DEAR FRIENDS AND SUPPORTERS,

In today’s public debate, rhetoric by politicians and public intellectuals alike has sown widespread confusion about the nature of America’s greatest economic challenges. Specious arguments about the effects of rising incomes at the top—as if the economy were a zero-sum game—and misleading claims about economic inequality have distracted attention away from our country’s most serious problems, such as stalled upward mobility, increasing dependence on public assistance, and declining participation in the workforce—all within the context of historically slow economic growth. Absent strong, effective leadership from Washington, the Manhattan Institute is working instead to refocus the national conversation on issues that matter and solutions to foster opportunity for all citizens. In the long run, good policy ideas make for good politics.

Developing policies that unleash the energy and ingenuity of the U.S. workforce, while debunking flawed economic thinking, are at the forefront of our agenda. As national and local politicians—from President Obama to New York mayor de Blasio—call for growth-inhibiting policies such as tax increases and raising the minimum wage, MI senior fellows Scott Winship and Diana Furchtgott-Roth have been rebutting the misleading narratives about economic inequality cited to justify such policies.


“We’ve got to grab the policies that really do bring growth, and this is why I am excited about what the Manhattan Institute does. Go read Scott Winship’s work.”

—Rep. Paul Ryan
CAPITALISM IN THE 21ST CENTURY

earlier this year. The essays explain how the measures of inequality being touted by the Left are inaccurate and incomplete, often failing to take into account changes in demographics, living standards, and life-cycle progressions. This primer provides a timely rejoinder to French economist Thomas Piketty’s recently translated 700-page tome, Capital in the Twenty-First Century. Winship, in fact, has spent much of the spring challenging Piketty’s arguments head-on in popular outlets such as Forbes.com (where he now has his own column), U.S. News and World Report, and The Fiscal Times, as well as in a lead article for National Review, “Inequality and the Fate of Capitalism.”

Through the primer and other writing, our fellows have sought to change the focus of the national conversation from inequality to what is arguably a far greater cause for concern: low rates of mobility among income groups. In the recently published volume Room to Grow: Conservative Reforms for a Limited Government and a Thriving Middle Class, Winship contributed an essay with ideas for a conservative antipoverty agenda that encourages the disadvantaged to move into the world of work and reap the benefits of employment and self-sufficiency. Above all, the Institute will continue to promote policies that favor a dynamic, expanding economy and rising innovation—the main driver of prosperity and higher living standards for all.

INNOVATION NATION

If we want to avoid stagnation, we must keep pioneering new methods of innovation that play to our strengths...” So argued MI senior fellow Jim Manzi in his spring National Affairs essay, “The New American System.” With great confidence in the potential of human ingenuity to make life better, MI senior fellows promote legal and regulatory frameworks that encourage the development and application of new discoveries and ideas.

Research laboratories across America are on the verge of major breakthroughs that could help us better understand illnesses such as cancer, heart disease, and Alzheimer’s. But the U.S. Food and Drug Administration’s (FDA) outdated drug-approval process is delaying the translation of this new knowledge into working therapies.

Under the auspices of MI’s Project FDA, former FDA commissioner Dr. Andrew von Eschenbach and senior fellows Peter Huber and Paul Howard have been promoting ideas that can help the agency become a bridge to innovation. This May, at the House Energy and Commerce Committee’s “21st Century Cures Initiative” roundtable, Dr. von Eschenbach and Huber discussed their recommendations in the presence of top FDA officials. To cultivate support for change at the agency among policymakers and leaders in science and academia, MI scholars will soon embark on a multicity tour of top biotech hubs where they will make the case for reform.

“...President Obama likes to call oil yesterday’s energy... Anyone who thinks that he is doing the world a favor by compelling the switch from fossil fuels to wind and solar is consigning billions of people to a life of poverty and darkness.”
—Review of SFLDC in the Wall Street Journal

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Hayek believed that ideas change the world. That is what the Manhattan Institute is all about. That is what our scholars devote their lives to.”
—MI trustee Thomas W. Smith

“I have long admired the work of the Manhattan Institute and its development and advancement of good policy that fosters economic choice and individual responsibility… I … read City Journal on a regular basis … and I love the works of a lot of your scholars.”
—Gov. Jeb Bush

Every year, the Institute’s Alexander Hamilton Award Dinner gives us the opportunity to honor individuals who have bettered civic life and advanced our nation’s highest ideals. On May 12, before a capacity crowd at Cipriani on 42nd Street, we presented awards to Congressman Paul Ryan, Manhattan Institute trustee Thomas W. Smith, and Governor Jeb Bush. All three of 2014’s honorees have a passion for seeing good ideas put to work. Congressman Ryan and Governor Bush focused their speeches on conservative policy reforms to foster upward economic mobility. Smith, a philanthropist who has supported numerous programs on constitutional government and political economy at colleges and universities nationwide, spoke about the enduring insights of Austrian economist Friedrich Hayek and the relevance of his thought to today’s challenges. Picked up by the Associated Press and run in over 210 different media outlets, news of MI’s Hamilton Dinner and our honorees reached citizens across the country.
A n innovation-driven economy will depend on leadership from America’s cities. As MI senior fellow and Harvard University economist Edward Glaeser explained in his best-selling book *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*, the dense agglomerations that dot the globe have been engines of innovation ever since Plato and Socrates bickered in an Athenian marketplace. When governed well, cities are the incubators of opportunity, the breeding ground where ideas, ambition, and financial capital combine to create new firms. To encourage public policies that help cities abide as the bastions of free enterprise, the Manhattan Institute has been studying successes and failures in cities across the country—and the globe.

In a spirit of urban Atlanticism, a delegation from the Institute, including Glaeser, traveled to London in June for a joint conference cosponsored by our friends at Policy Exchange, the United Kingdom’s leading center-right think tank. The theme of the conference was the future of postindustrial cities and metros: Who’s Leading the Recovery, and Why? Over the course of the two days, the Institute’s investigators highlighted both exemplars and cautionary tales from Europe and the United States. The most critical measure of de Blasio’s performance, based on the mayor’s own reasoning, will be how much conditions improve for the disadvantaged—the New Yorkers whose interests the mayor claims to champion. To hold the mayor accountable in this area, the Institute has launched a benchmarking project, “Poverty and Progress in New York,” which examines indicators such as population, crime, poverty, income, welfare dependence, family structure, and educational attainment in the city’s poorest neighborhoods.

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The Institute will be a source of constant information and analysis of policy decisions that affect all the aforementioned areas, especially crime and public safety, given the Institute’s history as a leading proponent of Broken Windows policing. As NYPD commissioner William Bratton, a longtime collaborator with the Institute, stated at an MI forum in May, “Without public safety, all other pillars of democracy deteriorate.” In the months and years ahead, you can count on MI fellows to continue cultivating public opinion about the importance of public safety, keeping pressure on the mayor to give Bratton and the NYPD the discretion they need to keep our city safe.

The role of the Manhattan Institute will always be to lay the intellectual foundations for successful policy reform. As I expressed above, good policy makes for good politics. As the 2014 midterm elections draw closer, fellows will continue to keep their ideas and recommendations at the forefront of the public debate. Please know how much I appreciate the support of our friends and benefactors who make these efforts possible. I wish a pleasant summer to you all.

Sincerely,

Lawrence J. Mone
President

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