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 POLITICS & GOVERNMENT
 

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ment that U.S. senators should be elected by state legislatures rather than directly by citizens. Henry also worried whether America would be too large to be governed democratically by a central government.

Henry's opposition to the new Constitution, Beeman argues, was "ineffectual." In *The Federalist*, Madison showed that (in Beeman's words), "the spaciousness of the American republic was in fact a deterrent to tyrannical government." Henry refused to serve in the new U.S. government and retired to his farm near Brookneal, Virginia, until his death.

Beeman concludes that Henry's legacy resides in his strong commitment to democracy. He sees the current American political system as a combination of Madison and Jefferson's democratic structures and Henry's peppery populism. His "faith in the popular voice," says Beeman, ensures that Henry's ideas will continue to be an influence on the future direction of American politics.

### *The Hidden Deficit*

"How the Government Cooks the Books" by Phillip Longman, in *The Washington Monthly* (July-Aug. 1987), 1711 Connecticut Ave. N.W., Washington, D.C. 20009.

The federal budget deficit, which has risen from \$78.9 billion in fiscal year 1981 to \$220.7 billion in fiscal year 1986, is a source of constant political controversy. According to Longman, research consultant at Americans for Generational Equity, budget deficits are much higher than official government statistics indicate. The official budget deficit figure, he argues, "includes only a fraction of our actual debt."

The federal government currently frames its budget according to "cash-flow accounting," subtracting the amount spent each year from the amount of money taken in. Yet such accounting methods do not consider debts to be paid over a long period of time. For example, liabilities due under the federal government's 38 different retirement programs—including at least \$444.3 billion in military pensions and \$537 billion in civil service pensions—are not considered part of the budget deficit.

Federal insurance programs also involve "off-budget" losses, because the federal government "doesn't charge high enough premiums to cover the vast risks it has assumed," resulting in "unfunded liabilities," which will have to be paid with federal funds. These liabilities grow as federal insurance programs increase; for example, Maritime Administration payments to failed businesses have risen from less than \$100 million in 1984 to \$1.4 billion in 1986. The Pension Benefit Guarantee Corporation, which insures private pension plans, currently has deficits of \$2.4 billion. The Office of Management and Budget estimates that total government liabilities exceed \$3 trillion.

State and local governments also face hidden deficits. Robert Inman of the National Bureau for Economic Research determined that unfunded liabilities of state teachers' pensions amounted to more than \$400 billion in 1980, a 250 percent increase since 1970. Even small states can amass large pension liabilities; West Virginia currently has \$1.5 billion in teachers' pensions, which it cannot pay.

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Longman recommends that the federal government shift to "accrual accounting," which would count insurance programs and pensions as part of the deficit. This change would cause sharp increases in the deficit; for example, according to a study by the accounting firm Arthur Andersen & Co., accrual accounting would have caused the fiscal year 1984 federal deficit to increase from \$185.3 billion to \$333.4 billion.

While accrual accounting has its flaws, Longman says, more realistic deficit figures would provoke a "new budget debate" about the "choices and sacrifices that we, as a society, have to make."

### *Liberty's Story*

"The Idea of Liberty and the Dream of Liberation" by Kenneth Minogue, in *Encounter* (July-Aug. 1987), 44 Great Windmill St., London W1V 7PA, United Kingdom.

In recent years, argues Minogue, a political scientist at the London School of Economics, intellectuals have increasingly used "prison theories" to describe political life in Western democracies. Citizens, they argue, are "imprisoned" (by race, gender, tradition) and must be "liberated" from these burdens. In Minogue's view, "prison theories" range from the belief that scientific objectivity is impossible to the view that "something called 'society' defines and type-casts us for our roles in life."

Such ideas, however, are not new. They have been part of Western thought since classical times.

In *The Republic*, Plato (428-348 B.C.) used a parable to describe political life. Consider a group of prisoners trapped in a cave. Over time, the prisoners mistake the shadows on the walls of the cave for reality. If a prisoner, Plato said, was then "hauled . . . into the sunlight, would he not suffer pain and vexation at such treatment?"

The prisoners can only discover freedom by being forced away from the comforts of the cave. As a result of Plato's teachings, Minogue argues, classical philosophers routinely considered life in the *polis* to be "merely a prison-without-walls."

The thinkers who revived classical learning still used Plato's analogies. For example, Niccolò Machiavelli (1469-1527) based his "practical realism" on the principle that the Platonic cave accurately describes political life. Karl Marx (1818-1883) composed dozens of works that treated the "history of the modern world" as a "prison-nightmare."

According to Minogue, prison-theories of politics merely cheapen and flatten life. Moreover, prison theorists ignore the ways by which one's political views can be used as a tool to critique—and understand—the views of others. For the ideal political world is not a bland "sunlight" made up of people without belief, but of creatures who exercise their limitations in a world offering access to "more universal points of view."

True liberty, Minogue concludes, cannot be acquired by Platonic means. Rather than being "liberated" by others, the taste for liberty is acquired over the centuries, as independent people freely abandon servility. "There are no 'birthpangs,'" he states, "no 'struggles,' and no 'revolution' by which liberty can be acquired."