1977
TURNING INTELLECT
2017 Into Influence
BOULDER, CO
Senior fellow Max Eden spoke to students at University of Colorado, Boulder about charter schools, vouchers, school discipline, and rural education.

BEVERLY HILLS, CA
At a February media dinner hosted by City Journal, journalist Greg Ferenstein discussed his article, “The Disrupters,” on Silicon Valley elites’ vision of the future.

SAN FRANCISCO / SILICON VALLEY, CA
The San Francisco chapter of the Adam Smith Society in July heard tech venture capitalist Joe Lonsdale explain the life-cycle of a startup and predict the future for Silicon Valley.

MONTREAL, CANADA
Adam Smith Society members trekked to Montreal in October to participate in discussions led by MI senior fellow Oren Cass and David Azerrad of the Heritage Foundation on the welfare state and the future of work.

NEW DELHI, INDIA
Senior MI fellow Robert Bryce told an Observer Research Foundation roundtable in New Delhi what next steps India must take to meet its self-imposed “terawatt-size challenge”: tripling the country’s production of electricity.

DALLAS, TX
The Dallas chapter of the Adam Smith Society hosted a debate in October between Charles Murray and Jared Bernstein on the question, “Is a Universal Basic Income Needed in the Age of Automation?”

Our Reach

Number of events held in each state

0 1-14 15-44 45+

San Francisco / Silicon Valley, CA

Beverly Hills, CA

Boulder, CO

Montreal, Canada

Dallas, TX

New Delhi, India

COUNTRIES VISITED

10

France

Australia

NUMBER OF EVENTS HELD IN EACH STATE

Our Reach

10 COUNTRIES VISITED
WASHINGTON, D.C.
Paul Howard in June testified before the Senate Committee on Health, Education, Labor and Pensions on how Congress, HHS, and FDA can lower the barriers that patients face when accessing new drugs.

NEW YORK, NY
Senior fellow James Copland convened and moderated a discussion in September on “The Legal Revolution to Come: How the Right Can Reshape the Federal Courts.”
Panelists included the Hoover Institution’s Adam White, NYU’s Richard Epstein, and Georgetown University’s Randy Barnett.

BOSTON / CAMBRIDGE, MA
At a Harvard Institute of Politics John F. Kennedy Forum senior fellow Oren Cass was part of a panel discussion on “The Future of the Conservative Agenda.”

KALAMAZOO, MI
Dr. Tom Coburn, MI’s Nick Ohnell Fellow, discussed market-driven methods to lower drug prices with journalists and members of the Michigan biotech community.

WASHINGTON, D.C.
In October, Heather Mac Donald spoke to a table of journalists about her book The War on Cops and the crime spike in Chicago.

LONDON, ENGLAND
The Adam Smith Society’s first international chapter convened in London in November, where an audience of Society alumni and young professionals heard historian, author, and lecturer Andrew Roberts discuss the UK post-Brexit and the future of UK-US relations.

EDINBURGH, SCOTLAND
In November, members of the Adam Smith Society trekked to the home of the organization’s namesake to take part in a seminar led by Dr. Craig Smith of the University of Glasgow on Smith’s seminal works, The Wealth of Nations and The Theory of Moral Sentiments.
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# Table of Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>LETTER FROM THE PRESIDENT</td>
</tr>
<tr>
<td>6</td>
<td>NATIONAL POLICY AGENDA</td>
</tr>
<tr>
<td></td>
<td>Recovering the Rule of Law</td>
</tr>
<tr>
<td></td>
<td>Promoting Economic Growth</td>
</tr>
<tr>
<td></td>
<td>Restoring Law and Order</td>
</tr>
<tr>
<td></td>
<td>Fostering Upward Mobility</td>
</tr>
<tr>
<td></td>
<td>Reinvigorating Civil Society</td>
</tr>
<tr>
<td></td>
<td>Improving Education</td>
</tr>
<tr>
<td></td>
<td>Achieving American Energy Dominance</td>
</tr>
<tr>
<td></td>
<td>Reforming Health Care Policy</td>
</tr>
<tr>
<td>22</td>
<td>IDEAS FOR CITIES &amp; STATES</td>
</tr>
<tr>
<td></td>
<td>Fixing Public-Sector Pensions</td>
</tr>
<tr>
<td></td>
<td>Making Cities Work</td>
</tr>
<tr>
<td></td>
<td>Uplifting New York City</td>
</tr>
<tr>
<td>30</td>
<td>CITY JOURNAL</td>
</tr>
<tr>
<td>34</td>
<td>INTELLECTUAL PLURALISM ON AMERICA’S CAMPUSSES AND BEYOND</td>
</tr>
<tr>
<td></td>
<td>Adam Smith Society</td>
</tr>
<tr>
<td></td>
<td>MI on Campus</td>
</tr>
<tr>
<td></td>
<td>Young Leaders Circle</td>
</tr>
<tr>
<td>44</td>
<td>BANNER EVENTS</td>
</tr>
<tr>
<td>45</td>
<td>RESEARCH</td>
</tr>
<tr>
<td>46</td>
<td>BOOKS</td>
</tr>
<tr>
<td>47</td>
<td>MEDIA</td>
</tr>
<tr>
<td>48</td>
<td>EXPERTS</td>
</tr>
<tr>
<td>50</td>
<td>MI EXPANDS</td>
</tr>
</tbody>
</table>
Dear MI Friends and Supporters,

Though unpredictable, 2017 has provided the Manhattan Institute with opportunities to advance good ideas.

Start with the Department of Justice (DOJ). Under the previous administration, as violent crime was on the rise in cities nationwide, the DOJ was handicapping many local police departments through consent decrees—but not anymore. Attorney General Jeff Sessions, in April, ordered the DOJ to undertake a comprehensive review of all consent decrees—very much in line with recommendations made by Thomas W. Smith Fellow Heather Mac Donald, whom the president cited explicitly during his campaign.

Then there is the Environmental Protection Agency (EPA), headed by Scott Pruitt, with whom MI collaborated on legal policy reform when he was Oklahoma attorney general, and who spoke at MI in June. Under his direction, the EPA has been rolling...
back the regulatory overreach of the previous administration, including the Clean Power Plan (CPP). According to a 2016 MI study, CPP would have led to billions of dollars in higher electricity costs, with no measurable impacts on world temperatures and climate.

With President Trump’s June pledge to “seek not only American energy independence…but American energy dominance,” he echoed what senior fellow Mark Mills has been proposing in reports, op-eds, and on TV and radio for the past five years—a strategy of increasing domestic energy development and export, with benefits for the economy and the country’s geopolitical position. To that end, the administration has been approving the construction of new pipelines, a policy that Mills and other MI fellows have long called for.

Restoring the rule of law will require reining in the administrative state, and on this score, ideas from MI’s legal policy team, too, are gaining ground. In October, Congress undid a rule promulgated by the Consumer Financial Protection Bureau banning financial institutions from including mandatory arbitration clauses in consumer contracts, a rule that was designed exclusively to benefit plaintiffs’ lawyers. Senior fellow James Copland criticized this rule when it was first proposed in 2016 and continued with a series of commentaries up until Congress acted this year.

While congressional action will be necessary to overcome some of the biggest problems with America’s health-care system, in the interim, there is much the administration should do—and has started doing. In October, the president signed an executive order deregulating short-term insurance plans, an Obamacare workaround that senior fellow Chris Pope proposed this summer. And when it comes to furthering medical innovation, new FDA commissioner Scott Gottlieb is off to a strong start; in April, the agency approved personal genetics tests to empower patients, a move that senior fellow Peter Huber had called for in his 2013 book, The Cure in the Code.

We have seen policy changes that advance core goals of MI’s agenda: promoting public safety, sensible environmental regulation, energy dominance, the rule of law, health-care deregulation, and medical innovation—and there are more examples of reforms that I could list, and not just in Washington. MI’s state and local policy team has been developing ideas on how to improve public services from transit to schools, as well as to rein in unsustainable public-sector legacy costs. And initiatives such as MI on Campus and the Adam Smith Society are encouraging intellectual pluralism on campuses from coast to coast. These are gains that we can build on, foreshadowing a strategy for moving forward.

I’d like to thank you for your support of our mission and for helping enable all that you will read about in the following pages. I also wish you and your family a happy holiday season.

Sincerely,

Lawrence Mone
President
In response to the challenges that America faces, MI is fighting hard both for systemic reforms and for immediate victories the new administration easily can seize. On that last score, there was much to cheer from 2017 (see the letter from the president on the previous pages). Plus, with the new administration poised to appoint potentially many new members to the federal judiciary, there is a renewed opportunity to recover the rule of law and constitutional limits on federal power.

Achieving policy change in some areas—from simplifying the tax code, to overcoming Obamacare, to reforming entitlements, to undoing financial-markets regulation enacted after the 2008 crisis—will require congressional action. To that end, MI is keeping up its presence and voice in the nation’s capital, testifying before congressional committees and disseminating our research through a variety of media.

Not all problems, though, are wholly amenable to public-policy solutions. Cultural renewal will be necessary to address some of America’s most daunting social ills, such as family breakdown and intergenerational poverty, which have been especially prevalent among some minority groups—despite decades of government-led interventions. Thus, MI is also focused on ideas to reinvigorate civil society, in which inspired citizens and voluntary associations provide compassionate care for the needy and inculcate social norms that empower individuals and communities.
In February, senior fellow Beth Akers testified before the House Education and Workforce Committee.
Recovering the Rule of Law

“Make no mistake: the anti-arbitration rule was designed exclusively to benefit plaintiffs’ lawyers.”

— Senior fellow James Copland

With new appointments to the federal judiciary and with Congress increasingly attuned to abuses by what is often referred to as the “administrative,” or “regulatory,” state, MI is advocating ideas on how to restore the rule of law. Building on the Institute’s history of shaping the public debate on legal issues from civil justice reform to corporate governance to overcriminalization of ordinary conduct, legal-policy director James Copland and deputy director Rafael Mangual have been explaining how to undo some of the worst abuses and restore constitutional limits on federal power.

Over the past year, it has been encouraging to see Washington pick up our team’s recommendations. The House Financial Services Committee, for example, in May, passed the Financial CHOICE Act of 2017, which raises both the threshold amount of stock one must own to submit a shareholder proposal and the threshold level of support failed proposals must garner to be resubmitted. The committee, in explaining this provision, referred to MI’s Proxy Monitor, a project through which we have publicized attempts by activist investors to advance social and political agendas through the shareholder proposal process. In June, Attorney General Jeff Sessions ended an Obama-era Department of Justice practice that Copland had long criticized: using “voluntary” settlement agreements called “deferred” and “non-prosecution” agreements (D/NPAs) to require corporate defendants to make payouts to outside groups that were not parties to the case—often nonprofits favored by the administration. And in August, the Trump administration undid an Obama-era rule that forbade nursing-home contracts that included clauses requiring arbitration instead of litigation.

At a September forum, MI drew together three of America’s leading legal scholars—Georgetown University’s Randy Barnett, Hoover Institution’s Adam White, and NYU’s Richard Epstein—to discuss how the appointment of Neil Gorsuch to the Supreme Court (and the potential for additional Trump administration nominees) may create an opportunity to correct long-standing errors in federal jurisprudence.
On September 19, senior fellow James Copland spoke at the U.S. Chamber of Commerce on the rise of social-oriented shareholder activism, presenting findings from MI’s Proxy Monitor.

INTELLECT INTO INFLUENCE

In October, Congress followed senior fellow James Copland’s recommendation to undo a rule imposed by the Consumer Financial Protection Bureau (CFPB) banning financial institutions from including mandatory arbitration clauses in consumer contracts. The anti-arbitration rule was designed exclusively to benefit plaintiffs’ lawyers, and it would have ensured that consumers injured by financial companies would have no redress unless lumped into massive class-action lawsuits that paid them pennies on the dollar. Copland had issued a public comment opposing the rule when the CFPB proposed it in 2016, had published a report showing the costs of arbitration to be lower than those of litigation (“Trial Lawyers, Inc.: Arbitration”), and had authored a series of op-eds on the rule in the Wall Street Journal, National Review Online, and Investor’s Business Daily.
Senior fellow Diana Furchtgott-Roth has directed E21 since it was incorporated as an MI division in 2013. In October, President Trump nominated her to be assistant secretary of transportation, research, and technology. Though we will miss her, she will be doing the nation a great service in her new capacity.

In October, Acting Comptroller of the Currency Keith Noreika suggested that Congress revisit the part of the Dodd–Frank Act that sets asset thresholds that determine when banks are subject to certain regulations. Noreika said that the current thresholds are “arbitrary” and “have the perverse effect of acting as competitive barriers.” This corresponds to the findings of a landmark empirical study, led by MI book fellow and Columbia Business School professor Charles Calomiris and consisting of eight papers by 19 economists, of the effects of financial-markets regulations promulgated during the Obama era. MI hosted a conference where the economists behind this study presented their findings, and Calomiris discussed the issue in his book Reforming Financial Regulation After Dodd–Frank and in his Wall Street Journal commentary “Four Principles for Replacing Dodd–Frank.”
The course of economic policy debate in Washington has always been unpredictable—and 2017 was no exception. Congress and regulatory agencies have addressed a number of issues that bear on economic growth, from financial markets regulation to tax reform. In the midst of contentious debates, MI’s D.C.-based division, E21: Economic Policies for the 21st Century, has provided rapid-response analysis and commentary, refuting many of the falsehoods that arise in public discourse and promoting ideas that can revive economic growth—a baseline condition for improving the prospects of many struggling Americans.

Directed by senior fellow Diana Furchtgott-Roth, E21 has been working to influence policymakers and citizens inside and outside the Beltway. The E21 daily e-brief, containing our team’s latest articles, goes to a list of more than 4,000 Hill staffers, journalists, and public-policy researchers. Senior fellow Brian Riedl has been a prolific op-ed writer, puncturing many persistent myths on issues such as taxes and deficits. Policy analyst Charles Hughes’s report, “The Energy Bottleneck,” advocated expanding and upgrading America’s pipeline infrastructure for transporting oil and natural gas—and in October, the Federal Energy Regulatory Commission did just that, approving two major proposals that had been under review. The Shadow Open Market Committee (SOMC), founded by legendary economist Allan Meltzer (1926–2017) and now under the umbrella of E21, monitors and evaluates specific policy choices and broader strategic goals of the Federal Open Market Committee (FOMC).

Reforming Financial Regulation After Dodd-Frank is the very best analysis of the general problem of financial regulation ... that has been written.

— Allan H. Meltzer, Carnegie Mellon University

Promoting Economic Growth

Reforming Financial Regulation After Dodd-Frank

In this book, published following a year-long MI study on Obama-era financial regulations, MI adjunct fellow Charles Calomiris reviews the shortcomings of current regulatory practice, identifies the principles that should guide our regulatory architecture, and suggests reforms that are consistent with those principles.
Restoring Law and Order

“In short, the FBI has again proved the Manhattan Institute’s Heather Mac Donald right.”

—New York Post

On September 25, 2017, the New York Times reported that violent crime had increased for the second consecutive year and that experts “continue to express puzzlement about the upsurge.” Yet there is one expert who was not puzzled; in fact, she predicted it. Since the spring of 2015, when violent crime rates began to climb in major cities, MI Thomas W. Smith Fellow Heather Mac Donald has popularized the notion of the “Ferguson effect.” As rhetoric about police racism has escalated, officers have become more reluctant to confront suspects—and criminals have felt emboldened.

With violent crime on the rise, Mac Donald has been debunking the false narrative of police racism, with her bestselling book, The War on Cops, now in its second printing. To promote greater public awareness of Mac Donald’s research, MI placed 1,000 posters highlighting The War on Cops in subway cars throughout New York City, which were seen 8.7 million times by riders in a single month.

2014 2015

LATE 2014

2015 YEAR-END
FBI data show an increase in violent crime after years of decline. Homicides are up 17% in the largest 50 U.S. cities.

MAY 29
Heather Mac Donald coined the term “Ferguson Effect” in a Wall Street Journal op-ed, warning that police officers across the country were disengaging from discretionary enforcement activity and that poor minority communities would be the most likely to suffer from a subsequent increase in crime.

JULY 16
The Wall Street Journal reported that the American Society of Criminology’s policy committee chair e-mailed members, fretting that Mac Donald’s “misinformed campaign” was “getting a lot of play in the media” and “may have the attention of some key policymakers on the Hill.”

JUNE
Mac Donald’s “Ferguson Effect” theory garners national media attention, while many pundits and analysts deny a connection between the drop in proactive police enforcement and rise in violent crime.

DECEMBER 20
As protests were carried out, two NYPD officers were assassinated inside their patrol car.

NOVEMBER
President Obama claimed that there was no evidence of a Ferguson Effect and warned against “cherry-picking” data. The Brennan Center for Justice announced that claims of rising crime in the U.S. were “overblown.”
in addition to a full-force digital marketing campaign.

Mac Donald has also been explaining how the new administration can restore law and order. We have been encouraged to see Attorney General Sessions begin to implement policies that Mac Donalds has advocated, including calling for a review of all existing or contemplated DOJ police consent decrees that the Obama administration imposed on many police departments. Scaling back the federal government’s inappropriate supervision of local law enforcement will let officers focus on fighting crime, instead of writing reports, and help cities avoid millions of dollars’ worth of compliance costs.
Today, the gap between white and black American incomes is what it was 50 years ago. The same can be said about the gap between white and black student test scores. These inequalities persist despite decades of government interventions, programs, and billions of dollars to advance the well-being of America’s minorities.

As MI senior fellows such as Jason Riley and Heather Mac Donald have shown, policy interventions intended to help minorities, well intentioned as they may be, often end up doing more harm than good, trapping people in cycles of dependency, among other effects. To promote black self-empowerment, Riley and Mac Donald have countered the narrative that prejudice and racism are the biggest obstacles to achieving upward mobility. Consider, for example, Mac Donald’s lead essay in the Autumn issue of City Journal, “Are We All Unconscious Racists?,” a tour de force critique of the ideology and purported evidence behind the concept of “implicit bias.” Riley, in his latest book, False Black Power?, examines how the chief strategy of black civil rights leaders—pursuing political power—has failed to close inequalities between whites and blacks. He explains how other ethnic and minority groups have done better by making economic, not political, advancement their top priority.

In December, at an MI conference, “Prospects for Black America,” Riley and other scholars will discuss policy reforms and cultural changes that can encourage upward mobility. The conference will be keynoted by Dr. Ben Carson, secretary of the U.S. Department of Housing and Urban Development.
America has always looked to civil society—that constellation of nonprofits, charities, and voluntary associations—to establish and reinforce cultural norms that promote the responsible exercise of freedom. But in recent years, many institutions of civil society have frayed, and new ones are needed to address some of America’s most serious social ills, from opioid addiction to gang violence to broken or never-formed families. To empower struggling individuals and communities to live self-sufficient lives and break cycles of dependency, MI’s Howard Husock has been focused on ideas to reinvigorate American civil society.

Central to this effort has been celebrating those nonprofit leaders who have developed creative ways to help the needy and introduce (and, in some cases, reintroduce) beneficial norms. At MI’s 17th annual Social Entrepreneurship Awards banquet on November 29, we will honor organizations whose missions range from empowering ex-offenders to start small businesses to preparing disadvantaged students for STEM careers. We will also present the final William E. Simon Prize for Lifetime Achievement in Social Entrepreneurship, posthumously, to Steven McDonald, former NYPD officer who was shot and paralyzed in the line of duty in 1986. From that time until his death earlier this year, McDonald worked to spread a message of forgiveness, faith, and community. His story is that of the “everyman” social entrepreneur, working for and inspiring others, regardless of the hardships he faced. The Simon Foundation, which will soon sunset, has been a generous underwriter of MI’s efforts on civil society. We are grateful for the Foundation’s longtime support.

“Steven McDonald … reminds us that, for the person with vision and strength, one’s example can be as powerful as an entire organization.”

— MI’s Howard Husock
Improving Education

“What my analysis implies is that the city’s charter schools post high test scores but not simply because of which students they enroll.”

Senior fellow Marcus Winters

The education reform movement has led to some of the most encouraging public-policy developments of recent decades, such as charter schools in cities nationwide and new forms of career and technical education. As vested interests such as teachers’ unions have resisted reforms grounded in the principles of choice, competition, and accountability, MI has fought back, educating citizens as to why some traditional systems are in need of change and how new models can help students develop their abilities.

On the K–12 education front, senior fellows Max Eden and Marcus Winters and education–policy director Charles Sahm have been focused on reforms that can improve the prospects of disadvantaged kids. Winters, in one of his reports this year, demonstrated that, when accounting for students’ socioeconomic backgrounds, New York’s charter schools outperform even the city’s selective public schools, which admit students on the basis of entrance exams. This report, which falls in a line of previous MI studies on charters, further undercuts the canard that charters are successful because they cherry-pick better students and decline to educate those who struggle.

Beth Akers, the newest addition to MI’s education–policy brain trust, is applying MI’s core principles in the area of postsecondary education. Coauthor of the book, Game of Loans: The Rhetoric and Reality of Student Debt, Akers this year has written and testified before Congress about ideas to reform financial-aid policies in ways that make colleges more accountable for student employment outcomes and encourage college completion—unlike the idea of “free college,” which advances neither goal.

SchoolGrades.org: Launched in 2015, MI’s online school-rating project has identified overachieving schools: those that are particularly successful at helping disadvantaged kids excel. Based on an analysis of data from SchoolGrades, Max Eden and Charles Sahm authored “Diamonds in the Rough,” a report that highlighted the lessons that schools can take from these “islands of excellence.” This September, MI launched a social media campaign to promote SchoolGrades.org, which resulted in setting a new MI record for the greatest number of unique website users in a day.
Nationwide, there has been a dramatic shift in school discipline policy. With pressure coming from the Obama administration, schools grew reluctant to impose suspensions. Learning environments have subsequently deteriorated—especially at schools with high concentrations of minority students, diminishing their educational opportunities. This was one of the main findings of senior fellow Max Eden’s report “School Discipline Reform and Disorder: Evidence from New York City Public Schools, 2012–2016.” Eden has raised the school-safety issue in the national public discourse, with his op-eds appearing in USA Today, New York Post, and New York Daily News, and his findings publicized by NPR, the Wall Street Journal, and other outlets.
On October 10, EPA administrator Scott Pruitt repealed the Clean Power Plan (CPP), an Obama-era policy that called for reducing emissions of carbon dioxide from U.S. electric generating plants by 870 million tons below 2005 levels by 2030. In June 2016, MI published a report, “Missing Benefits, Hidden Costs: The Cloudy Numbers in the EPA’s Proposed Clean Power Plan,” by Jonathan Lesser, president of Continental Economics. This was a comprehensive look at the assumptions and methodology that the EPA used in its cost-benefit analysis to justify the plan. Lesser found that CPP would have increased annual electricity costs by the billions in exchange for carbon emissions reductions that would have had no measurable impact on global temperature. This study was editorialized in papers nationwide, and MI shared the report with Pruitt and his team.
In June of this year, President Trump delivered a speech in which he pledged that his administration would “seek not only American energy independence ... but American energy dominance.” With these words, Trump echoed what senior fellow Mark Mills wrote in an MI paper from five years ago, “Unleashing the North American Energy Colossus,” in which he argued that policymakers should “push beyond self-sufficiency to energy influence, even dominance.” Through subsequent reports, commentary and congressional testimony, Mills has argued that America achieve dominance through an export-centric energy strategy, which will have not only economic benefits but geopolitical ones as well. The administration, in addition to calling for dominance, has begun implementing specific policy ideas that Mills has recommended, such as approving the construction of new pipelines.

Robert Bryce and Oren Cass, the other members of MI’s energy-and-environmental-policy brain trust, have been showing how the U.S. can ensure reliable, affordable electricity at home and promote environmental protection without needlessly undermining economic growth. In these areas, too, the administration has been embracing our fellows’ ideas. Two years before President Trump withdrew the United States from the Paris Climate Accord, Cass had explained how the agreement would impose great economic costs on America while doing little to reduce emissions. And the EPA, under new administrator Scott Pruitt, has backed off of pushing states toward renewable energy mandates. In a series of reports, Bryce has shown that such mandates lead to higher energy costs, as well as negative environmental repercussions; subsidizing wind turbines results in wasteful land use and is destructive of wildlife.

“Peter Huber and Mark Mills were the great exponents of the ‘Bottomless Well’ of energy potential. They never believed for a minute that we were anywhere near peak oil.”

— George Gilder

Achieving American Energy Dominance

Senior fellow Mark Mills testified before the U.S. Senate Energy and Natural Resources Committee in July about American energy dominance and the geopolitical implications of new digital oilfield technologies.
We applaud [the FDA’s] decision. Consumers’ right to know their own genetic health risks will become more important as sophisticated diagnostics like whole-genome scans, artificial intelligence, and targeted drug and gene therapies reach doctors’ offices in the years to come. Together, these tools can empower patients to become co-directors of their own medical destinies.

— Paul Howard and Peter Huber, Wall Street Journal

With Washington repeatedly failing to come to an agreement on how to overcome the problems of the Affordable Care Act (Obamacare), MI senior fellows Paul Howard, Tom Coburn, and Chris Pope, while not giving up on a possible legislative solution, have been highlighting what the administration can do in the absence of congressional action to provide consumers with better options—and it has been encouraging to see action on this front. In October, President Trump signed an executive order that rolled back Obama-era regulations designed to sabotage Short Term Limited Duration (STLD) insurance plans. STLD plans provide similar health-care benefits, for an average of a third of the premium costs of the cheapest plans available on the Obamacare exchanges. This reform followed recommendations that Pope put forth in an article for the journal *Health Affairs*. Beyond this, in op-eds and congressional testimony, Howard and Coburn have recommended that the Department of Health and Human Services (HHS) invite state governors to apply for waivers to opt out of many of Obamacare’s most onerous and expensive regulations.

The U.S. Food and Drug Administration (FDA), now under new leadership, also has a significant role to play in improving health-care outcomes. In late 2016, following years of educational efforts on the Hill and in the public discourse by the Manhattan Institute’s Project FDA and others, the 21st Century Cures Act was passed into law. This legislation empowers the FDA to streamline drug development and accelerate advances in personalized medicine, advancing the vision that senior fellow Peter Huber articulated in his 2013 book, *The Cure in the Code: How 20th Century Law Is Undermining 21st Century Medicine*. Paul Howard built upon this vision in his June testimony before the Senate Committee on Health, Education, Labor and Pensions, providing specific recommendations on how Congress, HHS, and FDA can lower the barriers that patients face in accessing new drugs.
A decade ago, when the public and the media were obsessed with rare adverse events that might be linked to certain drugs, MI recognized that far more lives were being lost due to the FDA’s outdated regulations. To change the national conversation, MI launched Project FDA in 2008. Through research, public education, and advising Congress, Project FDA helped pave the way for the 21st Century Cures Act. Enacted in 2016, this legislation modernizes America’s system for developing and approving new medicines. Dr. Scott Gottlieb, before President Trump appointed him FDA commissioner, cosigned Project FDA’s October 2015 statement, which called for empowering the FDA to embrace precision medicine. Senior fellow Paul Howard looks forward to working closely with Commissioner Scott Gottlieb in the coming year.
Policy decisions that affect quality of life, more often than not, are made at the state and local levels of government. As America becomes increasingly urbanized, the challenges facing cities are being felt countrywide, from traffic congestion to high housing costs to the plight of the mentally ill. The decentralization of American government offers copious opportunities for policy innovation—and MI fellows provide recommendations and on-the-ground assistance for reformist mayors, governors, and state and local legislators.

Because many promised public-sector pension benefits are unsustainable, with legacy costs diverting resources from core public services and investment, reforming the terms of public employment is at the forefront of MI’s agenda to strengthen cities and states. Next comes developing innovative ideas to make cities of all kinds work; to help them achieve solvency and promote a strong quality of life. And as always, we are deeply engaged in the debate over prominent issues facing our home city of New York, many of which are also pressing for other cities across the United States.
MI has a long history of advising and collaborating with governors from states across America, as well as highlighting areas in which they have put good ideas to work.
Public-employee pension systems throughout America are underfunded—some drastically so, with politicians beholden to the public sector having promised unsustainable benefits. To pave the way for reform-minded leadership, MI has been laying bare the true extent of pension liabilities. We have also been showing how those liabilities affect citizens and their home cities and states, helping the public internalize the gravity of the problem.

Take, for example, senior fellow Stephen Eide’s October report, “Rust Belt Cities and Their Burden of Legacy Costs.” Particularly since the 2016 presidential race, the future of postindustrial regions has become an issue of national concern. Eide, in his paper, shows how these cities’ public-employee pension obligations pose an obstacle to their recovery. In the absence of reform, Rust Belt cities will struggle to maintain existing public services and make future investments. This report falls in a line of MI research documenting the “crowd-out” effect of public pensions and benefits on core services, from police and fire protection to schools and roads.

Though pension reform is an uphill battle, it is not impossible. In an op-ed for the Houston Chronicle, senior fellow Josh McGee, who also serves as chairman of the Texas Pension Review Board, explained how Houston’s mayor and local public unions agreed to modify unsustainable benefits and reduce long-term costs, a plan that was then approved by the Texas state legislature. McGee concluded that Houston provides a model for how other cities and states can provide retirement security for public employees and avert fiscal disaster.

— George Will, Washington Post

The Manhattan Institute’s Josh B. McGee reports that teachers’ pension plans … have at least a $500 billion problem. This is the gap between promised benefits and money set aside to fund them.

New York City in 1978 promised that it would have its public pension costs under control in 40 years. But as adjunct fellow Edmund J. McMahon and senior fellow Josh McGee found in their market-value assessment of the city’s pension funds, Gotham’s pensions are $142 billion underfunded—twice the amount admitted to by the city’s actuary. Their findings were reported by the New York Times, “New York City Pensions Are Still in Crisis,” among other media coverage.
Senior fellow Daniel DiSalvo (pictured here), also a professor of political science at the City University of New York (CUNY) coauthored an MI report finding that 46 states spent less money last year per student at public colleges and universities than was spent in 2008. DiSalvo and coauthor Jeffrey Kuck’s analysis, publicized in an op-ed in *U.S. News and World Report*, identified the culprit: “Pensions Are Killing Higher Education.”

As America’s public-sector pension crisis has unfolded, MI has sought to empower and spread the example of reformist leaders, Republican and Democrat alike, from Indiana and Wisconsin governors Mitch Daniels and Scott Walker to Rhode Island general treasurer Gina Raimondo and San Jose mayor Chuck Reed. In 2018, look for MI to build on our track record of advising and supporting state and local officials.
INTELLECT INTO INFLUENCE

William E. Simon Fellow Kay Hymowitz’s book *The New Brooklyn: What It Takes to Bring a City Back* demolished popular misconceptions about gentrification, including the notion that it leads to communities becoming less diverse. The review that appeared in the *New York Times Book Review* noted that “the volume of disingenuous posturing on [gentrification] has increased dramatically” but praised Hymowitz as “one writer who has managed to speak sensibly above the din.”
MI has a vision for cities at their best: as safe, entrepreneurial, and culturally vibrant. Our team of urban-policy scholars—Stephen Eide, Nicole Gelinas, Edward Glaeser, Howard Husock, Kay Hymowitz, Aaron Renn, and Fred Siegel—brings a clear-eyed perspective to the challenges affecting cities of all sizes and circumstances, from knowledge-economy hubs that need to keep up with an influx of newcomers, to Rust Belt cities that may need to reinvent themselves and shore up certain fundamentals to prosper long-term.

For many cities, especially those burdened by high public-pension debt, averting insolvency is the most urgent priority. In a January report, senior fellows Daniel DiSalvo and Stephen Eide argued that “intervention bankruptcy,” in which the state government steps in to implement fiscal reform, may be the most promising solution for many distressed locales. Senior fellow Aaron Renn, too, has looked at governance reforms that can help struggling municipalities, in particular the so-called inner-ring suburbs. Renn, in a September issue brief, proposed that some such suburbs, to prevent a true crisis, consider merging with the adjacent central city.

Quality of life, much the purview of local officials, has long been part of MI’s agenda. In 2017, we focused a great deal on the plight of the severely mentally ill, who, when lacking proper treatment, can pose a danger to themselves and others. To elevate this issue in the public discourse, MI supported the promotion of the book *Insane Consequences: How the Mental Health Industry Fails the Mentally Ill*, by D. J. Jaffe, executive director of mentalillnesspolicy.org. We also convened forums on the shortcomings of the current system of assisting those with severe mental illness. Our fall symposium on mental-illness policy featured Elinore McCance-Katz, a long time critic of the status quo who was recently sworn in as the U.S. Department of Health and Human Services’ first assistant secretary for Mental Health and Substance Use.

"140,000 seriously mentally ill are homeless, 392,000 are in jails and prisons, and 3 million get zero treatment. We should solve those problems but attention to them is largely drowned out."

— D. J. Jaffe, author of *Insane Consequences*
In public-policy debates affecting our home city, MI provides a voice of sobriety, monitoring the policies and proposals coming out of city hall and tracking how New York fares. When de Blasio took office in 2014, he stated, “We are called to put an end to economic and social inequalities that threaten to unravel the city we love.” But research by MI fellow Alex Armlovich, published as part of our “Poverty and Progress” report series, shows that the mayor’s agenda has failed on its own terms: income inequality in 2016 stood where it was when Mayor Bloomberg left office.

Even more to the point: a focus on inequality is not the way to help improve people’s lives. MI, in contrast, has been developing ideas that can give Gotham’s disadvantaged citizens more opportunity to get ahead. In her column for the New York Post, senior fellow Nicole Gelinas is constantly pushing for reforms to improve the cost-efficiency of the city’s subway system: an indispensable means for people to get to work. MI vice president for research and publications Howard Husock has explained how the city’s public housing system ill-serves low-income New Yorkers and has called for increasing the supply of market-rate housing to put downward pressure on rent. And in a series of reports, senior fellows Marcus Winters and Max Eden have made the case for greater school choice, showing how charters not only outperform even the city’s selective public schools with kids from similar racial and socioeconomic backgrounds but are safer learning environments as well.
New York City’s “transit backbone”—its MTA bus system—is showing fractures. As fellow Alex Armlovich warned in a May op-ed for the New York Daily News, ridership has collapsed 16% since 2002. His solution? Give “Uberized” buses a try: riders hail a bus by smartphone, and the bus then uses Uber-type algorithms to find the most efficient route. Armlovich shared findings from his paper “How Micro-Transit Companies Can Make America’s Buses Hum” (published in the MI volume Urban Policy Frontiers) with city officials. Following his efforts, the NYC Department of Transportation authorized Uberized bus service, providing residents with a new transportation option.
“City Journal offers a fresh, in-depth examination with hard facts, clear logic, and sharp insights.”

THOMAS SOWELL
Economist
“In the age of the internet, how is it possible for a quarterly magazine to seem the most timely publication in the country?”

The City Journal editorial team in Bryant Park, blocks from the magazine’s headquarters. Seated from left to right are: Steven Malanga (senior editor), Paul Beston (managing editor), Brian Anderson (editor), and newest member, Seth Barron (associate editor).
Everything about MI’s magazine, *City Journal*, has persuasion as its goal—to disabuse readers of bad ideas that are gaining credence in the public discourse and advance good ones in their place. Our team of writers, led by editor Brian Anderson, show that civility need not imply a loss of principle or lack of forcefulness. Even the magazine’s aesthetic, from the artwork that graces the cover of each quarterly to the art deco–inspired logo to the photographs and images that appear alongside the article text, seeks to engage readers of all political and ideological stripes.

The “City” in *City Journal* reflects our abiding interest in urban affairs; how the metropolis can be commercially and culturally vibrant and provide opportunity for all who dwell in it. It also reflects a deeper concern about the well-being of the underlying *civitas*—what holds the political community together and where it threatens to unwind. At a time when many commentators, politicians, and intellectuals seek to reinforce the notion of division in America, the writers of *City Journal* have highlighted the mores, laws, and practices that have fostered civic unity and been the warp and woof of Western civilization itself.
Long-term joblessness has emerged as one of the major crises of the 21st century, with millions of prime working-age men out of the labor force. In a special issue of *City Journal*, “The Shape of Work to Come,” published in the summer, authors explain the reasons behind the crisis and present an ambitious, practical agenda for addressing it. The special issue treated issues from the effects of artificial intelligence and globalization on labor markets to the promise of new forms of vocational education and gained widespread attention. Not only did the White House request copies of the magazine, but articles were also adapted 13 times in other publications, including the *Wall Street Journal, Dallas Morning News, Los Angeles Times*, and *Sacramento Bee*.

Though the unemployment rate has fallen, 15% of prime-age men are jobless. Long-term unemployment is a very real issue.

About 4 in 10 stay at home moms say that their ideal situation would be to work part-time.

The high school graduation rate for students concentrating in career and technical training was 93%, compared with an overall graduation rate of 80%.

The World Bank estimates that 57% of jobs in the developed countries could be automated over the next two decades.

*As of December 2014*

*As of June 2014*
For a long while, the professoriate within many (maybe most) humanities and social science departments has been ideologically monolithic. University administrators have been implementing policies that infantilize students and reinforce exaggerated notions of student victimhood and oppression. Yet the adamant refusal of some students even to allow an exchange of views—and with the faculty complicit in that refusal—seems to augur something new and appalling: mob rule of the mind. This was the spectacle that we observed these past several years, when conservative intellectuals—including MI’s own Heather Mac Donald and Jason Riley—were harassed and disinvited to lecture at some of America’s most elite colleges and universities.

In the face of these developments, MI has stood for recalling higher education back to what should be its highest ideals—the pursuit of truth and the transmission of knowledge. Mac Donald has been one of MI’s—and America’s—most trenchant critics of the aforementioned trends in academia, while stressing the importance of introducing today’s students to the greatness of Western history, literature, music, and philosophy. Through MI on Campus, our undergraduate lecture series, and the Adam Smith Society, based on business school campuses, we are creating contexts for genuine discussion and debate about important questions. And because, as Mac Donald has explained, the university’s diversity ideology has been filtering into the business world, we are providing young professionals with opportunities for intellectual refreshment, primarily through MI’s Young Leaders Circle.
Journalist Jared Lindzon moderates an Adam Smith Society debate at Dallas’s famed Old Parkland on the resolution: “A universal basic income is necessary in the age of automation.”
“The need to support capitalism is as great as ever. Anti–capitalist forces in our society are pervasive and they are particularly pronounced among young people. At the Adam Smith Society, we believe that our members, the future leaders of the business community, can turn this around and, thus, improve the prospects for global economic growth.”

MARILYN FEDAK
Vice President Emeritus, AllianceBernstein
Founder, Marilyn G. Fedak Capitalism Project
MBA students who have participated in Smith Soc student chapters.

BY THE NUMBERS

8,695 MBA students who have participated in Smith Soc

30 student chapters

8 professional chapters

400+ leaders in the Speakers Bureau
At business school, who makes the moral case for capitalism? Who explains the philosophical foundations on which free markets rest? Prior to the founding of the Adam Smith Society in 2011, hardly anybody.

Modeled after the Federalist Society at law schools, the Adam Smith Society, an MI program, is a national, chapter-based association of MBA students and business leaders promoting on-campus discussion and debate about the moral, social, and economic benefits of capitalism. MI launched this initiative following the financial crisis, when the perceived failure of free-market ideas was a prevalent theme in the public discourse, and many young people were buying into the negative rhetoric about capitalism (this was at the height of the Occupy Wall Street movement). Since then, we have expanded to 30 business school campuses across the country, where chapters sponsor debates, lectures, salons, and other activities with scholars, public-policy experts, journalists, and market-minded business leaders.

While the Adam Smith Society begins in business school, it does not end there. The program is meant to be a resource for business professionals as they advance in their careers—empowering them to be
thoughtful, passionate advocates for the free-enterprise system. Over the past several years, we have been developing opportunities for alumni members to network with one another and keep up their education, including professional chapters in major cities (now spanning from San Francisco to London) and intensive weekend seminars (Smith Soc Treks).

To put the influence of business leaders in perspective, consider the following facts: Bill Gates has the 26th-highest Twitter following in the world; at 34.7 million, he has more followers than CNN, ESPN, President Trump, and Leonardo DiCaprio, among other celebrities. Richard Branson (10.6 million followers) and Elon Musk (8.6 million) have quite a following, too. Of the top 100 super PAC donors, for both parties, 20 are MBA grads—and they all went to schools that currently have Adam Smith Society chapters. And of the top 50 philanthropists of 2015, 11 are MBA grads—and again, all of them went to schools with chapters.

Needless to say, MI has high expectations, as well as great confidence, in the thousands of young men and women who have joined this movement of capitalists for capitalism.
"The health-care trek was definitely an experience like none other during my MBA. The access to health-care industry experts in a small-group setting was fantastic, and the contributions of the Trek attendees were impressive in their own right. I still remember when one of the speakers asked rhetorically whether anyone had actually read their own health-insurance policy, and one of the attendees raised his hand and offered that he had helped write one. This is when it really sunk in for me that I was truly grateful to be a member of such an auspicious network."

- Matthew M. | University of Michigan Ross School of Business

"It’s an amazing experience being in the country that inspired Adam Smith. Walking the streets that he walked, you come to more fully understand his ideas and what he stood for. I can’t thank the Adam Smith Society enough for this incredible opportunity."

- David G. | Carnegie Mellon Tepper School of Business
The disinvitation and protesting of conservative speakers, including MI’s own Jason Riley and Heather Mac Donald, have been some of the most appalling trends in American higher education. Yet while some students, faculty, and administrators push for restrictions on free speech, many others still desire to hear a diversity of perspectives on important questions. To provide such opportunities for undergraduate students, in 2014, with leadership and support from trustee Thomas W. Smith, MI inaugurated “MI on Campus,” a program that supports lectures by MI fellows at colleges and universities nationwide. Since inception, “MI on Campus” has introduced thousands of students to perspectives on public policy, culture, and economics that, but for this program (and a handful of other efforts like it), they might not otherwise encounter during college.
America’s major cities attract talented and ambitious young people from across the nation. Even if they live and work there for but a few years, the experience, knowledge, and connections that they gain are assets that stay with them throughout their lives—benefiting not only them but also the communities where they eventually settle. Mindful of the future influencers that reside in and pass through New York, the Manhattan Institute has developed a program for metropolitan-area professionals: the Young Leaders Circle (YLC).

Throughout the year, the YLC hosts monthly events featuring a policy expert and ample time for networking. These events draw people who are looking for more than just a chance for a new professional opportunity—they are in search of real conversation about issues that matter. At many places of work, discussions about public policy are often taboo, with pressure to censor one’s views if they go against the grain. Members of Young Leaders, therefore, find the group an oasis: a chance to share their opinions openly, be exposed to new ideas, and engage with other people who think about public policy and culture.
HOW TO JOIN
YOUNG LEADERS CIRCLE

To give the gift of YLC membership to a young professional in New York—or to join yourself—contact MI’s development team at ylc@manhattan-institute.org, or call us any time at 212-599-7000. General membership is available to those aged 21 to 45 who contribute $250 annually to MI. YLC’s leadership group, the Advisory Committee, is made up of those who contribute $1,000 or more each year; at this level, members are invited to private dinners with YLC’s guest speakers and a series of special events throughout the year, including the annual Advisory Committee holiday party each December.
Adam Smith Society National Meeting

Every year, the Adam Smith Society holds its National Meeting in New York, bringing together hundreds of MBA student and alumni members from across the country for an intense weekend of education and networking. Members attend industry-focused breakout sessions, pairing scholars with practitioners, and hear panels and lectures addressing such topics as the morality of capitalism. At the 2017 Meeting, the Society presented its Principled Leadership Award to Kenneth Griffin, founder and CEO of Citadel. Speakers included Marilyn G. Fedak, vice president emeritus, Alliance Bernstein, and founder, Marilyn G. Fedak Capitalism Project; Howard Milstein, president and CEO of New York Private Bank & Trust and its operating bank, Emigrant Bank; Paul Singer, MI chairman and CEO of Elliott Management Corporation; and author J. D. Vance.

Alexander Hamilton Award Dinner

The Alexander Hamilton Award was created to honor those individuals who, like Hamilton, are avid proponents of commerce and civic life. Throughout the years, we have recognized leaders who have made remarkable things happen in realms including public policy, culture, and philanthropy. The 2017 Alexander Hamilton Awards were presented to William J. Bratton, former New York City Police Commissioner, and to Ravenel B. Curry III, cofounder of Eagle Capital Management.

Hayek Lecture

The Hayek Lecture is delivered by the recipient of the Hayek Prize, which honors the book published within the past two years that best reflects F. A. Hayek’s vision of economic and individual liberty. Conceived and funded by Manhattan Institute trustee Thomas W. Smith, the Hayek Prize, with its $50,000 award, is among the world’s most generous book prizes. The 2017 recipient was University of Illinois at Chicago professor Deirdre N. McCloskey, for Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World.

James Q. Wilson Lecture

In honor of James Q. Wilson (1931–2012), one of the 20th century’s most prolific and accomplished political scientists, MI sponsors an annual eponymously named lecture on urban affairs. In 2017, it was delivered by MI senior fellow and Harvard University economics professor Edward Glaeser on the topic “Reviving the American Heartland.”

Social Entrepreneurship Awards

Each year since 2001, the Institute has presented up to five Richard Cornuelle Awards for Social Entrepreneurship to individuals who have originated and effectively steered a nonprofit organization serving those in need, bringing their original ideas to fruition primarily by means of private, rather than government, support. In addition, MI has annually presented the William E. Simon Prize for Lifetime Achievement in Social Entrepreneurship. In 2017, for the final Simon Prize (as the Simon Foundation prepares to sunset), we chose to honor, in memoriam, Steven McDonald, an NYPD Detective wounded in the line of duty in 1986.

William E. Simon Lecture

Annually, since 2007, the Manhattan Institute has sponsored the William E. Simon Forum on philanthropy and social entrepreneurship to discuss trends in American charity and charitable enterprises. In 2017, the Simon Forum focused on the implications of foundation “sunset provisions” (requiring all assets be spent by a specified date) for the future of public-policy research. Participants included Howard Husock, MI vice president of research and publications; Edwin Feulner, founding trustee and former president, Heritage Foundation; Heather Higgins, president & CEO, Independent Women’s Voice and president of the Randolph Foundation; and James Piereson, president, William E. Simon Foundation.

Wriston Lecture

In 1987, the Manhattan Institute initiated a lecture series in honor of Walter B. Wriston—banker, author, government advisor, and member of the Manhattan Institute’s board of trustees. The Wriston Lecture has since been delivered annually in New York City, with honorees drawn from the worlds of government, the academy, religion, business, and the arts. The 2017 Wriston Lecture was delivered by Jonathan Haidt, author of the New York Times best-seller The Righteous Mind and Thomas Cooley Professor of Ethical Leadership at NYU’s Stern School of Business.
The Manhattan Institute annually publishes full-length research reports on topics related to key issue areas. This body of work—authored by our resident fellows, associated scholars, and outside experts—has shaped the thinking of policymakers, thought leaders, the media, and the general public.

Ideas for the New Administration: Two Strategic Energy Pivots
Mark P. Mills
ISSUE BRIEF, January 5, 2017

Ideas for the New Administration: Four Urgent Health-Care Reforms
Paul Howard
ISSUE BRIEF, January 10, 2017

Ideas for the New Administration: Private Infrastructure Provision
Edward L. Glaeser
ISSUE BRIEF, January 12, 2017

When Cities Are at the Financial Brink: The Case for “Intervention Bankruptcy”
Daniel DiSalvo and Stephen Eide
REPORT, January 12, 2017

Ideas for the New Administration: Five Reforms to Improve Higher Ed
Beth Akers
ISSUE BRIEF, January 17, 2017

Special Report: Connecticut’s Broken Cities
Stephen Eide
REPORT, January 18, 2017

Ideas for the New Administration: Two K-12 Federal Education Strategies
Max Eden
ISSUE BRIEF, January 18, 2017

Reinventing the Port Authority of New York & New Jersey
Robert W. Poole
REPORT, January 26, 2017

Driverless Cars and the Future of American Infrastructure
Aaron M. Renn
REPORT, January 31, 2017

Diamonds in the Rough: How Schools Can Rise to the Top
Charles Upton Sahm and Max Eden
REPORT, February 1, 2017

State Waivers: A Federalist Rx for Obamacare HIs
Yevgeniy Feyman
ISSUE BRIEF, February 1, 2017

Will Repealing Obamacare Kill People?
Oren Cass
ISSUE BRIEF, February 22, 2017

Three Reforms That Can Help Balance Medicare Finances
Yevgeniy Feyman
ISSUE BRIEF, February 23, 2017

School Discipline Reform and Disorder: Evidence from New York City Public Schools, 2012–16
Max Eden
REPORT, March 14, 2017

The Ticket to Work Program: Helping the Disabled to Achieve Self-Sufficiency
William Emnicke, Steven Cohen, and Alison Miller
REPORT, March 15, 2017

When Policy-Oriented Foundations Sunset
Howard Husock
REPORT, March 21, 2017

New York Charter Schools Outperform Traditional Selective Public Schools
Marcus A. Winters
REPORT, March 22, 2017

Michigan Overcriminalization: Update 2017
James R. Copland and Rafael Miquang
ISSUE BRIEF, March 30, 2017

The Affordability Conundrum: Value, Price, and Choice in Higher Education Today
Beth Akers, Kim Dancy, and Jason Delisle
REPORT, April 12, 2017

Yelp for Health: Using the Wisdom of Crowds to Find High-Quality Hospitals
Paul Howard and Yevgeniy Feyman
REPORT, April 12, 2017

Reforming Obama-Era Financial Regulation
Nicole Gelpas
REPORT, April 13, 2017

Proxy Season Preview: Shareholder Activism en Marche
James R. Copland and Margaret M. O’Keefe
REPORT, April 12, 2017

The Every Student Succeeds Act: How to Make It Work
Max Eden
ISSUE BRIEF, April 20, 2017

Assisted Outpatient Treatment in New York State: The Case for Making Kendra’s Law Permanent
Stephen Eide
REPORT, April 27, 2017

Will EPA Cuts Harm America’s Air Quality?
Oren Cass
ISSUE BRIEF, April 27, 2017

Identifying Effective Prisoner Reentry Strategies
Robert Cherry and Mary Gatta
REPORT, May 2, 2017

Does America Need More Urban Rail Transit?
Aaron M. Renn
ISSUE BRIEF, May 3, 2017

On the Chopping Block: Rising State Pension Costs Lead to Cuts in Higher Education
Daniel DiSalvo and Jeffrey Kucik
REPORT, May 11, 2017

Poverty and Progress in New York City: Vision Zero and Traffic Safety
Alex Armlovich
ISSUE BRIEF, May 25, 2017

Rebuilding America’s Infrastructure
Edward L. Glaeser, Nicole Gelpas, Aaron M. Renn, John Terney, Robert W. Poole, and Mark P. Mills
REPORT, June 7, 2017

Prometheus Bound: How Regulations Stifle a U.S. Manufacturing Renaissance
Mark P. Mills
REPORT, June 7, 2017

The Never-Ending Hangover: How New York City’s Pension Costs Threaten Its Future
E. J. McMahon and Josh B. Mcgee
REPORT, June 20, 2017

Patents, Pasteur, and Productivity: A Model for Promoting Scientific and Economic Growth at the National Institutes of Health
Michael J. Kalutkiewicz and Richard L. Ehman
REPORT, June 23, 2017

How Per-Capita Spending Caps Can Help Advance Equity in Medicaid
Chris Pope
ISSUE BRIEF, June 23, 2017

Proxy Monitor 2017, Finding 1: Climate-Change Proposals Break Through
James R. Copland and Margaret M. O’Keefe
REPORT, June 27, 2017

The Shadow Regulatory State at the Crossroads: Federal Deferred Prosecution Agreements Face an Uncertain Future
James R. Copland and Rafael Miquang
REPORT, June 27, 2017

Costly Progress: De Blasio’s Renewal School Program
Marcus A. Winters
REPORT, July 18, 2017

The Energy Bottleneck: Why America Needs More Pipelines
Charles Hughes
REPORT, July 19, 2017

Alex Armlovich
ISSUE BRIEF, July 25, 2017

The MTA’s Escalating Cost Crisis: Answers to Questions About the Metropolitan Transportation Authority’s Finances
Nicole Gelpas
ISSUE BRIEF, July 26, 2017

North Carolina Overcriminalization: Update 2017
James R. Copland and Rafael Miquang
ISSUE BRIEF, August 1, 2017

After Indian Point: Lights Out for New York City?
Robert Bryce
ISSUE BRIEF, August 8, 2017

New York’s Clean Energy Programs: The High Cost of Symbolic Environmentalism
Jonathan A. Lesser
REPORT, August 22, 2017

Mergers May Rescue Declining Suburbs
Aaron M. Renn
ISSUE BRIEF, September 12, 2017

How Congress Should Clarify and Expand the ACA’s State Innovation Waivers
Paul Howard and Yevgeniy Feyman
ISSUE BRIEF, September 12, 2017

How New York’s Public Housing Fails the City’s New Poor
Howard Husock
ISSUE BRIEF, October 3, 2017

Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits
Chris Pope
REPORT, October 4, 2017

Connecticut’s Fiscal Crisis Is a Cautionary Tale for New Jersey
Stephen Eide
REPORT, October 16, 2017

Poverty and Progress in New York XII: Income Inequality Under Mayor de Blasio, 2014–16
Alex Armlovich
REPORT, October 17, 2017

Rust Belt Cities and Their Burden of Legacy Costs
Stephen Eide
REPORT, October 23, 2017

New York City Charters Are Safer than District Schools: An Analysis of Student and Teacher Opinions
Max Eden
ISSUE BRIEF, October 24, 2017

The Individual Mandate Is Unnecessary and Unfair
Chris Pope
ISSUE BRIEF, October 26, 2017
The New Brooklyn
What It Takes to Bring a City Back
by Kay Hymowitz
Rowman & Littlefield, January 2017

Once stereotyped by The Honeymooners and Welcome Back, Kotter as the schlub of boroughs, Brooklyn now rivals Manhattan in sophistication and desirability. Longtime Brooklyn resident Kay Hymowitz, MI William E. Simon Fellow and City Journal contributing editor, details the revival of her community in this book described by the Wall Street Journal as “nuanced” and “engaging.” Her analysis speaks to many issues facing urban America in general, including gentrification, a source of much controversy. Hymowitz demolishes popular misconceptions about gentrification, including the notion that it leads to communities becoming less diverse. While gentrification may have its winners and its losers, urban decline, in the words of the New York Times Book Review, “makes losers out of everyone.”

Insane Consequences
How the Mental Health Industry Fails the Mentally Ill
by D. J. Jaffe
Prometheus Books, April 2017

Since the 1960s, a bias against hospitalizing people afflicted with serious mental illnesses such as schizophrenia and psychosis has overwhelmed our criminal-justice system and contributed to a homeless population in New York City that in 2017 exceeds that of the Great Depression. The problem is not lack of available public funds, argues D. J. Jaffe, executive director of mentalillnesspolicy.org, but a mental health “industry” that puts concerns about the civil rights and stigmatization of the afflicted ahead of their physical safety and the safety of those living with them. Insane Consequences details the suffering and injustice that result when the mental health industry focuses on treating broad-based “wellness” complaints such as anxiety and depression but fails to mandate long-term hospitalization and monitor medication for persons who pose a danger to themselves and to society. MI partnered with Jaffe to promote this book, as part of the Institute’s broader efforts to influence the public debate about how to address the plight of the severely mentally ill.

Reforming Financial Regulation
After Dodd-Frank
by Charles W. Calomiris
Amazon e-book, May 2017

Post-2008 financial regulatory changes largely have been a failure. They have produced high compliance costs, while constructing regulatory mechanisms that are unlikely to achieve their intended objectives. Furthermore, financial regulation increasingly has adopted processes that are inconsistent with adherence to the rule of law. In this monograph, Charles W. Calomiris, the Henry Kaufman Professor of Financial Institutions at Columbia Business School and Manhattan Institute book fellow, reviews the shortcomings of current regulatory practice, lays out the principles that should guide our regulatory architecture, and suggests reforms that are consistent with those principles.

False Black Power?
by Jason Riley
Templeton Press, June 2017

The number of black elected officials nationwide increased from 1,500 to 10,000 between 1970 and 2010, culminating in the election of America’s first black president. But during this same period, blacks progressed more slowly economically than whites, and the black poor actually lost ground, observes Manhattan Institute senior fellow Jason Riley. Riley challenges the idea, embraced by many civil rights leaders, that blacks’ socioeconomic success depends on having more black Americans in public office. Riley examines the roles of culture, family, and character in influencing minority success. With response essays contributed by Brown University’s Glenn Loury and Columbia University’s John McWhorter, False Black Power? generated in-depth coverage by ABC News, C-SPAN, the New York Post, and others.
11 MILLION
online pageviews

650K+
engagement actions on MI social media content

33K+
new followers on social media in past year

90K+
social media followers of MI’s City Journal

13K
average “10 Blocks” podcast downloads/month

81%
increase in “10 Blocks” podcast subscribers

19%
NPR radio appearances and mentions up

57%
increase in subscribers to The Beat

36%
City Journal adaptations up

83
WSJ op-eds by MI scholars
Real public-policy innovation is often driven by leaders at the city and state level, not distant officials in Washington. Few people understand that principle as well as Michael Hendrix, MI’s new director of State & Local Policy. Hendrix, previously senior director for Emerging Issues and Research at the U.S. Chamber of Commerce Foundation, has long stressed the importance of a conservative policy agenda for America’s urban centers, a cause he has advanced in *National Affairs, City Journal, The Federalist, National Review,* and other publications. At MI, he will spearhead our efforts to cultivate a new generation of market-driven reforms in state and local governments, tackling such issues as public pensions, economic opportunity, housing, and public safety.

To outsiders, New York City’s baroque political scene can seem impenetrable. Seth Barron knows it from the perspective of having been an insider. *City Journal*’s new associate editor is well acquainted with all the players, personalities, and policies that make New York hum. Experience gained from having worked inside the New York City Council and numerous political campaigns informs his writing and editorial work. Concurrently the director of the New York Initiative at the Manhattan Institute, he publishes regularly on a range of topics in the *New York Post, City Journal,* and the *Daily News.*

Health care policy, as Americans have learned all over again this year, is fiendishly complicated. Luckily for MI, our newest health care scholar, Chris Pope, is a walking encyclopedia on the subject. A veteran of the American Enterprise Institute, the Heritage Foundation, and the U.S. House Committee on Energy and Commerce, Pope comes to MI following a stint as the Director of Policy Research at West Health. It hasn’t taken long for him to make an impact. Over the summer, Pope proposed that short-term health insurance plans be deregulated in order to create an Obamacare workaround. That idea was enshrined into law via an executive order from President Trump in October. As the health care debate continues to rage, Pope will ensure that MI remains at the center of the conversation.

How can America foster economic growth while making an honest reckoning with its entitlement-driven debt? No one is better positioned to answer that question Brian Riedl, MI’s newest economic-policy scholar. After beginning his career at the Heritage Foundation, Riedl spent six years as chief economist to Senator Rob Portman (R-OH) and as staff director of the Senate Finance Subcommittee on Fiscal Responsibility and Economic Growth. He also served as a director of budget and spending policy for Marco Rubio’s presidential campaign and was the lead architect of the 10-year deficit-reduction plan for Mitt Romney’s presidential campaign. A widely recognized authority on all things related to the federal budget, Riedl has written for publications that include the *New York Times, Wall Street Journal, Washington Post,* and *Los Angeles Times.*

Brian Stewart is MI’s new director of Media Relations. In various roles, Stewart has advanced a policy agenda that supports a free-enterprise economy, limited government, and a peaceful American-led global order. He previously served on the communications teams at the Counter Extremism Project and United Against Nuclear Iran, and has written on domestic and foreign affairs for the *Wall Street Journal, National Review Online, The American Interest,* and the *Daily Beast,* among other publications. At MI, he will help formulate communications to foster awareness of the Institute’s mission, scholarship, and proposals to reform public policy at the national, state, and local levels of government.
About the Manhattan Institute

The mission of MI is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.

Manhattan Institute is a leading voice of free-market ideas, shaping political culture since our founding in 1977. Ideas that have changed the United States for the better—welfare reform, tort reform, proactive policing, and supply-side tax policies, among others—are the heart of MI’s legacy. While continuing with what is tried and true, we constantly develop new ways of advancing our message in the battle of ideas.

MI Policy Research
MI recruits experts in a range of domestic-policy areas. Fellows shape the public discourse through authoring reports, essays, and books; testifying at government hearings; and reaching citizens directly through various media (op-eds, TV, radio, social media, etc.).

MI’s Work on the Ground
To show the efficacy of putting policy prescriptions into practice, MI will often collaborate with cities and public officials. Following the 9/11 terrorist attacks, at the NYPD’s request we launched a policy division to advise the police on the development of a counterterrorism strategy. In Newark, New Jersey, the Institute partnered with Mayor Cory Booker to implement a new approach to prisoner reentry, based on the principle of connecting ex-offenders with paid work immediately upon release. In 2012–13, MI experts were embedded in the Detroit Police Department, helping the Motor City implement Broken Windows policing (a long-standing focus of the Institute). And in 2017, MI launched a project to identify ways to finance charter school facilities in New York, enabling the sector to keep up its growth and be able to educate more students.

MI’s Quarterly Magazine, City Journal
In 1990, the Institute founded its magazine, City Journal, as an intellectual and journalistic response to New York’s downward spiral and to the illness of the American city generally. Called “the best magazine in America” by the Wall Street Journal’s Peggy Noonan and “the great Fool Killer in the arena of urban policy” by novelist Tom Wolfe, City Journal has promoted ideas in response to the challenges facing urban America, promoting a vision of cities as safe, entrepreneurial, and culturally vibrant. According to former New York mayor Rudolph Giuliani, “If there was a charge of plagiarism for political programs, I’d probably be in a lot of trouble, because I think we plagiarized most of them, if not all of them, from the pages of City Journal and the thinking and analysis of the Manhattan Institute.”

MI’s Book Program
MI books have a habit of sparking national conversation and reframing the public debate. An early example was Charles Murray’s Losing Ground (1984), which demonstrated empirically that open-ended welfare benefits incentivize self-destructive behavior among the poor and which helped pave the way for landmark federal welfare reform in 1996. The Bottomless Well (2005), by Peter Huber and Mark Mills, was referred to by Bill Gates as “the only book I’ve seen that really explains energy, its history, and what it will be like going forward.” Zappos CEO Tony Hsieh has cited Triumph of the City (2011), by Edward Glaeser, as a key influence in his urban experiment to revitalize downtown Las Vegas. And Heather Mac Donald’s The War on Cops: How the New Attack on Law and Order Makes Everyone Less Safe has made six national bestseller lists, with Thomas Sowell saying, “This is a book that can save lives.”

MI and the Next Generation
As the perpetuation of the American experiment depends on the next generation, MI has developed initiatives to support the intellectual formation of tomorrow’s leaders—both on and off the campus. Our outreach to students consists primarily of two programs: MI on Campus and the Adam Smith Society. Through MI on Campus, fellows give lectures to undergraduate students at colleges and universities across America. The Adam Smith Society, based at business schools, is a nationwide chapter-based association of MBA students and business leaders promoting on-campus debate and discussion about the moral, social, and economic benefits of capitalism. After business school, MBA alums can become part of the Adam Smith Society alumni network, based in a growing number of city-based professional chapters. For young professionals in the New York metropolitan area, MI sponsors the Young Leaders Circle, a monthly speaker series that provides opportunity for intellectual refreshment and networking with others interested in public policy.