaurants to label the number of calories, set portion sizes on menus, or prohibit allowing customers from taking home a doggie bag. That's for right now, but recall that cigarette warning labels were the anti-tobacco zealots' first steps. There are zealots like the Washington-based Center for Science in the Public Interest who've for a long time

attacked Chinese and Mexican restaurants for serving customers too much food. They also say, "Caffeine is the only drug that is widely added to the food supply." They've called for caffeine warning labels, and they don't stop there. The Center's director said, "We could envision taxes on butter, potato chips, whole milk, cheeses, and meat." Visions of higher taxes are music to politicians' ears.

How many Americans would like to go to a restaurant and have the waiter tell you, based on calories, what you might have for dinner? How would you like the waiter to tell you, "According to government regulations, we cannot give you a doggie bag"?

I'm betting that would have been the same response during the 1970s had someone said the day would come when cities, such as Calabasas, Calif., and Friendship Heights, Md., would write ordinances banning outdoor smoking. Tyrants always start out with small measures that appear reasonable. Revealing their complete agenda from the start would encounter too much resistance.

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Spending Cuts Even Democrats Could Support

Jeffrey Alan Miron

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Democratic economists should embrace. The numbers after each item are the approximate annual savings in 2006 dollars.

- *Agricultural Subsidies:* Everyone's favorite whipping boy, and for good reason. These subsidies are a handout to rich farmers, and they raise food prices for everyone. \$20 billion.
- *Social Security for the Well-Off:* Social Security is not means-tested; people with substantial retirement income get full benefits. This is insanity; recipients did not "save" the benefits they receive; these benefits come from taxes paid by current working generations. Cut Social Security expenditure, say, 20% by introducing a modest degree of means-testing. \$100 billion.
- *Medicare for the Well-Off:* Same deal as with Social Security. Raise premiums, deductibles, and co-pays in a means-tested manner to save 20% of current expenditure. \$60 billion.
- *Higher Education for the Well-Off:* State governments currently operate colleges and universities in a manner that makes no distributional sense. Children of millionaires pay the same highly subsidized tuition as children in poverty. State governments should emulate the private sector by setting a high tuition rate and then offering discounts on a means-tested basis. \$50 billion.
- *Pork:* Although many "bridges to nowhere" are small potatoes,

the number of potatoes is large. A recent accounting by Taxpayers for Common Sense estimated 2005 earmarks at \$24 billion; most of this is pure pork. Adding big ticket items like manned space flight, Amtrak subsidies, mass transit boondoggles like the Big Dig, senseless flood control projects undertaken by the Army Corps of Engineers, and subsidized disaster insurance, not to mention state and local pork, would easily yield substantial savings. \$70 billion.

The grand total from this list is \$300 billion annually, roughly the deficit projected for 2006. Normal economic growth would therefore mean surpluses in the near future, should these cuts occur. To deal fully with the impending imbalances in Social Security and Medicare requires one more policy change, but it is again one Democratic economists should endorse: an increase in the normal eligibility year to 70 and then indexing of the retirement age to life expectancy.

Note that my list of cuts is consistent with Democratic views on redistribution; it does not cut a penny from programs for the poor. And my list does not address substantial but controversial programs that I personally would eliminate (drug prohibition and the Iraq war, for starters).

Instead, my cuts are ones every economist should endorse, regardless of party affiliation. This expenditure is either welfare for the well-off or pure waste. So it ought to be cut even if taxation is non-distorting and even if the budget is in surplus.

Democratic economists will no doubt claim these cuts are

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The Slippery Slope

Walter E. Williams

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Diet decisions that people make are none of anybody else's business. Yes, there are untoward health outcomes from unwise dietary habits, and because of socialism, taxpayers have to pick up the bill. But if we allow untoward health outcomes from choices to be our guide for government intervention, then we're calling for government to intervene in virtually every aspect of our lives. Eight hours' sleep, regular exercise and moderate alcohol consumption are important for good health. Should government regulate those decisions?

Dr. Williams has served on the faculty of George Mason University in Fairfax, VA, as John M. Olin Distinguished Professor of Economics, since 1980.

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Mad Dogs and Englishmen

Joyce Malcolm

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session Parliament repealed the 800-year-old guarantee against double jeopardy. Now anyone acquitted of a serious crime can be retried if “new and compelling evidence” is brought forward. Parliament tinkered with the definition of “new” to make that burden easier to meet. The test for “new” in these criminal cases, Lord Neill pointed out, will be lower than “is used habitually in civil cases. In a civil case, one would have to show that the new evidence was not reasonably available on the previous occasion. There is no such requirement here.”

Parliament was so excited by the benefits of chucking the ancient prohibition that it extended the repeal of double jeopardy from murder to cases of rape, manslaughter, kidnapping, drug-trafficking, and some 20 other serious crimes. For good measure it made the new act retroactive. Henceforth, no one who has been, or will be, tried and acquitted of a serious crime can feel confident he will not be tried again, and again.

To make the prosecutor’s task still easier, he is now permitted to use hearsay evidence — goodbye to confronting witnesses — to introduce a defendant’s prior record, and the number of jury trials is to be reduced. Still, the government has helped the homeowner by sponsoring a law “to prevent homeowners being sued by intruders who injure

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Federalism: An Antidote to the Poison of Faction

Jonathan Miltimore

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As James Madison observed in Federalist #10, the Framers of our Constitution formed “a happy combination in this respect; the great and aggregate interests being referred to the national, the local and particular to the state legislatures.” These “great and aggregate interests” are clearly defined in Article I, Section 8 of the U.S. Constitution and include the abilities to borrow and coin money, issue patents, raise armies and navies, declare war, and establish a post office and roads.

Madison understood that “as long as the reason of man continues fallible, and he is at liberty to exercise it, different opinions will be formed.” Factions, intent on self-interested ends, Madison warned, will necessarily and naturally form around these opinions. Indeed, Federalist #10 is primarily a forewarning of the fundamental danger these factions pose to democracies. As Madison tells us, “a zeal for different opinions concerning religion, concerning government, and many other points... have, in turn, divided mankind into parties, inflamed them with mutual animosity, and rendered them much more disposed to vex and oppress each other than to co-operate for their common good.”

There are only two solutions to faction Madison concluded: remove its cause or control its effects. The former option —

removing faction — can be achieved by one of two methods: “one, by destroying the liberty which is essential to its existence; the other, by giving to every citizen the same opinions, the same passions, and the same interests.” Madison recognized that in this case the remedy would be worse than the disease; hence we are left with only one viable option: controlling the effects of faction. Federalism, along with republicanism, is the primary mode of controlling these effects.

Unfortunately, we have slowly abandoned the latter option (restraining the effects of faction) for the former (removing it). But do we really need (or want) a monolithic system of government for three-hundred million people? Should New York have the same gun-control laws as Wyoming? Does Kansas need identical abortion laws to Vermont? Common sense assumes that what may be desirable and advantageous in one area may be undesirable and detrimental to another. Governments (and zealots) ignore such distinctions and do not understand restraint; what is good for one must necessarily be good for all. Not content with restraining the effects of faction, we have elected to extinguish it. The inevitable casualty in all of this will of course be, as Madison warned, liberty.

If such is the price for political homogeneity, a poor trade it would be indeed. As the political climate grows evermore polarized and rancorous, it is patently obvious that what we could use is a healthy dose of federalism.

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**Spending Cuts Even
Democrats Could Support**

Jeffrey Alan Miron

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politically unlikely. That is correct. But that is precisely why Democratic economists, and all other economists, should use their blogs, and their op-eds to highlight the enormous scope for welfare-enhancing cuts in government expenditure.

Jeffrey Alan Miron is an economist at Harvard University.

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Facts & Opinions
Question of the Quarter:

Will Democrats reclaim the House of Representatives this November?

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We may publish some of your ideas in the next issue
of *Facts & Opinions* in November 2006.

**Mad Dogs and
Englishmen**

Joyce Malcolm

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themselves while breaking in.” It may be crass to point out that the British people, stripped of their ability to protect themselves and of other ancient rights and left to the mercy of criminals, have gotten the worst of both

worlds. Still, as one citizen, referring to the new policy of letting criminals off with a caution, suggested: “Perhaps it would be easier and safer for the honest citizens of the U.K. to move into the prisons and the criminals to be let out.”

Joyce Malcolm is Professor of History at Bentley College. She is a nationally recognized scholar on second amendment rights and author of six books. Reprinted from The Wall Street Journal © 2006 Dow Jones & Company. All rights reserved.