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FACTS & OPINIONS

On Public Interest Issues

Quotes

Those who expect to reap the blessings of freedom, must, like men, undergo the fatigue of supporting it.
– Thomas Paine, (1737-1809), English-American political activist and revolutionary

May the sun in his course visit no land more free, more happy, more lovely, than this our own country!
– Daniel Webster, (1782-1852), U.S. Senator

For what avail the plough or sail, or land or life, if freedom fail?
– Ralph Waldo Emerson, (1803-1882), American poet

We must be free not because we claim freedom, but because we practice it.
– William Faulkner, (1897-1962), American author

Seventeen Reasons the $17 Trillion Debt Is Still a Big Deal

By Kelsey Harris
The Heritage Foundation

Remember the debt? That $17 trillion problem? Some in Washington seem to think it's gone away.

The Washington Post reported that "the national debt is no longer growing out of control." Lawmakers and liberal inside-the-Beltway organizations are floating the notion that it's not a high priority any more.

We beg to differ, so we came up with 17 reasons that $17 trillion in debt is still a big, bad deal.

1. $53,769 – Your share of the national debt. As Washington continues to spend more than it can afford, every American will be on the hook for this massive debt burden.

2. Personal income will be lower. The skyrocketing debt could cause families to lose up to $11,000 on their income every year. That's enough to send the kids to a state college or move to a nicer neighborhood.

3. Fewer jobs and lower salaries. High government spending with no accountability eliminates opportunities for career advancement, paralyzes job creation, and lowers wages and salaries.

4. Higher interest rates. Some families and businesses won't be able to borrow money because of high interest rates on mortgages, car loans, and more – the dream of starting a business could be out of reach.

5. High debt and high spending won't help the economy. Journalists should check with both sides before committing pen to paper, especially those at respectable outlets like *The Washington*

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Post and *The New York Times.* A $17 trillion debt only hurts the economy.

6. What economic growth? High-debt economies similar to America's current state grew by one-third less than their low-debt counterparts.

7. Eventually, someone has to pay the nation's $17 trillion credit card bill, and Washington has nominated your family. It's wildly irresponsible to never reduce expenses, yet Washington continues to spend, refusing to acknowledge the repercussions.

8. Jeopardizes the stability of Medicare, Social Security, and Medicaid. Millions of people depend on Medicare, Medicaid, and Social Security, but these programs are also the main drivers of the growing debt. Congress has yet to take the steps needed to make these programs affordable and sustainable to preserve benefits for those who need them the most.

9. Washington collects a lot, and then spends a ton. Where are your tax dollars going? In 2012, Washington collected $2.4 trillion in taxes — more than $20,000 per household. But it wasn't enough for Washington's spending habits. The federal government **actually spent $3.5 trillion.**

10. Young people face a diminished future. College students from all over the country got together in February at a "Millennial Meetup" to talk about how the national debt impacts their generation.

11. Without cutting spending and reducing the debt, big-government corruption and special interests only get bigger. The national debt is an uphill battle in a city where politicians too often refuse to relinquish power, to the detriment of America.

12. Harmful effects are permanent. Astronomical debt lowers incomes and well-being permanently, not just temporarily. A one-time major increase in government debt is typically a permanent addition, and the dragging effects on the economy are long-lasting.

13. The biggest threat to U.S. security. Even President Obama's former Chairman of the Joint Chiefs of Staff thinks so: Admiral Mike Mullen, "It's the single biggest threat to our national security….if we didn't get control of our debt, there would be continued loss of confidence in America." (May 10, 2012.)

14. Makes us more vulnerable to the next economic crisis. According to the Congressional Budget Office's 2012 Long-Term Budget Outlook, "growing federal debt also would increase the probability of a sudden fiscal crisis."

15. Washington racked up $300 billion in more debt in less than four months. Our nation is on a dangerous fiscal course, and it's time for lawmakers to steer us out of the coming debt storm.

16. High debt makes America weaker. Even Britain's Liam Fox (former U.K. Secretary of State for Defense) warns America: Fix the debt problem now, or suffer the consequences of less power on the world stage.

17. High debt crowds out the valuable functions of government. By disregarding the limits on government in the Constitution, Congress thwarts the foundation of our freedoms.

Reprinted with permission, "The Morning Bell," The Heritage Foundation, published June 17, 2013, <http://blog.heritage.org/2013/06/17/morning-bell-17-reasons-the-17-trillion-debt-is-still-a-big-deal/> accessed on June 17, 2013.

Focus on Iowa Wesleyan College

On May 7th the Iowa Wesleyan College Board of Trustees announced the election of Dr. Steven E. Titus as its new President. "We are extremely pleased to name Dr. Titus as the next President of Iowa Wesleyan College," said Don Wiley, Chairman. "He brings the experience and skills that will ensure we meet our strategic goals, address our institutional priorities, and continue to move Iowa Wesleyan College forward."

Titus is currently Senior Vice President of University Advancement at Saint Mary's University in Winona, Minnesota. He served as President of Midland Lutheran College in Fremont, Nebraska, from 2002-2007.

"What has drawn us to this special place is its bold and pioneering spirit and superb faculty, staff, and volunteer leadership. Iowa Wesleyan is uniquely positioned to respond to the changing higher education landscape," Titus said. "I look forward to our work together to build on this foundation in remarkable and enduring ways."

Titus earned his bachelor's degree in business administration/organizational behavior at Southwest Minnesota State University, his juris doctorate degree from Marquette University Law School, and his Ph.D. in higher education administration from the University of Virginia.

IWC Honors Alumni During Commencement

Joan Gerling, Carman, Illinois, a graduate of the teacher education program at Iowa Wesleyan, established the Joan M. Gerling Endowed Scholarship at Iowa Wesleyan College for elementary education majors. Her support of the Iowa Wesleyan College Chapel Renovation Project resulted in the Roy H. & Joan M. Gerling Trust Plaza. Most recently, Gerling's generous support is reflected in significant upgrades and renovations to the college residence halls. Gerling received the doctor of philanthropy degree, honoris causa.

Carol Nemitz, Mount Pleasant, was the recipient of the Iowa Wesleyan College Distinguished Service Award. She will retire this month after 50 years of service to the college. Nemitz graduated from Iowa Wesleyan College with a degree in education, earning a master's degree in counseling and guidance from the University of Iowa. She joined the Iowa Wesleyan College, serving as Dean of Women, Dean of Student Personnel Services, Vice President of Student Affairs and Dean of Students, Vice President for Institutional Relations, acting President and Special Assistant to the President. She was the first woman to serve as a Vice President at Iowa Wesleyan and the only one to serve as interim President.

**To continue our publications, Public Interest Institute relies on the suppor
solutions to today's public-policy challenges. Please use the enclosed p**

Frederic Volkmann, Vice Chancellor Emeritus for Washington University in St. Louis, was granted a doctor of humanities degree, honoris causa. He was the commencement speaker.

Volkmanan retired from Washington University in St. Louis in 2011. His career in public affairs, communications, and marketing spanned 52 years, 49 of which were in academe. He is a graduate of Iowa Wesleyan College with a bachelor's degree in English.

Volkmann served as Chair of the Board of the Council for the Advancement and Support of Education (CASE), receiving the Steuben Apple Award for excellence in teaching and the Lifetime Achievement Award.

IWC Alumni Association Honored Graduates at Alumni Banquet

Dr. Linda Gerdner, Burlingon, was the recipient of the 2013 Distinguished Alumnus Award. Gerdner is a Consulting Assistant Professor at the Stanford Geriatric Education Center. She developed a protocol for individualized music as an alternative intervention for management of agitation in persons with dementia, winning the International Psychogeriatric Association/Bayer Research Award. She is the primary author of *Grandfather's Story Cloth*, a bilingual picture book that addresses dementia perception and care by Hmong-Americans through a culturally meaningful storyline. *Grandfather's Story Cloth* has received six national and international awards.

Gerdner earned her B.S.N. degree at Iowa Wesleyan. She completed her M.A. and Ph.D. in nursing from the University of Iowa.

Anthony (Tony) Timm, Des Moines, received the Distinguished Young Alumnus Award, presented to alumni 40 years old or younger. Timm was named Executive Director of the Central Iowa Shelter & Services (CISS), Iowa's largest emergency homeless shelter, in 2008. He oversees management, day-to-day operations, fundraising, public relations, and volunteer programs. He led the organization through a $15 million capital campaign and oversaw the design and construction of a new $13 million 43,000-square-foot shelter, which opened last September.

Mick and Susan Michael, Lexington, Kentucky, were the recipients of the 2013 Alumni Service Awards.

Sue was active in Zeta Tau Alpha, a cheerleader, and a member of Sheaffer-Trieschmann Hall Court, Qui Est, and Tri-S. She graduated with a degree in home economics, and then joined the IWC staff as an admissions counselor, being promoted to Assistant Director of Admissions. She retired as Director of Admissions at Sullivan University in January of this year.

Mick, a physical education and business major at IWC, was active in Phi Delta Theta on campus. Following graduation, Mick joined the IWC admissions staff. He went on to a career in sales, retiring as Regional Sales Manager for JCB Corp in March 2013.

Sue and Mick actively support Iowa Wesleyan. Sue has served on the Alumni Board and the Iowa Wesleyan College Board of Trustees.

Summer Alumni Event!

All IWC alumni and families are invited to join the Burlington Bees alumni event, on Monday, August 12. There will be a picnic from 4:30 – 6:00 p.m., at the 40 & 8 Club shelter near the Community Field in Burlington, hosted by Don Gibbs, and Linda '70 and Jim Brockway. The baseball game will start at 7:05 p.m., featuring Bees vs. Beloit Snappers.

Call 800-582-2383 for more information on Iowa Wesleyan College.

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Why We Need "Calm" Approach to Climate Change

By Tom Harris
Policy Advisor for Environment
The Heartland Institute

Last month, U.S. Representative David McKinley (R-WV) hosted an unbiased climate change panel discussion in Fairmont, West Virginia. Experts from both sides of the climate debate participated without restrictions of any kind.

McKinley's open-minded approach is one that should be copied across the United States. Considering what's at stake — a human-induced eco-collapse if former Vice President Al Gore and his allies are correct, or, if skeptics are right, a waste of billions of dollars and the loss of millions of jobs as we experiment with a switch away from hydrocarbon fuels to alternative energy sources — the risks are too high to do anything less.

No matter what Gore and 350.org founder Bill McKibben tell us, experts in the field know that climate science is highly immature. We are in a period of "negative discovery," in that the more we learn about climate, the more we realize we do not know.

Rather than "remove the doubt," as Gore tells us should be done, we must recognize the doubt in this, arguably the most complex science ever tackled.

The confidence expressed by Gore, McKibben, and President Barack Obama that mankind is definitely causing dangerous climate change is a consequence of a belief in what professors Chris Essex (University of Western Ontario) and Ross McKitrick (University of Guelph, Ontario) call the "Doctrine of Certainty." This doctrine is "a collection of now familiar assertions about climate that are to be accepted without question" (*Taken by Storm, 2007*).

Essex and McKitrick explain, "But the Doctrine is not true. Each assertion is either manifestly false or the claim to know is false. Climate is one of the most challenging open problems in modern science. Some knowledgeable scientists believe that the climate problem can never be solved."

Creating rational public policy in the face of such uncertainty is challenging. It is therefore important that America's climate and energy experts are able to speak out without fear of retribution or sanction, regardless of their points of view. We want climate and energy policies to be based on rigorous science, economics and engineering, coupled with common sense and compassion for our fellow man, not political ideology or vested commercial interests.

Sadly, the exact opposite is the case today. Emotions run high as the climate debate has become intensely polarized. Implications of bias and vested financial interests, as well as logical fallacies (errors in reasoning), have taken the place of meaningful consideration of the facts. Many leading scientists therefore remain silent if their views are not politically correct.

We must clean up the climate change debate to make it easier for experts to participate. In particular, media and politicians should strive to avoid the logical fallacies that are distracting the public from thinking about the issue constructively.

Here are some of the fallacies that must be purged from the discussion:

- Ad Hominem (discredit the man, instead of the idea):

By calling those with whom he disagrees "climate deniers," Gore commits a logical fallacy often used to equate those who question the causes of climate change with Holocaust deniers.

No one is denying that climate changes; only the causes are in dispute.

• "Climate-change denier" is also a "thought-terminating cliché."

• Guilt by association:

That a specific viewpoint is promoted by the "religious right" or the "loony left" is irrelevant. A position is either correct or not, or unknown, independent of the affiliations of the presenter.

• Straw man (arguments based on misrepresentation of an opponent's position):

Republicans are not "anti-science." Neither are Democrats. If they were, they would never fly in an airplane, use cellphones, or take vitamins. They simply disagree with each other about the causes of climate change. Climate always changes on planets with atmospheres.

We need politicians and media to help set the stage for an effective discussion of this, one of the most important issues of our time, by avoiding these logical traps. Representative McKinley has led the way. Let's hope other leaders soon follow.

Originally published June 14, 2013, reprinted with permission of the Heartland Institute, <http://blog.heartland.org/2013/06/why-we-need-calm-approach-to-climate-change/> accessed on June 15, 2013.

Tom Harris is Executive Director of the International Climate Science Coalition and Advisor for Environment Policy at The Heartland Institute. Along with Professor Bob Carter of James Cook University in Australia, Harris coordinated the open letter from 100 top climate experts to the Secretary General of the United Nations during the Bali Climate Change Conference in December 2007.

What's New At Public Interest Institute

Dr. Don Racheter, Public Interest Institute (PII) President, along with Dr. Craig Curtis, Bradley University Associate Professor of Political Science, and Dr. Brad McMillan, Director of Bradley University's Institute for Principled Leadership in Public Service, presented a paper entitled "There's Nothing Fair about the Illinois Map: An Examination of the Reapportionment Process in Illinois" at the Paul Simon Public Policy Institute conference in Springfield, Illinois, on April 30, 2013.

The three authors subsequently revised the paper to have a focus on reapportionment in Iowa, which was published as a POLICY STUDY by PII entitled "Mal-apportionment and the Miracle of Iowa."

The May issue of IOWA ECONOMIC SCORECARD featured an article by Jim Hawkins, Director of the Professional Educators of Iowa, titled "Union Freedom for All," on how teachers may resign from the Iowa teachers' union.

POLICY STUDY #13-3: "Just Say NO – and Keep Saying NO – to Federal Health Care Exchanges and Medicaid Expansion," by Research Analyst Deborah D. Thornton was published in March.

The May IOWA TRANSPARENCY NEWSLETTER featured an article by IT Specialist Jennifer L. Crull entitled "Iowans Should Demand Transparency Concerning the Union Negotiations."

Research Analyst John Hendrickson finished a busy and successful semester teaching a course at IWC in early May.

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When College Becomes a Risky Investment

By Robert E. Martin
Emeritus Professor of Economics, Centre College

Economists mislead families by framing college attendance as an issue of capital investment rather than one of affordability. Telling parents and students that they should choose the college with the highest net present value, or predicted return on their tuition investment, encourages them to choose the most expensive college they can. Since colleges work to convince the public that quality and cost are directly correlated, the investment framework is a good complement to marketing strategies.

In fact, no objective data support the hypothesis that higher cost means higher quality in education. The data are lacking because colleges and universities provide few objective measures of quality, even though the market has called for that evidence for decades.

Colleges have no incentive to provide high-quality information and every incentive to keep "quality" measured by soft, ambiguous rhetoric. Colleges benefit when the public is uncertain in that regard: As long as people cannot measure the quality provided by individual institutions, they cannot make rational cost decisions among competing enrollment options.

The coupling of the investment model with college choice makes families less price-resistant than they should be, which in turn facilitates colleges' ability to increase the price of attendance. The result is three decades of unprecedented increases in the net price of attendance, and record levels of student debt.

The student "investor" must be able to make accurate economic forecasts, properly estimate the probability that he or she will graduate, predict the completion date, choose the right major, and understand how to calculate the investment's value. Yet calculations based on flawed forecasts and erroneous probabilities are worthless, and the information and sophistication required to make the right choice using that method are beyond the capabilities of most families.

In contrast, the affordability model is simple and requires only that a family know its current financial condition. No forecast of future prospects or estimation of probabilities is necessary. Family members consider how many children will be going to college, family savings, current income, parents' retirement expectations, and whether each student will be able to work. From this they agree on the maximum amount they can spend, whether from earnings, savings, or debt, to pay for college. They can apply this method to each year of attendance until the student graduates. This strategy minimizes household regrets: If the student cannot finish or is unable to work after college, the financial impact on the family is mitigated.

The difference between the investment and the affordability models is subtle but important. Financial studies show that individual investors are best served by purchasing broad-based indexed stock or bond funds, or exchange-traded funds. They achieve instant diversification, with the lowest fees, and avoid having to do an analysis of individual securities. They can apply the affordability model to stock-and-bond investments by calculating how much to contribute to those investments during each time period. This strategy converts investors' decisions into an affordability issue.

Similarly, consider the residential-real-estate market before and after the 1990s. Before then, purchasing a home was strictly an affordability issue, imposed on homeowners by lenders who expected to hold on to the mortgage. Lenders required data on borrowers' income, existing debt, credit history, and family status in order to determine how much they could afford to borrow. The lenders put a price ceiling on how much individuals could pay; they

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were subject to a binding price constraint.

This changed during the 1990s. Original lenders could resell mortgages to others, who bundled those mortgages and resold them as securities. With borrowing constraints lifted, prospective homeowners approached the purchase of a home as a capital-investment decision, which says buy the asset with the highest net present value — and that means buy the most expensive house.

Naturally borrowers bought more house than they could afford. Housing prices were artificially inflated, "flipping" became common, and the bubble grew. Eventually, of course, affordability asserted itself, and the bubble burst.

If the investment model is inappropriate for homeownership and stock-and-bond investing decisions, it most assuredly is inappropriate for college-attendance decisions. The student does not take possession of the asset, if ever, until graduation. The student does not have a realistic estimate of the asset's value until several years after graduation. A home is a real asset, but a college degree is an intangible asset; it cannot be resold.

Studies of the "return on investment" for a college education generally consider only those who complete college. Even for those who graduate, studies report results for the average or median students, while the distribution of results has considerable variance. Further, the return on investment is conditional on native ability, preparation, motivation, and the major chosen.

It is a mistake to encourage all students to go to college — and it is a mistake to encourage families to spend more on college than they can afford. For those students in the lower half, the impact of spending more than necessary for college can be devastating.

College attendance should not be promoted by the investment model. After all, risk is positively correlated with rate of return. Paying too much for college is a risky choice.

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