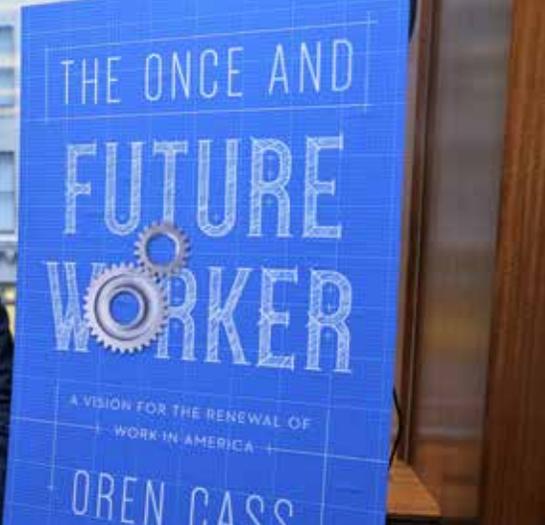




PRESIDENT'S UPDATE

Year-End 2018



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Even before ballots were cast, scholars at the Manhattan Institute were addressing these challenges head on.”

LETTER FROM THE PRESIDENT

LAWRENCE J. MONE

Dear friends and supporters,

During the recent midterms, the urban-rural divide, so prominent in 2016, appeared even more salient. It is a divide that is at once economic and cultural. Despite strong national economic growth, stark regional disparities have persisted. So, too, have citizens responded differently to identity politics. Even before ballots were cast, scholars at the Manhattan Institute were addressing these and other challenges head on.

You'll see that we begin this year-end update with a discussion of Thomas W. Smith Fellow Heather Mac Donald's latest book, *The Diversity Delusion*. In it, she describes how victimhood ideology, inculcated for decades on college and university campuses, has been influencing other aspects of American life—and what is at stake in the university's abandonment of classical liberal education.

From there, we review how MI scholars have been working to drive policy change at all levels of government, efforts upon which we will build in 2019. With reformist leadership in place at many federal agencies and new appointments to the

federal judiciary, there is still more that can be done to encourage investment and innovation and to shore up the rule of law. In regard to state-level policy reform, one of the biggest game changers of 2018 was the Supreme Court's decision in the case of *Janus v. AFSCME*, ruling that it is unconstitutional to require nonunion public employees to pay agency fees in place of union dues. A victory for freedom of speech, the decision in *Janus* should also help rebalance the political playing field in states where it has been difficult to reform pensions and benefits, one of MI's longstanding institutional priorities.

Please take some time to look through the pages that follow and read about MI's work on these and other issues. Because your interest and generosity have been essential in enabling this work and in extending our influence, I hope that you are proud of what we have accomplished together. On the Institute's behalf, I wish you a happy holiday season.



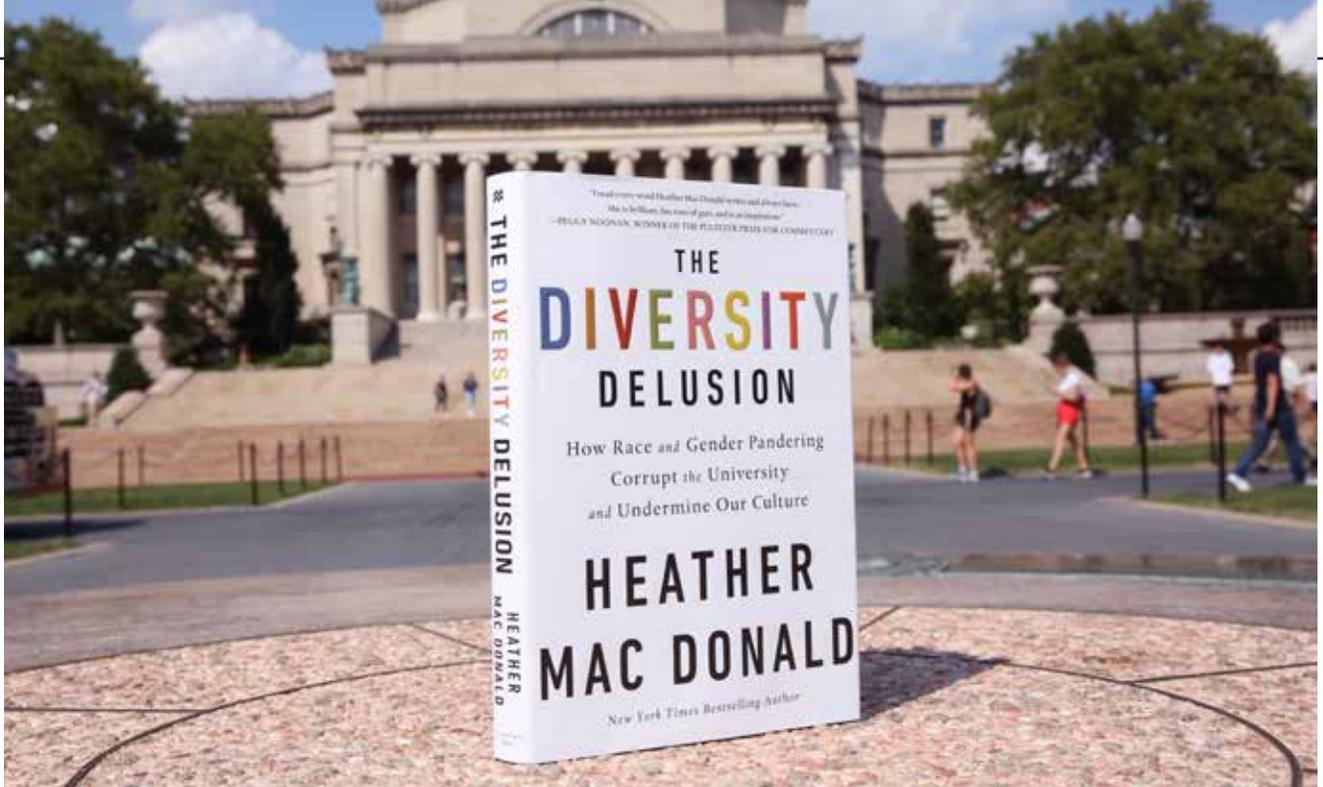
THE “DIVERSITY” DELUSION ON CAMPUS AND BEYOND



Identity politics reached a fever pitch this fall, surrounding the confirmation hearings of Judge (now Justice) Brett Kavanaugh. As MI Thomas W. Smith Fellow Heather Mac Donald explained in a piece in the *Wall Street Journal* shortly before the final confirmation vote: “The Kavanaugh hysteria has provided the country with a crash course in academic victim politics.” Such politics and their effects on society at large are the subject of Mac Donald’s latest book, published this year: *The Diversity Delusion: How Race and Gender Pandering Corrupt the University and Undermine Our Culture* (St. Martin’s Press). University of Toronto professor Jordan Peterson noted in advance praise: “Why should we care what happens in the Ivory Tower? Because what happens there very soon happens everywhere.”

Through *The Diversity Delusion*, Mac Donald dissects the victimhood ideology that has been inculcated at all too many colleges and universities, explaining how it is predicated on delusory notions of omnipresent racism and bigotry—both on campus and in

WSJ | OPINION *The Scourge of ‘Diversity’*



21st-century America more broadly. As Mac Donald chronicles, not only is this ideology promoted by faculty, but it is also reinforced by a well-heeled and heavily-staffed “diversity bureaucracy,” headed by deanlets and administrators with titles such as Vice Chancellor for Equity, Diversity, and Inclusion. She examines how the diversity delusion lies behind and is related to some of the most noxious developments that have affected higher education in recent decades, from the politicization of curricula in the humanities to the abrogation of due-process rights for students accused of sexual assault to the failure to guarantee freedom of speech. And she explains what happens when victimhood ideology affects other areas of American life, from requirements that law-enforcement officers participate in implicit-bias training (partly out of a refusal to acknowledge the link between high crime rates and police activity in communities) to pressures on companies to hire on the basis of race and gender (which

risks compromising economic competitiveness).

In this book, Mac Donald draws upon decades of reporting on the state of higher education, as well as her personal experience of campus intolerance, such as in 2017, when at Claremont McKenna College protesters blocked the entrance to



The Kavanaugh hysteria has provided the country with a crash course in academic victim politics.

Heather Mac Donald

Wall Street Journal | October 12, 2018

the auditorium where she had been invited to lecture on her previous book, *The War on Cops*, forcing her to speak to an empty room. Her research and experience have made her a go-to perspective on various issues in higher education, including the current lawsuit

against Harvard University, in which thousands of students, many of them Asian, claim that the school’s use of racial preferences has led to discriminatory treatment of college applicants. In an October interview on *Fox and Friends*, Mac Donald explained that the use of such preferences contributes to racial divisions on campus: when less qualified minority students struggle to keep up with their peers academically, diversity bureaucrats tell them that their difficulties are because of racism, reinforcing a sense of victimhood.

Since this summer, MI has been working to promote *The Diversity Delusion* and Mac Donald in public discourse, educating citizens and policymakers about victimhood ideology, its false premises, and its pernicious effects on many areas of American life. She has been interviewed about the book on TV and radio, and op-eds and excerpts have run in the *Los Angeles Times*, *New York Post*, and *New York Daily News*. On October 13, she was the subject of the *Wall Street Journal*’s weekend interview. George Will drew upon *The Diversity Delusion* in back-to-back columns in the

25+events across
the country**50+**broadcast
interviews

Washington Post. In September, Mac Donald was a panelist at a forum on free speech on college campuses that was convened by the Department of Justice and keynoted by former Attorney General Jeff Sessions. And she has crisscrossed the country to appear at various events.

As an immediate response to the lack of intellectual pluralism on many campuses, we've been sending MI scholars, such as Mac Donald, to speak at colleges and universities across the country, introducing undergraduates to perspectives on cultural and economic affairs that they might not otherwise encounter. But for our "MI on Campus" lecture series, students at UNC, Boston College, Yale, and Williams College, for example, would not have heard senior fellow Oren Cass challenge

the conventional wisdom about the Paris Climate Accord or the purported threat of climate change. Nor would students at Duke have heard MI William E. Simon Fellow Kay Hymowitz speak about the virtues of gentrification, or students at Harvard and Wellesley heard senior fellow Chris Pope on the problems with single-payer health care—among many other lectures.

Nor, but for MI's efforts, would many students have heard senior fellow Jason Riley's perspective on race relations that goes against much of the victimhood ideology described above. Riley, who joined MI in 2015, has argued that cultural handicaps, not racism or discrimination, are the greatest obstacles to the success of black Americans today, and that blacks' pursuit of political power has been largely

ineffective in enabling upward mobility. Over the past year, he has spoken at more than a dozen campuses, including Reed College in Portland, Oregon, which has been the scene of past protests against conservative speakers. An article for *Reed Magazine* reported that while students disagreed with parts of Riley's argument, "it was also clear that many listeners welcomed a chance to hear—and discuss—ideas that are different from the ones they typically encounter on campus." This year, MI was honored when Riley received the prestigious Bradley Prize, conferred by the Lynde and Harry Bradley Foundation on individuals whose accomplishments reflect the Foundation's mission to restore, strengthen, and protect the principles and institutions of American exceptionalism.

What was the most intellectually enriching or inspiring course that you had while you were an undergrad at Yale in the 1970s?

Wow, it's hard to choose. My course in the Greek tragedies and comedies was earth-shattering: to experience the terrifying language of Aeschylus in *The Oresteia* was extraordinary, and to feel these chthonic forces that we believe we've conquered in our civilized modernity, but that are always with us. I'm also very grateful for the fact that my freshman English class, "Major English Poets," was offered before the onset of multiculturalism and feminism in the 1980s. I was allowed to read Chaucer, Edmund Spenser, John Milton, William Wordsworth, and Wallace Stevens without anyone thinking to complain about their gonads and melanin.

Why have you decided to focus so much of your writing on the university?

Anger and sadness. I aspired to become an academic and could think of no greater privilege than curating civilization's great works. But as high theory took over the university, I realized that that possibility was foreclosed. Trying to understand greatness and beauty is no longer encouraged or even allowed on a college campus. And it enrages me that the faculty, who have been granted so great a privilege, are abusing it.

You were, at one point, drawn to the high theory that you now see as having done such great harm. What drew you to it originally?

I was attracted to deconstruction because I'd always been fascinated by language. Deconstruction seemed like a secret (if perverse) knowledge that set its holders apart from people who were so naïve as to think that you could actually use language to convey meaning. I aspired to complete a Ph.D. in comparative literature, which was then the field most dominated by deconstruction.

But what happened? Why did you come to distance yourself from it?

I spent two years at Cambridge University, where I studied, among other things, linguistics. I realized that linguistics, in its different forms, offered real knowledge about language—whether syntax, phonetics, or, most enthrallingly, something called speech act theory. Speech act theory sees language as a form of action, noting that there are many utterances in human speech that are not descriptive; they actually do something. "I hereby take you as my wife" does not *describe* the world; it *changes* the world by changing the status of the two parties to the marriage contract. That was a completely new take on language—one that was antithetical to deconstruction, which speaks endlessly of how language fails. I came back to Yale to start my Ph.D. in comparative literature and I heard my professors, like Paul de Man, regurgitating the same bizarre claims about language that I had absorbed with such uncritical fervor as an undergraduate. I thought, they're speaking nonsense. They're in a rut. This is a complete dead-end in analyzing language and literature. So I left and went to law school—perversely, in the hope of pursuing critical theory in the law!

What message about the purpose of a university should we be focused on?

Humanistic learning, because it allows all of us narrow individuals who would otherwise be confined to the particularities of our own time and place to transcend those limitations and experience something greater than ourselves. Humanistic learning is an end in itself. But it is also true that without an understanding of our past and how hard-fought was our liberation from tyranny, want, and scarcity, we're in danger of losing that accomplishment.

If you were designing a curriculum for undergraduate liberal arts majors, what five books would you require they read?

Aeschylus, *The Oresteia*; George Eliot, *Middlemarch*; Max Beerbohm, *Zuleika Dobson*; Mark Twain, *Adventures of Huckleberry Finn*; William Makepeace Thackeray, *Vanity Fair*. I'd also include *The St. Matthew Passion* by Bach and *Don Giovanni* by Mozart.

di·ver·si·ty de·lu·sion

[dih-vur-si-tee dih-loo-zhuh, n]: the belief that underrepresented ideological, gender, and racial minorities are victims of interminable oppression and emotional trauma (most often on college campuses)

ECONOMIC GROWTH



Over the past two years, the American economy has shown signs of dynamism unseen for a decade.

The unemployment rate—now below 4 percent—is at its lowest level since 1969. GDP has been growing at 3 percent. Wages and corporate profits are up. These developments have occurred as Washington has pursued a pro-growth agenda, reducing taxes and paring back regulation and implementing ideas put forward by MI fellows in areas such as energy, health care, and financial services. So, too, have our scholars kept up their analysis on how to address some of the biggest threats to long-term prosperity: the national debt and unsustainable entitlement programs.

In August, the U.S. Department of Energy issued a statement announcing that oil conservation was no longer an economic imperative; the fracking revolution has led to a boom in domestic oil and gas production, giving the U.S. “more flexibility” in its use of our domestic assets. The administration’s approach follows from what MI senior fellow Mark Mills has argued for years, beginning with his prescient book coauthored

with senior fellow Peter Huber in 2006, *The Bottomless Well: The Twilight of Fuel, the Virtue of Waste, and Why We Will Never Run Out of Energy*. Since last year, the administration has echoed Mills’s calls to pivot from seeking “energy independence” to pursuing “energy dominance,” in which the U.S. will leverage domestic energy for both economic and geopolitical gains. Consider, for example, that the number of nations importing liquefied natural gas (LNG) has jumped from a dozen to more than 40 in the past two decades, with international LNG trade expected to become a \$200 billion annual business and an increasingly critical fuel for growing economies. In an MI report published this September, “The Real Fuel of the Future: Natural Gas,” Mills outlined what additional steps Washington can take to accelerate natural gas exports, such as abolishing the requirement that LNG producers receive federal permission to export, as well as expediting the environmental review for infrastructure projects necessary to transport the gas. Mills discussed

the recommendations from his report in testimony before the Senate Energy Committee in September and distilled them in an October op-ed for the *Financial Times*.

Opposition to increased natural gas production, as well as environmental deregulation more generally, is often premised on the notion that climate change represents an existential threat to humanity—a threat that some economists and scholars have claimed to quantify. A 2015 study by professors from Stanford and UC Berkeley published in *Nature*, for example, predicted that climate change would likely reduce global GDP by more than 20 percent from what it would otherwise reach by century’s end. Yet as senior fellow Oren Cass has explained, such dire predictions do not take into account the ways in which economic growth and technological advancement may enable humans to adapt to warmer temperatures should they occur—something that we already observe, for example, when people in warmer climates install air conditioning. In a *Wall Street Journal* op-ed,



Aug 8: Chris Pope | Briefing on the Trump administration's reversal of an Obama-era rule that prevented insurance companies from selling short-term health plans, Capitol Hill



Nov 1: Oren Cass | "What's the Next Big Economic Idea?" Panel at the Harvard Kennedy School's Institute of Politics



Apr 24: Brian Riedl | Broadcast segment discussing the nation's entitlement crisis, Fox News Special Report



Sep 13: Mark Mills | Testimony on U.S. liquefied natural gas and European energy demand, before the Senate Energy Committee

"Doomsday Climate Economics Is a Joke," Cass noted how that 2015 study predicts that by the end of the century, global warming will cause Mongolia to have a per-capita income four times as high as America's. Wrote Cass: "The technical term to describe this analysis is 'silly.'" This op-ed was derived from Cass's March MI report, "Overheated: How Flawed Analyses Overestimate the Costs of Climate Change."

Warnings about climate change also underlie pressures to increase the use of electric cars and transition to renewable sources such as solar and wind. But such policies have environmental drawbacks of their own and can impose higher costs on consumers. In a May MI report, "Short Circuit: The High Cost of Electric Vehicle Subsidies," Jonathan Lesser, who recently joined the Institute as an adjunct fellow, explained how widespread adoption of electric vehicles nationwide would likely *increase* air pollution compared with new internal combustion vehicles. Moreover, governmental subsidies for electric

vehicles will go disproportionately to wealthier individuals who can buy such cars. As for state-level policies requiring utilities to transition to greater reliance on renewables, senior fellow Robert Bryce has shown in a series of op-eds how this would end up consuming massive amounts of land, especially for wind turbines, given their limited energy output.

Through deregulation, Washington has worked to ameliorate some of the most economically burdensome policies enacted under the previous administration, with MI scholars highlighting the most urgent and immediate opportunities for reform. Senior fellow Chris Pope, for example, has helped shape the administration's actions deregulating short-term health-insurance plans, which the Obama administration had tried to suppress. Such plans are exempt from regulations under the Affordable Care Act, carry lower premiums, and have proved popular among consumers. In conversations with White House and congressional staff, as well

as op-eds in *The Hill* and *Health Affairs*, Pope proposed reversing the Obama administration's regulation of short-term plans and allowing their extended duration, a recommendation that the president enacted through an executive order signed in October 2017. This past August, the administration went further to preserve such plans, issuing a rule to expand consumer protections. This, combined with last December's repeal of the individual mandate, has effectively restored a quality affordable alternative to plans that are subject to ACA's regulations.

Deregulation, too, has helped bring about relief from the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. This past March, Congress passed and the president signed legislation to pare back Dodd-Frank's reach, addressing problems brought to light by MI research. The legislation, for example, increases the asset thresholds for banks that trigger greater regulatory scrutiny. The thresholds were one subject of a



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Members of the Shadow Open Market Committee (SOMC) convened in March and October of 2018 to discuss a wide range of macroeconomic issues—including monetary policy, banking and financial regulations, and fiscal policy matters.

major MI research project on the effects of Obama-era financial regulations, published last year and led by adjunct fellow Charles Calomiris. We found, for example, that midsize banks were taking actions to remain below a certain threshold and avoid compliance costs, actions that resulted in forgoing profitable growth and acquisitions, in turn reducing competition for the largest banks. Calomiris, in addition to his research and commentary on financial-markets regulation, is a member of the Shadow Open Market Committee (SOMC), a group of economists that evaluates the policy choices and actions of the Federal Reserve. Housed under the Manhattan Institute, the SOMC convened two conferences this year, with keynote addresses by Charles Evans, president, Federal Reserve Bank of Chicago; and Robert Kaplan, president, Federal Reserve Bank of Dallas.

Though the economy has been trending in the right direction, a significant threat to long-term prosperity looms: the national debt, projected to rise to an unprecedented 194 percent of GDP in 30 years. With Washington reluctant to address this eminently predictable crisis, MI senior fellow Brian Riedl, based in our D.C.-based economic-policy shop, E21: Economic Policies for the 21st Century, has assessed the main drivers of the problem and presented a solution that can truly right America's fiscal ship. In the cover story for the March 19 issue of *National Review*, "The Entitlement Crisis Ignored," Riedl laid bare the demographic realities behind the crisis: between 2008 and 2030, 74 million Americans born between 1946 and 1964—or 10,000 per day—will retire into Social Security and Medicare. Because of the number of enrollees, rising health-care



CHRIS POPE IN 2018

36 PRINT MENTIONS

18 OP-EDS

costs, and benefit increases enacted by Congress, both programs are projected to run an enormous deficit: \$82 trillion in total over the next 30 years (including the interest on the resulting program debt). Thus, Riedl has made entitlement reform the centerpiece of a comprehensive plan to stabilize the national debt, published as an MI report this October.

Of that \$82 trillion long-term deficit projection, roughly half, or \$40 trillion, comes from Medicare. Part of the problem underlying Medicare's unsustainable financial trajectory is its basic fee-for-service structure, which incentivizes medical providers to inflate expenditures, for example,

by encouraging tests and procedures even if they contribute little to overall health outcomes. Yet within the program lies a potential opportunity to overcome this problem and contain costs, while promoting better care for beneficiaries:

Medicare Advantage (MA). Under MA, private insurers are paid a flat fee to deliver the whole spectrum of hospital and patient services to which Medicare beneficiaries are entitled. Insurers are thus incentivized to spend money in ways that best treat patients at the lowest cost.

Chris Pope, in addition to his work on short-term insurance plans, has authored a series of essays and op-eds explaining how the encouragement of MA can help address many of Medicare's problems. For example, in an essay for MI's *City Journal*, "Medicare's New Day," Pope explained how moving Medicare beneficiaries into MA plans could facilitate the program's transition into a fiscally sustainable premium-support

arrangement—which is part of Riedl's comprehensive solution discussed above. So, too, could price transparency help contain health-care costs, as MI Nick Ohnell Fellow Tom Coburn has explained in a series of op-eds this year in publications such as the *Wall Street Journal*, *U.S. News & World Report*, and *The Hill*. Coburn, a physician and former senator, has reiterated the problems with treating health care as distinct from other aspects of the economy in which consumers have the information they need to shop around—and providers have the incentive to compete for their business.



Of that \$82 trillion long-term deficit projection, roughly half, or \$40 trillion, comes from Medicare.



MI's health policy experts meeting with Secretary of Health and Human Services Alex Azar in September 2018.

STRENGTHENING THE WORKFORCE

As economic growth increases, a defining challenge of the coming years will be to enable all Americans to share in the nation's prosperity—as some have experienced rising economic insecurity for quite some time. Workers without postsecondary education have seen their wages stagnate, while others have accrued minimal gains, if any, from earning college degrees. In rural and post-industrial communities that loomed large in the last presidential election cycle, unemployment has been high relative to the rest of the country, economic growth from manufacturing and growth generally have lagged, and deaths from drug overdose have been on the rise. Meanwhile, millions of decent-paying positions—more than a half-million in construction and manufacturing alone—go unfilled nationally because employers cannot find workers with the right skills.

It is to focus public-policy discourse on the importance of work—not simply to national economic growth but also to personal well-being and the stability of families and communities—that senior fellow Oren Cass has authored *The Once and Future Worker: A Vision for the Renewal of Work in America* (Encounter Books). In it, Cass provides a fresh analysis of what has destabilized the workforce and proposes a big-think agenda in response. Cass's policy prescriptions cover a range of areas from regulatory

reform and vocational education to new forms of collective action for workers and the structure of the safety net. *National Affairs* editor Yuval Levin called *The Once and Future Worker* “the essential policy book for our time.” Senator Marco Rubio praised it for how it “offers much-needed clarity for how to make the American Dream possible for the many.” And according to J. D. Vance,

“ / ”

**The essential policy
book for our time.**

National Affairs editor **Yuval Levin**
on *The Once and Future Worker*
by MI senior fellow Oren Cass

author of *Hillbilly Elegy*, “Oren Cass has accomplished the rare feat of not only saying something truly new and innovative about our society, but also doing it in a readable, engrossing way. *The Once and Future Worker* is a wake-up call to our political class, and indeed the whole country, that rising consumption can't replace that most basic of goods—a job. A brilliant book. And among the most important I've ever read.”

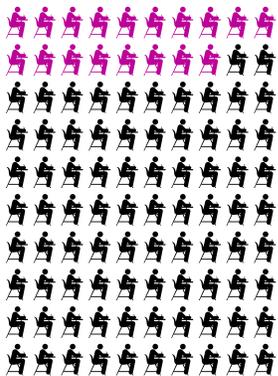
In advancing this vision for a renewal of America's culture of work, Cass has been a determined critic of the idea of a universal basic income (UBI), which

has been embraced and promoted by many executives and influencers in the technology sector, among others. In March, the *Wall Street Journal* featured Cass as a counterpoint to Facebook's cofounder Chris Hughes in a video that contrasted views on UBI. Contra Hughes, who would have the government send everyone a check provided they perform some form of work—even if that means being, in effect, an amateur artist who sells a couple of paintings—Cass stressed that while America should have a basic safety net, benefits should never be so high as to replace earning a paycheck. It is critical that workers retain a privileged status relative to those subsisting off the government.

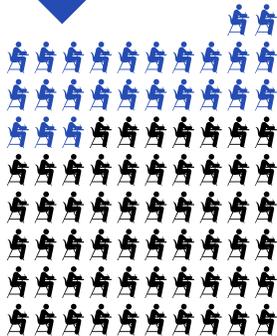
Such calls for a universal basic income are often based on the notion that technology and automation will soon make many jobs obsolete and leave millions of people not only unemployed but unemployable. Yet are such concerns justified? This is the main question behind senior fellow Mark Mills's book *Work in the Age of Robots* (Encounter Books). Approaching the issue historically, Mills explains that improving productivity—reducing labor hours per unit of product or service—has been the hallmark of economic progress for centuries. It has yet to result in mass unemployment, and this time, Mills argues, will *not* be different, despite what has been said about the potentialities of artificial intelligence

OF 100 students who enter the 9th grade...

18 fail to graduate from high school on time



OF THE REMAINING 82
25 don't enroll in college after graduation



OF THE REMAINING 57
15 enroll in 2-year college but fail to graduate
14 enroll in 4-year college but fail to graduate



OF THE REMAINING 28
12 take jobs they don't need their college degrees for



(AI). The central challenge of our era is not the prospect of the end of work and systemic high unemployment but, rather, the same as that of earlier eras: to deal with the inevitable disruptions that occur along the way to enhanced prosperity.

Addressing that challenge will require, perhaps first and foremost, a change in how we approach education and the role of vocational education, in particular, as the push for “college-for-all” has failed to benefit most Americans. Despite a 60 percent increase in spending on secondary education since 1970, the percentage of students who are prepared for college has

barely budged. Moreover, contrary to conventional wisdom, a college degree is neither necessary nor sufficient for reaching the middle class. The wage and salary distributions for college graduates and high school graduates overlap significantly: high-earning high school graduates in a wide variety of fields that require no college degree earn substantially more than low-earning college graduates. Meanwhile, in school districts across the country, voc-ed has largely been relegated to second-class status.

Cass invites policymakers and citizens to imagine what an attractive voc-ed pathway could mean in practice.

As he described in his May *Wall Street Journal* piece, “Not Everyone Should Go to College,” a strong non-college track could mean that a student begins career selection and readiness in 11th grade and starts a subsidized internship or an apprenticeship in 12th grade. Upon completion, “[s]uch a student could have significant work experience, certified skills, and \$40,000 in the bank—before being old enough to drink.” Cass lays out a series of structural reforms to achieve this new pathway in his August MI report, “How the Other Half Learns: Reorienting an Education System That Fails Most Students.”





Q{&}A WITH **OREN CASS**

How did working on the Romney campaign in 2012 inform the perspective you developed in *The Once and Future Worker*?

Even then, one of the things that became clear was that the two parties weren't necessarily all that responsive to a lot of the problems that you heard from voters. That disconnect, I think, was a very long time in the making. And the establishment, so to speak, on each side, just didn't really have a good way to cope.

You moved from living in major cities to a more rural area; how has this affected your outlook?

I live out in western Massachusetts in a very small town that is enough in the middle of nowhere that you couldn't commute to a city for work if you tried. On the one hand, it's culturally very vibrant. But it also has many of the challenges of deindustrialization—struggles with employment opportunities, the opioid epidemic, and so forth. Historically, when we were much less wealthy as a nation, people could build a good life in places like this. So if we've gotten so much richer and more technologically advanced, and suddenly people are asking whether more rural communities are still viable, something's gone very wrong.

A *Time* magazine cover story from October, "How Trumpism Will Outlast Trump," discusses you and your book. Do you agree that your ideas reflect something called "Trumpism"?

I think it all depends on what you mean by "Trumpism." There's an interesting theory that politics is really about problems; that what defines the parties and successful politicians is who speaks about problems in a way that resonates with voters. And so, if you're talking in terms of problems, I think Trumpism is significant and important. A lot of what Trump focused on during the campaign were the right things to talk about—regional disparities in economic success, the very real challenges that trade and immigration were posing for less skilled workers, and the way the modern economy has been so wildly successful for the upper middle class and people with college degrees but not paying dividends for everybody else. So if you define that as Trumpism, then I think Trumpism is a good thing, it should and will outlive Trump, and needs to be addressed.

What are you watching on TV right now?

I am binge-watching *Parks and Rec* on Amazon Prime.

Is that because Pawnee, Indiana, is one of those distressed postindustrial communities?

That's not why, but I suppose that's an interesting connection. If you think about virtually all of the prominent award-winning sitcoms, they focus on professionals living on the coasts. But if you look at shows like *Parks and Rec* and *The Office*, which I write about a bit in the book, part of the premise is to poke fun at these sad people in the middle of the country and their lame jobs and lives. But the shows miss the point. These are the kinds of jobs most Americans have. And they don't have them because they're glamorous or changing the world. They have them because they play a valued role in their community and give them the resources to support their families and do what they want with the rest of their lives. While that's a model that's made fun of in the culture, it always has been and always will be the predominant one, one that we need to preserve and strengthen.

theonceandfutureworker.com



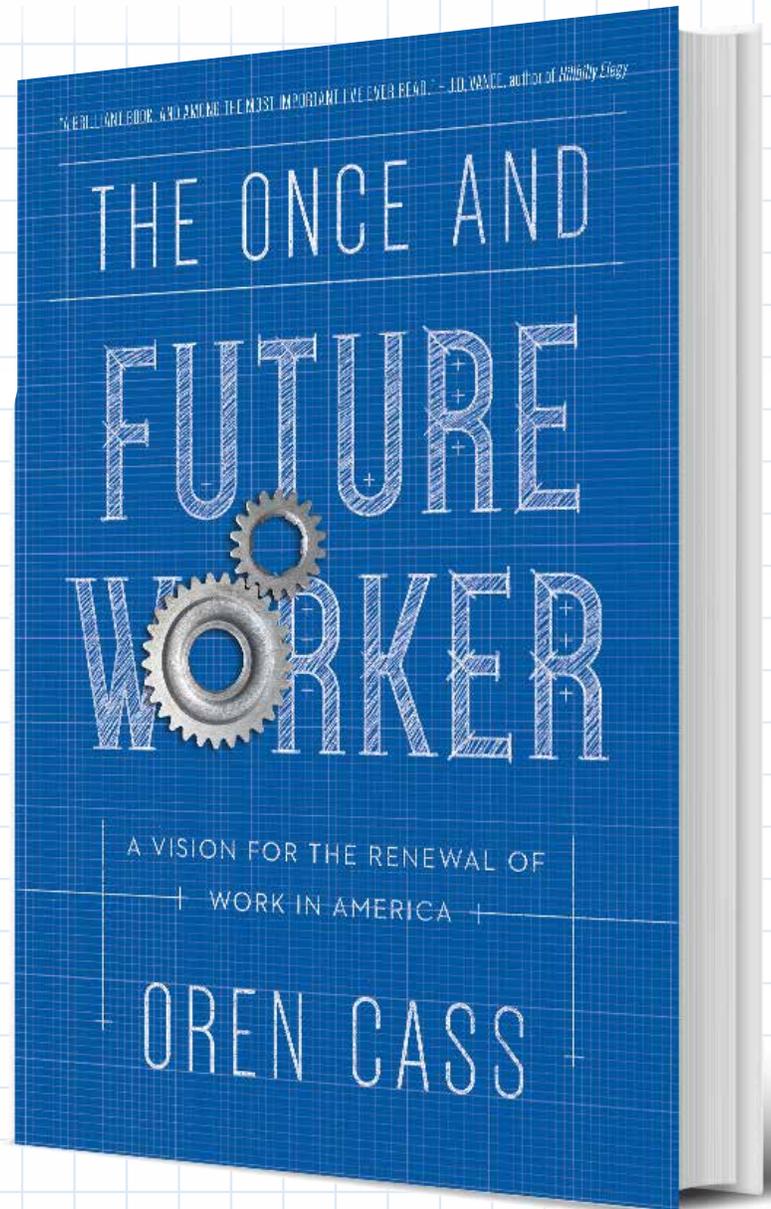
“NO ONE HAS BETTER ARTICULATED THE CONSERVATIVE ARGUMENT FOR WHY WORK MATTERS TO AMERICA’S LONG-TERM PROSPERITY THAN OREN CASS.”

MITT ROMNEY

“REALLY PROVOCATIVE. MADE ME CHANGE MY MIND ON SOME ISSUES THAT I THOUGHT I’D THOUGHT ABOUT QUITE A LOT, WHICH IS ABOUT THE BEST A BOOK CAN DO.”

JASON FURMAN

Chairman of President Obama’s Council of Economic Advisors



OREN CASS HAS ONE OF THE **SHARPEST POLICY MINDS.**

HIS PEDIGREE IS SURPRISING.

TIME

CITY JOURNAL



STEVEN MALANGA

Senior Editor

SETH BARRON

Associate Editor

PAUL BESTON

Managing Editor

BRIAN C. ANDERSON

Editor

America's future is bound up with that of its cities—great, small, and midsize. With rates of urbanization on the rise, “urban policy” is directly affecting more people than ever before. Cities face critical choices on how to address issues from economic development and education to order maintenance, housing, and transit. To influence public discourse on these and other areas of public policy, MI's *City Journal* tells the story of cities across America—and the world. In this, *City Journal* occupies a unique role in the growing field of not-for-profit journalism—an ever-important source of reportage as for-profit newspapers, beset with declining subscriptions and falling ad revenue, have been forced to lay off reporters. Under the leadership of editor Brian C. Anderson, *City Journal* publishes scores of articles, thickly reported, describing how public policies and cultural factors influence the quality of life and economic vitality in all manner of cities, from the heartland to the East and West Coasts.

Severe mental illness is an issue that the magazine has devoted special attention to as of late. In cities across America, many persons with schizophrenia and bipolar disorder go without treatment and, as a consequence, pose a danger to themselves, their families, and others. While asylums have been largely phased out, an effective alternative system has yet to take their place. Today, as a result, thousands of mentally ill persons are now held in jails and prisons—an approach that is just as inhumane, if not more so, than the asylums were. With news reports of mass shootings and persons being pushed onto subway tracks, *City Journal* has expanded its reporting on the problem, along with potential solutions. For example, for the Autumn issue, senior fellow Stephen Eide authored a piece, “Keeping the Mentally Ill Out of Jail,” a profile of Judge Steve Leifman's “Criminal Mental Health Project” (CMHP) in Miami-Dade County. For almost two decades, Leifman has been working to divert low-level

mentally ill offenders away from jail and into treatment, and he has won wide acclaim for his success at this task. CMHP is a rare example of what's going right in mental-health policy today.

Eide was one of the authors featured in a video, “Failing the Severely Mentally Ill,” part of MI's “Broadcasting *City Journal*” series launched this year. Working with veteran newsman and Emmy Award-winning journalist John Stossel, MI has brought stories from the magazine to the screen. Through these videos, Stossel helps viewers understand what is at stake with respect to a given issue, often calling attention to facts and realities that they might not otherwise encounter through mainstream media outlets. In this particular video, Eide and D. J. Jaffe—adjunct fellow, *City Journal* contributor, and author of *Insane Consequences: How the Mental Health Industry Fails the Mentally Ill*—discuss the problems with deinstitutionalization and policymakers' inclination



3 MILLION+
VIDEO VIEWS



John Stossel interviews *City Journal* contributors—bringing to life key issues affecting policy, culture, and society.

city-journal.org/stossel



to direct mental-health resources toward those who need help the least, such as those suffering from anxiety and depression—leaving the more vulnerable population of severely mentally ill individuals uncared-for. “Broadcasting *City Journal*” has been a powerful means of disseminating ideas from the magazine and broadening our reach. Through a digital marketing campaign that has leveraged Stossel’s strong social media following, the six videos posted online to date have garnered more than 3 million views combined.

Mindful of how civic life is not shaped by public policy alone, *City Journal* provides a platform for analysis of the importance of

moral norms, aesthetics, and other manifestations of culture. MI William E. Simon Fellow Kay Hymowitz, for example, has authored two long-form pieces this year analyzing the #MeToo movement and placing it in historical context: “The Sexual Revolution’s Angry Children” (Spring), arguing that the movement represents a rejection of the sixties’ vision of erotic liberation; and “#ThemToo” (Autumn), relating the movement to earlier women’s crusades, such as temperance. In the spirit of the magazine’s appreciation for the role of architecture in influencing quality of life, we have continued to publish pieces critiquing the excesses of more modern forms: “The Architectural Sacking of Paris,” by contributing editor Claire Berlinski, warning of how proposed developments in the French capital will continue the ongoing ruination of classical beauty; and “A Plague on Cities, and the Poor,” by Catesby Leigh, discussing brutalism’s enduring influence. And long-standing contributing editor (and former prison psychiatrist) Theodore Dalrymple has used his quarterly feature, “Oh, to Be in England,” to explore the depths of human nature, from its depravity as can be gleaned from trial records (“A Quiet Evening’s Reading,” Spring) to the individuality and humanity expressed in the paintings of artist Chaim Soutine, who portrayed those who perform essential, if not glamorous, work (“The Dignity of the Humble,” Autumn).

MI employs a variety of means, in addition to “Broadcasting *City Journal*,” to achieve a broad reach for the contents of the magazine. We regularly adapt articles for

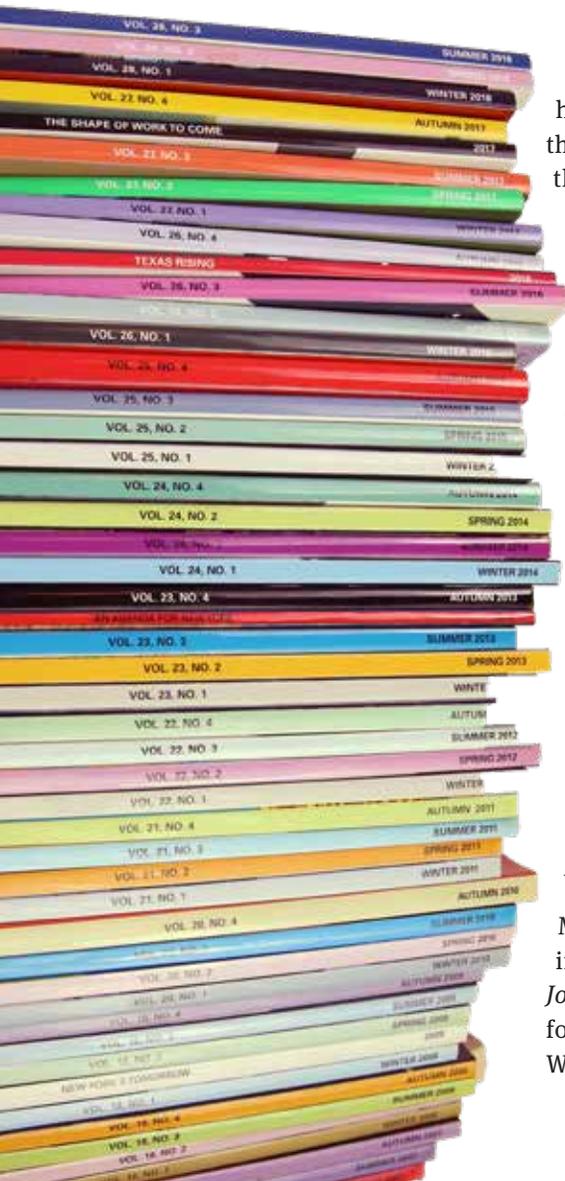


August 1, 2018

WILLIAM BRATTON

Bratton, former NYPD and LAPD commissioner, discussed his 40+ year career in law enforcement, the lessons learned in New York and Los Angeles, and the challenges facing American police.

publication in high-circulation newspapers such as the *Wall Street Journal*, *Dallas Morning News*, *Los Angeles Times*, and more—bringing our articles to citizens and influencers nationwide. One particularly noteworthy adaptation of a *City Journal* article this year was Mark Pulliam’s essay from the Summer issue, “The Original Originalist,” on the legacy of Judge Robert Bork. Published in the *Wall Street Journal*, it was quoted from at length by Senator Chuck Grassley (R-IA) in his prepared statement on the nomination of Judge Brett Kavanaugh to the U.S. Supreme Court. *City Journal*’s growing digital footprint has further extended our reach, with the magazine’s website on track to record upward of 10 million pageviews in 2018. Social media followers, too, have increased by more than 50 percent. The magazine’s weekly podcast, “10 Blocks,” has also been drawing more listeners over the past year—garnering 20,000+ monthly downloads on average.





88
episodes

4K
subscribers

20,000+
monthly downloads



MOST DOWNLOADED EPISODE
“TRADE WARS & TARIFF THREATS”
featuring Milton Ezrati



Millennials and the generation behind them are starting to look at the quality of life [in cities]... and they’re finding midsize cities have a lot to offer.

MICK CORNETT

Cornett’s four successful terms as mayor of Oklahoma’s largest city offer a blueprint for reform-minded mayors across the country. “*The Next American City*,” Aaron Renn writes, “charts Oklahoma City’s transformation, offers examples of similar turnarounds in other cities, and describes Cornett’s personal journey from sportscaster to mayor.”



October 3, 2018

IDEAS FOR CITIES & STATES

Manhattan Institute, for decades, has been the free-market think tank with an abiding interest in the well-being of cities—the hubs of financial, cultural, and human capital. In addition to putting forward clear, principled solutions to a host of urban issues, we have been on the ground in cities and states across the country, advising, convening, and fostering discourse among civic leaders.

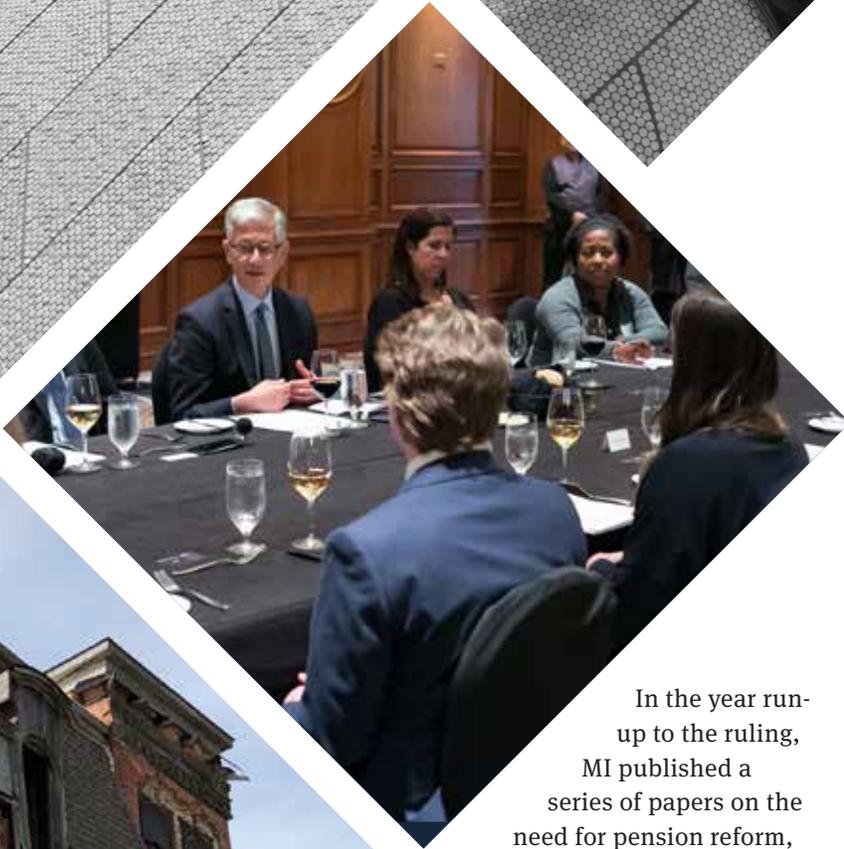
Because fiscal stability is foundational to the long-term health of cities and states, among our top priorities has been to educate citizens about the tremendous influence of public-sector unions. As senior fellows Daniel DiSalvo and Steven Malanga have long demonstrated, public unions are no ordinary interest group. Beginning in the late 1950s, a majority of states adopted laws granting unions collective bargaining rights and a host of special privileges such as exclusive representation for groups of employees, dues collection by the government, and the requirement that workers

who decline to join unions still pay “agency fees” in place of dues. Public unions, in turn, became a political juggernaut, promoting the election of politicians with whom they would later negotiate their contracts—leading to pensions and other benefits that cities and states are finding harder to underwrite, despite a record-long bull market.

Yet a June decision by the U.S. Supreme Court promises to rein in union power. In *Janus v. AFSCME*, the Court ruled that agency fees—which had been required in 22 states and the District of Columbia—vio-

late the First Amendment and that because public unions’ collective bargaining activities are inherently political, requiring nonmembers to pay fees violated their right to freedom of speech. As DiSalvo explained in his *New York Times* op-ed published the day of the decision, the Court’s ruling will likely result in a decline in union membership and revenue. Therefore, it will “re-balance the playing field in states where the power of unions makes it impossible for governments to address the rising costs of pensions and retiree health care, which are crowding out other spending.”





In the year run-up to the ruling, MI published a series of papers on the need for pension reform, focusing on jurisdictions that would be affected by *Janus*. Three papers, authored by adjunct fellow Josh McGee and senior fellow E. J. McMahon, Malanga and McGee, and senior fellow Stephen Eide, respectively, assess the pension liabilities of New York City, New Jersey, and Connecticut's five largest cities, showing how even wealthy states and cities have assumed retirement benefit policies that are crowding out spending on other priorities and are projected to eat up larger portions of the budget. Many of the politicians who negotiated such benefits with public unions have relied on strong stock-market returns to meet their obligations. Not only did this amount to wishful thinking, as underfunding persists de-

spite a long bull market; but boards that are charged with overseeing pension funds have also acted inappropriately. In his September report, "The Politics of Public Pension Boards," DiSalvo explained how political appointees to the pension boards face incentives that steer them away from acting in the funds' long-term interest, whether by making questionable investment decisions or projecting unrealistic rates of return.

Sound public finances are but one component of strong urban governance. For cities to be desirable places to live and work, policymakers need to get many core public services right and uphold a high quality of life. Housing, transit, education, homelessness, public safety, and local economic development, among many other issues, pose challenges—which can vary dramatically from city to city. Whereas some cities with vibrant economies are struggling to accommodate an influx



2018 URBAN POLICY SERIES

AKRON, OHIO

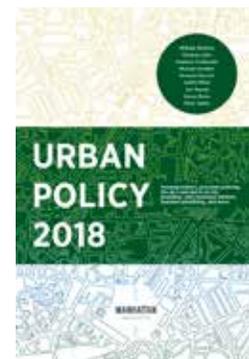
MIAMI, FLORIDA

DETROIT, MICHIGAN

SAN JOSE, CALIFORNIA

MACON, GEORGIA

NEW YORK, NEW YORK



of newcomers, former industrial powerhouses in the Rust Belt have been depopulating and seeking new foundations for their economies.

Though many city leaders have a sincere desire to address such challenges, they often lack the opportunity to step back from their day-to-day responsibilities and deliberate on what approach will serve their community best over the long term. It was to provide such an opportunity that, over the course of 2018, MI scholars and authors whom we commissioned went to cities across the country where various urban-policy issues were coming to a head. Our goal through this project has been to develop ideas to support the specific communities, as well as form insights that can be applied more broadly. In each city, we convened leaders from government, nonprofits, business, academia, and philanthropy to discuss, test, and help refine our scholars' ideas. These were spirited discussions, bringing together influencers

with a diversity of backgrounds, as well as giving them a chance to gain an outside scholar's perspective. At the conclusion of this series, we published our scholars' papers as an edited volume, *Urban Policy*

Heartland, a swath of the country running from the Mississippi Delta through Appalachia up to the Rust Belt states of the upper Midwest. These states have become ground zero for male unemployment,



Our goal through this project has been to develop ideas to support the specific communities, as well as form insights that can be applied more broadly.

2018, which we distributed to civic leaders nationwide.

A region of the country that has been of particular focus for the Institute this year has been the American heartland—or, more specifically, what senior fellow and Harvard economist Edward Glaeser has referred to as the Eastern

opioid addiction, and so-called deaths of despair. With the goal of discussing the challenges facing the heartland and highlighting potential solutions, in October MI convened a conference in Indianapolis: “The New American Heartland.” We chose Indiana because, while it is home to many communities reeling from





NEW AMERICAN HEARTLAND

This October, Manhattan Institute scholars convened in Indianapolis for a symposium on "The New American Heartland"—sparking new ideas with leading policymakers and educational innovators.



Governor Eric Holcomb and Lawrence Mone (L-R)

deindustrialization, the state has also shown how prudent fiscal and regulatory policy can help foster growth and economic dynamism, including in the manufacturing sector—policies that we wanted to elevate as examples for other cities and states. The conference featured remarks by policymakers and influencers from the heartland, including Eric Holcomb, governor of Indiana; Greg Goodnight, mayor of Kokomo, Indiana; and Daniel Horrigan, mayor of Akron.

Within the Institute’s state-and-local-policy portfolio, K–12 education reform has been a mainstay, as few issues are as important to citizens or matter as much to the nation’s future. In 2018, to strengthen our efforts in this space, we welcomed Raymond Domanico as our new director of education policy. This is Domanico’s second stint at the Institute; in the early 1990s, Domanico was director of MI’s Center for Educational Innovation, a division that launched several experimental public schools, advised New York governor George Pataki on an effective charter school law, and helped establish charter schools in New York. Prior to rejoining MI this year, Domanico was director of education research at New York City’s Independent Budget Office, where he led a team tasked with studying and reporting on the policies and progress of America’s largest public school system.

At the core of our education-reform agenda is the encouragement of school choice, particularly through the expansion of charter schools. To shape discourse on these issues, we have done extensive research on charter schools, examining not only how their students fare but also how charters have affected the performance of traditional district schools and how the latter have



EDWARD GLAESER

Senior Fellow

The need to make work pay more is particularly acute in the eastern heartland”



AARON RENN

Senior Fellow

America’s ‘flyover country’ is stronger than you think”



OREN CASS

Senior Fellow

Elevating vocational education, and prioritizing its students, must begin with a substantial reshaping of American high schools.”

NEW YORK CITY

done under various reform efforts. This research has often led to the debunking of misinformation about charters spread by special interests and suggested how charter schools might improve their own effectiveness. In February, senior fellow Marcus Winters published a report taking stock of the best research done on New York City charter schools to date: overall, their effect on student performance is unambiguously positive. Contra critics who allege that charters achieve high results by “creaming” the best students and not serving more difficult-to-educate kids, Winters found that not only do charters *not* push out low-performing students but that low-performing students are also less likely to exit charter schools than they are to exit traditional public schools.

One of the biggest challenges enabling the expansion of charters to meet growing demand is obtaining physical space. In our home city of New York, a solution to this issue has been to colocate charter schools in existing school buildings that have unused space. Yet as MI senior fellow Charles Sahn documented in a May report, “Finding Room for New York City Charter Schools,” the de Blasio administration has been reluctant to approve new co-locations, relative to the previous administration. Whereas the Bloomberg administration had been approving charter co-locations at the rate of 30 per year, the de Blasio administration has approved them at the rate of 12 per year.

Given the current administration’s resistance to co-location, and

with student wait lists suggesting demand for charter expansion, MI over the past year carried out a project to identify a financial product or other business solutions to help charters access private-facility space in a way that is affordable and scalable. While this is a pressing need for existing charter operators, it is especially so for new entrants who do not have the proven track record necessary to seek capital from foundations or from lenders. Under the direction of Sarah Saint-Amand, formerly senior vice president of real-estate development for New York State’s economic development agency, MI convened a series of advisory groups with representatives from education, real estate, finance, and philanthropy to discuss what financial tools or incentives might help bridge the gap for charters



and the private sector. Saint-Amand developed a variety of alternative models by which philanthropists can deploy their capital more efficiently to support charters with facilities and to bring other sources of investment to bear. In 2019 and beyond, MI looks to elevate these recommendations in public discourse, both in New York and nationally.

School safety, too, has worsened under the de Blasio administration, as it has in school districts across America. As senior fellow Max Eden has argued, this has largely resulted from guidance issued during the Obama administration by the U.S. Department of Justice and the U.S. Department of Education’s Office for Civil Rights, encouraging schools to reduce the number of suspensions and to favor new “restorative” approaches instead, which emphasize dialogue over punishment. Such guidance was predicated on the notion that racial bias had led to black students’ being suspended at disproportionately high rates. Few were paying attention to the rise of disorder in schools prior to Eden’s watershed report in 2017, analyzing the results of survey data in New York City schools showing that parents and teachers alike reported that school climate had deteriorated, with more violence, drug and alcohol use, and gang activity. In 2018, Eden has authored commentary and testified before Congress about the decline in school safety and has urged the administration to rescind the Obama administration’s guidance. This spring, to that end, Eden helped coordinate a visit of New York teachers and parents to the U.S. Department of Education to provide Secretary of Education Betsy DeVos with their personal accounts of how schools have become more dangerous.

New York, America’s largest city, with 8.5 million people, has long served

as an example to the nation of the effects of urban policy, for good and for ill. Through a steady stream of op-ed writing in the New York daily papers, reports, issue briefs, and our e-newsletter, The BEAT, MI scholars are working to shape public discourse in and about our hometown. We have made The BEAT, in particular, a central tool in our strategy of providing New Yorkers with the facts on issues that matter. Published three times per week, The BEAT newsletter has focused on issues from transit to housing to corruption in Albany. Since last year, readership has increased more than 50 percent, with 25,000 followers, including reporters and editorial board members from the

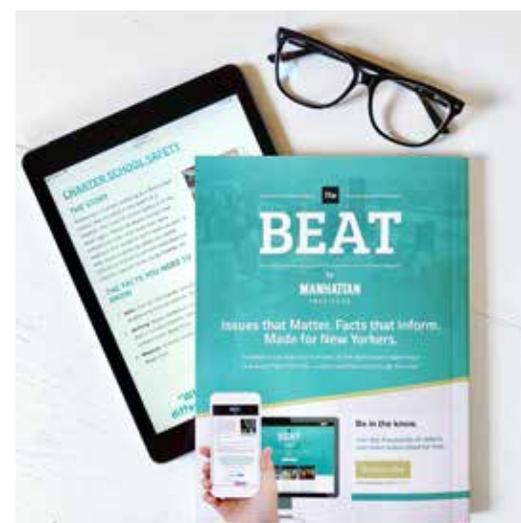


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New York Times, Wall Street Journal, New York Post, Politico New York, New York Daily News, Newsday, The Economist, and Washington Post, among other news outlets.

Like most cities, New York has many programs focused on helping its poorest citizens. Yet are they effectively contributing to economic opportunity and serving the most vulnerable—especially under a mayor who, upon being elected, pledged to “take dead aim at the Tale of Two Cities”? Consider, for example, public housing. In a series of op-eds in the *New York Post*, *Wall Street Journal*, and *New York Daily News*, MI vice president for research

and publications Howard Husock has shined a light on the terrible physical conditions of the New York City Housing Authority (NYCHA), the nation’s largest public housing system. Among other horrors: in the winter, more than three-quarters of the system’s 400,000 tenants were without heat and hot water; mandatory lead-paint inspections were not performed; and security buzzers in building entrances did not work, among other problems. Husock suggested ways to improve conditions in the short term but also used these incidents to make a more basic point: the provision of housing is not an appropriate function of government. So, too, has New York City’s homelessness crisis increased in recent years—despite \$1 billion going toward providing temporary housing for approximately 60,000 people. In a March report, senior fellow Stephen Eide called for evaluating homeless shelter performance on how well the shelters transition people back into stable, independent housing—the system that had been in place before the de Blasio administration discontinued the incentives and performance benchmarking for shelters that had been established under the Bloomberg administration.



RULE OF

Prior to the 2016 presidential election, there were many concerns about the future of the rule of law. Under the Obama administration, the regulatory state had expanded its reach into American life, while a vacancy on the Supreme Court presented the possibility of constitutional law going adrift. Yet, since the election of President Trump and the appointments of Neil Gorsuch and Brett Kavanaugh to the Supreme Court, along with more than 80 other appointments to the federal bench, the prospects for renewing the rule of law have never been as promising. For years, MI legal-policy director James Copland and deputy director Rafael Mangual have laid the groundwork for such a moment, and since the start of the new administration, they have been showing what Congress, the courts, and the executive branch must do to rein in the administrative state and restore constitutional government. Even as the recent midterm election results may make it harder to promote legal and regulatory reform in Congress, we can at least expect the Senate to continue to confirm qualified judges appointed by the administration.

At the federal level, Copland has focused primarily on how to rein in the expansion of the regulatory state. In the lead essay for the Summer issue of *City Journal*, Copland

provided a broad assessment of the major forces sustaining the modern regulatory state and concluded with a call for Congress to restrain administrative rule-making, among other reforms. A major problem with Congress has been its proclivity to delegate power to politically insulated agencies, a trend that reached its zenith in the Consumer Financial Protection Bureau (CFPB). Established under the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act and charged with writing and enforcing rules on how banks, credit-card companies, and other lenders treat their customers, the CFPB is essentially uncontrollable by the elected branches of government, with its funding coming through the Federal Reserve System (outside the congressional-appropriation process) and its director removable only for “good cause” (outside presidential oversight). To discuss concrete steps that the administration and Congress should take to reform the CFPB and the regulatory state more generally, MI convened an October forum, “The Future of Financial Regulation,” an event that MI cosponsored with the Center for the Study of the Administrative State at George Mason’s Antonin Scalia Law School. The forum featured remarks by Brent McIntosh, general counsel for the U.S. Treasury Department.



LAW



NEW!

FELLOW & DEPUTY DIRECTOR, LEGAL POLICY

RAFAEL MANGUAL



Legal-policy director James Copland and deputy director Rafael Mangual met with Mark Janus soon after the U.S. Supreme Court ruled 5-4 in the landmark *Janus v. AFSCME* case.

MI's efforts to strengthen the rule of law at the state level have dealt primarily with the "overcriminalization" of ordinary conduct, as well as abuses in civil justice. This August, Copland and Mangual authored a report, "Overcriminalizing America: An Overview and Model Legislation for States." Based on years of research, this report shows how legislatures across many states have criminalized behavior that is not intuitively wrong, leaving unsuspecting and well-meaning citizens and businesses vulnerable to prosecution even when acting in good faith. The report proposes concrete steps that states can take to overcome overcriminalization, such as the implementation of default *mens rea* statutes, which require that a criminal offense must entail intent, absent clear legislative language to the contrary—a measure that states such as Ohio and Michigan have begun to adopt in recent years following MI's on-the-ground efforts to educate citizens and policymakers. And in

January of this year, Copland authored the latest report for MI's *Trial Lawyers, Inc.* series, which presents snapshots of the lawsuit industry and its effect on the American economy. In this latest edition, the authors explain how Missouri has become a magnet for venue-shopping, in which plaintiffs seek out the most sympathetic courts in which to file suit against national companies, a practice that has contributed to driving up the overall costs of America's tort system.

Threats to the rule of law have also come from certain investors in publicly traded companies, including some state pension funds. Abetted by loose rules promulgated by the Securities and Exchange Commission (SEC), these "social" investors have sought to leverage their equity stakes to force changes in corporate practice relating to areas ranging from environmental protection to human rights to employee diversity. Copland has emerged as a national leader in documenting and evaluat-

ing such attempts to turn corporate governance into a *de facto* regulator seeking broad policy goals that have nothing to do with increasing shareholder value. MI research continues to provide the basis for coverage of this issue in publications such as the *Wall Street Journal* and *The Economist*. And MI research continues to drive policy change on these issues in Washington. In a May report, "Proxy Advisory Firms: Empirical Evidence and the Case for Reform," Copland and two Stanford coauthors examined how SEC rules were permitting proxy advisory firms to facilitate social investors' agendas and other decisions against the interest of the average shareholder. Congress subsequently held a June hearing analyzing the issue, and the SEC in September withdrew long-existing guidance letters governing proxy advisory firms. The agency is holding a November roundtable to gather information on proxy advisory firms and other issues relating to corporate governance that Copland has long researched.

RESEARCH 2018

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.

Principal Turnover in New York's Charter and Traditional Public Schools, 2008-18

Marcus A. Winters
ISSUE BRIEF, November 1, 2018

Closing the Racial Achievement Gap in NYC Schools

Ray Domanico
ISSUE BRIEF, October 24, 2018

A Comprehensive Federal Budget Plan to Avert a Debt Crisis

Brian Riedl
REPORT, October 10, 2018

Urban Policy 2018

Manhattan Institute
September 28, 2018

The Real Fuel of the Future: Natural Gas

Mark P. Mills
REPORT, September 24, 2018

The Politics of Public Pension Boards

Daniel DiSalvo
REPORT, September 12, 2018

How the Other Half Learns: Reorienting an Education System That Fails Most Students

Oren Cass
REPORT, August 28, 2018

Enforcing Classroom Disorder: Trump Has Not Called Off Obama's War on School Discipline

Max Eden
ISSUE BRIEF, August 13, 2018

Overcriminalizing America: An Overview and Model Legislation for States

James R. Copland and Rafael Mangual
REPORT, August 8, 2018

New York's Economic Future Rides on Its Subways

Nicole Gelinias
ISSUE BRIEF, July 10, 2018

Connecticut City Pensions: The Affordability Gap

Stephen Eide
REPORT, June 20, 2018

Streamlining Infrastructure Environmental Review

Charles Hughes
ISSUE BRIEF, June 18, 2018

Proxy Advisory Firms: Empirical Evidence and the Case for Reform

James R. Copland, David F. Larcker, and Brian Tayan
REPORT, May 21, 2018

Short Circuit: The High Cost of Electric Vehicle Subsidies

Jonathan A. Lesser
REPORT, May 15, 2018

Finding Room for New York City Charter Schools

Charles Upton Sahn
REPORT, May 2, 2018

Why These 10 Infrastructure Projects Deserve a Green Light

Aaron M. Renn
ISSUE BRIEF, April 18, 2018

Can U.S. Health Care Escape MACRA's Bureaucratic Briar Patch?

Chris Pope
REPORT, March 28, 2018

More Housing for Better Public Transit

Alex Armlovich
ISSUE BRIEF, March 27, 2018

Overheated: How Flawed Analyses Overestimate the Costs of Climate Change

Oren Cass
REPORT, March 11, 2018

Benchmarking Shelter Performance in New York: A Modest Proposal for Easing the City's Homeless Crisis

Stephen Eide
REPORT, March 8, 2018

New York City's Charter Schools: What the Research Shows

Marcus A. Winters
REPORT, February 28, 2018

Explaining the *Janus v. AFSCME* Case

Daniel DiSalvo
ISSUE BRIEF, February 15, 2018

Trial Lawyers, Inc.: Missouri Update

James R. Copland
REPORT, January 31, 2018

How to Increase Health-Insurance Coverage by Reducing ACA Crowd-Out

Chris Pope
REPORT, January 23, 2018

Garden State Crowd-Out: How New Jersey's Pension Crisis Threatens the State Budget

Steven Malanga and Josh B. McGee
REPORT, January 11, 2018

South Carolina Overcriminalization: Update 2017

James R. Copland and Rafael Mangual
ISSUE BRIEF, January 9, 2018



NEXT-GEN LEADERS



Influencing the influential is at the core of MI's strategy to shape the direction of public policy. In recent years, this has meant—in addition to our research, publications, and conferences—direct engagement with up-and-coming leaders. Not only do we provide them with education about the first principles of democratic capitalism and current policy debates, but we also focus on building national—and now, international—networks, empowering members to put good ideas to work. MI's next-gen efforts take place primarily under the auspices of two programs: the Adam Smith Society on business school campuses; and the Young Leaders Circle for professionals generally.

GEN ERSHIP



ADAM SMITH SOCIETY

The Society has members around the globe with chapters at 33 business schools and in nine major cities. To date, more than 10,000 students and professionals have been a part of the Society's network.



The focus of the Adam Smith Society on business schools may at first seem counterintuitive, as one might expect that people studying business would have a natural appreciation for free markets. Yet, the MBA curriculum, oriented toward professional formation, often neglects seminal thinkers such as Adam Smith and F. A. Hayek. Pressure has also been building in business schools—of a piece with academia more broadly—to promote ideas of “social justice” that disparage the inherent societal benefits of for-profit business. Many students graduate business school without a firm concept of how capitalism is morally defensible. Therefore, it is perhaps of little surprise that many business leaders seem eager to advance au courant notions of corporate social responsibility but are reluctant to speak up for the capitalist system, which, over the past 200 years, has been integral to technological progress, the alleviation of destitution worldwide, and the stratospheric rise in human flourishing.

With the goal of reaching MBA students who will rise to influential positions as CEOs, founders of companies, philanthropists, and public servants, MI has been founding chapters of the Adam Smith Society on business school campuses. The Adam Smith Society provides context for discussion and debate

about public-policy issues affecting the economy, as well as the morality of capitalism more broadly—opportunities that were not present prior to this program. As one of the founders of our Dartmouth chapter said, “I’m proud of what the Adam Smith Society does: what it does for me, what it does for students, and what it does for the name of business in a broader sense ... characterizing business as the solution to society’s issues rather than the villain, which it is so often portrayed as in the media. I think it’s a very important message, and to be a part of that is really exciting.”

The Adam Smith Society student program expanded internationally this year through the establishment of its first overseas chapter, at the Hebrew University of Jerusalem. While Israel boasts a dynamic economy, home to an impressive number of start-ups, its culture still retains hostility toward the idea of free enterprise, with certain elements of socialism viewed as preferable by some academics, politicians, and citizens. In an effort to promote discussion about the moral foundations of capitalism among future Israeli business leaders, MI has partnered with the Kohelet Policy

Forum, a free-market think tank in Israel, to start a chapter at the Hebrew University. This summer, Hebrew University students came to New York to discuss best practices, meet U.S. members, and begin planning on-campus events. Next year, the Adam Smith Society will commence a series of exchanges—sending U.S. Adam Smith Society members to Israel and Hebrew University students to



I’m proud of what the Adam Smith Society does: characterizing business as the solution to society’s issues rather than the villain, which it is so often portrayed as in the media.

the United States. Through these exchanges, we hope to deepen the education of our members in the Society’s core subject areas, as well as build connections between the future free-market business leaders of both countries.





More than **10,000** students and professionals have been a part of the Smith Soc network.





YOUNG LEADERS CIRCLE

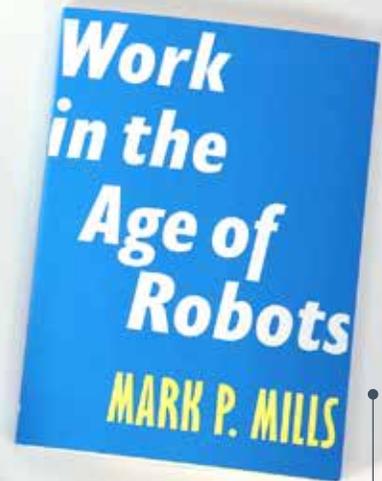
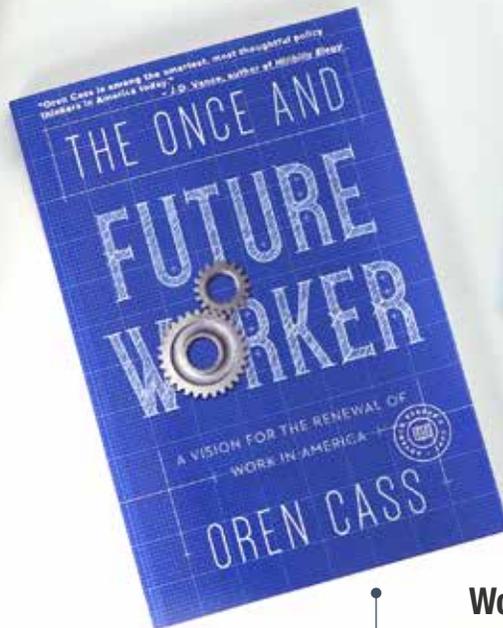
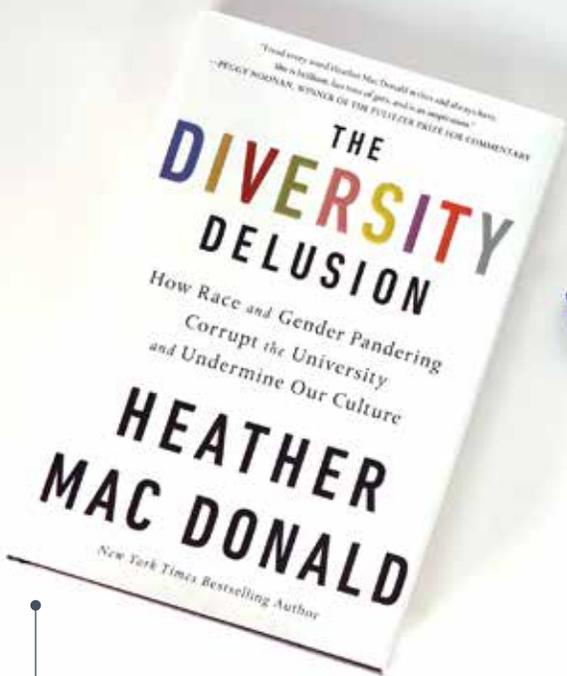


Over the long term, the Adam Smith Society will be a resource for business leaders throughout their careers, providing members with a source of continuing education and a supportive network. To that end, we've been founding professional chapters in major cities, from San Francisco to London, as well as providing opportunities for students and professional members to connect with one another. These include our annual conference in New York, multi-chapter case competition, as well as our Smith Soc Treks, destination-based seminars in premier locations on topics in history, philosophy, and public policy.

New York, MI's home city, attracts young professionals from across the country and the world. To engage this population of future movers and shakers working in fields from finance to journalism to law, we host a monthly lecture for professionals in their 20s and 30s: the MI Young Leaders Circle. The Young Leaders Circle offers members an opportunity—unique in Gotham—to hear from luminaries on a range of topics in public policy and culture, as well as to get to know other young people interested in ideas. Notable speakers this year included Home Depot cofounder Ken Langone, former National Security Council spokesman

Michael Anton, professor and clinical psychologist Jordan Peterson, U.S. Secretary of Health and Human Services Alex Azar, and former CEO of CKE Restaurants Andy Puzder.

If you know anyone who might be interested in joining the Adam Smith Society or the Young Leaders Circle, please contact the MI development office at **212-599-7000**. You can learn more about these organizations at **adamsmithsociety.com** and **manhattan-institute.org/ylc**.



The Diversity Delusion

BY **HEATHER MAC DONALD**

St. Martin's Press, September 2018

The Manhattan Institute's Thomas W. Smith Fellow and *New York Times* bestselling author Heather Mac Donald published a new book, *The Diversity Delusion: How Race and Gender Pandering Corrupt the University and Undermine Our Culture*, which explores the roots of the identity politics polarizing America. On college campuses, millions of tuition and tax dollars are spent hiring diversity bureaucrats to foment a victim mentality among students, who then graduate into the working world believing that human beings are defined by their skin color, sex, and sexual preference, and that oppression based on these characteristics is the American experience. According to Shelby Steele, "not since Allan Bloom's *The Closing of the American Mind* has a book so thoroughly exposed the damage done... by modern liberalism's glib commitment to diversity."

The Once and Future Worker

BY **OREN CASS**

Encounter Books, November 2018

The 2016 electoral results focused national attention on the economic struggles of working-class Americans, whose woes have often been viewed as the inevitable result of irresistible global and technological forces. But in this, his debut book, Manhattan Institute senior fellow Oren Cass identifies the misguided policy thinking in Washington responsible for intensifying the dysfunction and disengagement found in working-class communities, and he offers a reform agenda to right the course—the premise of which requires making work an American value again. A former Bain consultant who advised Mitt Romney's 2012 presidential campaign on domestic policy, Cass has a big-think approach that is provocative and compelling. J. D. Vance calls this "a brilliant book ... and among the most important I've ever read."

Work in the Age of Robots

BY **MARK P. MILLS**

Encounter Books Intelligence series, June 2018

Forecasts of mass unemployment and humans put out to pasture are wrong, argues Manhattan Institute senior fellow Mark Mills, in his concise book *Work in the Age of Robots*. In fact, the coming revolution in artificial intelligence and automation technology will have the opposite effect on workers' potential for productivity: consumer demand for drones, virtual reality systems, and biometric electronics will create more jobs than robots displace. Mills's optimism comes with an impressive track record: Bill Gates praised his 2005 book, *The Bottomless Well*, coauthored with Peter Huber, for explaining why we would never run out of energy—at a time when the consensus was the opposite. Reputed for making economic and scientific trends accessible to a lay readership, Mills was named the 2016 "Energy Writer of the Year" by the American Energy Society.



MANHATTAN INSTITUTE

by the **NUMBERS**

2018

MEDIA



238
TOTAL ADAPTATIONS OF
CITY JOURNAL

12.9M PAGEVIEWS
across Manhattan Institute brands



45K+
NEW FOLLOWERS
on social media
in past year



“10 Blocks” podcast
20,000+
AVERAGE MONTHLY
DOWNLOADS

350+
attendees at the
Adam Smith Society’s
2018 National Meeting

25
MI on Campus events

1.3K+
attendees at
YLC events
in the past year

The
BEAT
25,000+
READERS

ON JANUARY 16, 2018
CITY JOURNAL
broke its record with more than
130,000 DAILY
PAGEVIEWS



645 IN **28**
Events States

TWELVE
media dinners
convening

200
journalists at
outlets such as
AP, BLOOMBERG, CNBC, CNN, NPR,
POLITICO, NEW YORK TIMES, WSJ

SMITHSOC



200% increase in social
media engagement actions
on Twitter and Instagram



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. At the 2018 meeting, the Society presented its Principled Leadership Award to Clifford S. Asness, managing and founding principal, AQR Capital Management. Speakers included Marilyn G. Fedak, vice president emeritus, Alliance Bernstein; Michael Anton, former director of strategic communications, U.S. National Security Council; Ed Conard, author and former managing director, Bain Capital; and Douglas Irwin, Dartmouth professor and author of *Clashing Over Commerce: A History of U.S. Trade Policy*. The meeting also presented a debate on bitcoin and other cryptocurrencies, cosponsored with Intelligence Squared U.S. (IQ²US), moderated by John Donvan—featuring Patrick Byrne, CEO of Overstock.com; Eric Posner, University of Chicago Law School; Tim Draper, venture capital investor; and Gillian Tett, U.S. managing editor, *Financial Times*.



Would I have joined the Adam Smith Society? In a heartbeat.

Cliff Asness
Founder and CIO, AQR Capital

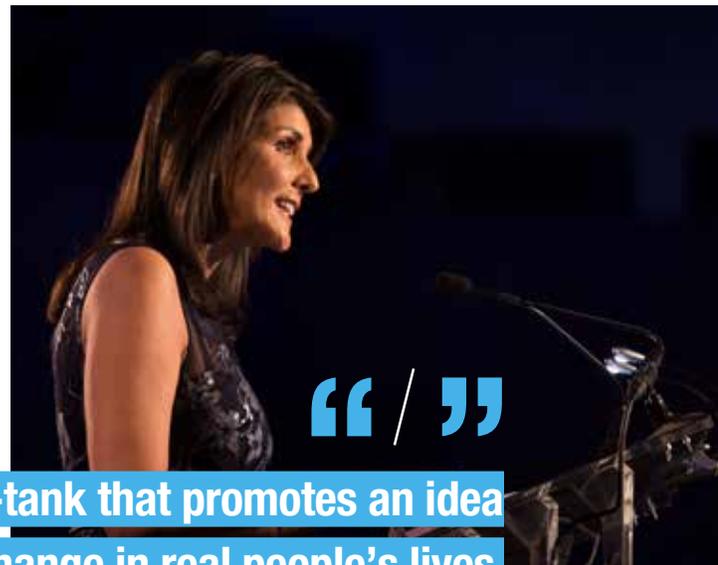


The Institute's promotion of free markets, free trade, limited government, and the rule of law have never been more important than today. Never.

Stanley F. Druckenmiller
Chairman and CEO, Duquesne Family Office

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 2018 Alexander Hamilton Awards were presented to Stanley Druckenmiller, chairman and CEO, Duquesne Family Office; and Nikki Haley, former U.S. Ambassador to the United Nations.



It is a rare think-tank that promotes an idea that leads to real change in real people's lives.

The Honorable Nikki Haley
Former U.S. Ambassador to the United Nations



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 2018 recipient was John F. Cogan, the Leonard and Shirley Ely Senior Fellow at the Hoover Institution, for his book *The High Cost of Good Intentions: A History of U.S. Federal Entitlement Programs*.

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. In 2018, it was delivered by MI senior fellow and Harvard University economics professor Edward Glaeser, on the topic “Capitalism and Millennials.”

Walter B. 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, with honorees drawn from the worlds of government, the academy, religion, business, and the arts. The 2018 Wriston Lecture, “The Conservative Challenge in a Populist Moment,” was delivered by Peter Berkowitz (Hoover Institution). The week following the event, the *Wall Street Journal* published “Conservatism and Populism Go Back Centuries”—an adaptation of the remarks delivered by Berkowitz.



For those of us who believe that serious study of ideas and rigorous empirical analysis go together in understanding politics and advancing the public interest, the Manhattan Institute has long set an inspiring example.

Peter Berkowitz
*Tad and Dianne Taube Senior Fellow,
 Hoover Institution, Stanford University*



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BENJAMIN BIRNEY
DIRECTOR, TECHNOLOGY

Benjamin Birney, MI's new director of technology, is focused on using technology to win hearts and minds. His professional career began in music theater composition and production, and then shifted to technology and law. As the principal in his own legal-services firm, Birney consulted on computer forensics and digital evidence, as well as on information security topics. He brought his diverse skills together to build BroadwayHD into a world-class theater streaming service.



RAYMOND DOMANICO
DIRECTOR, EDUCATION POLICY

Raymond Domanico, MI's new director of education policy, leads our efforts to promote innovation and school safety in both the charter- and district-school sectors. After an earlier stint at MI in the early 1990s, developing an agenda for school choice, Domanico worked with community leaders and educators affiliated with the Industrial Areas Foundation, Metro-NY in New York City to create and support new small public high schools and charter schools. Most recently, he was director of education research at New York City's Independent Budget Office.



ANNIE DWYER
DIRECTOR, CIVIL SOCIETY
FELLOWS PROGRAM

The Manhattan Institute's Social Entrepreneurship Initiative has long honored nonprofit leaders and innovative private organizations that address some of America's most pressing social problems. With the addition of Annie Dwyer, strategic communications advisor and director of MI's new Civil Society Fellows Program, MI is reinforcing its support of civil society. After beginning her career at the Mercatus Center at George Mason University, Dwyer served as a communications director in the U.S. House of Representatives, and most recently as the Competitive Enterprise Institute's vice president of communications.



RAFAEL A. MANGUAL
FELLOW & DEPUTY DIRECTOR,
LEGAL POLICY

Many criminal-justice reform advocates have been pushing for large-scale de-incarceration and the decriminalization of quality-of-life infractions, often in the name of addressing so-called mass incarceration and broader "systemic bias." Rafael A. Mangual, recently promoted to fellow in legal policy, will continue researching these issues and the implications for public safety. Mangual's work has been featured and mentioned in publications including the *Wall Street Journal*, *The Atlantic*, *New York Post*, *City Journal*, and *Philadelphia Inquirer*.



EMILY E. SMITH
MANAGING EDITOR, E21

Emily Esfahani Smith, the new editor of MI's Economics21, is the author of *The Power of Meaning: Finding Fulfillment in a World Obsessed With Happiness* (Crown, 2017). Her articles and essays have appeared in such publications as the *Wall Street Journal*, *New York Times*, and *The Atlantic*, among others. Smith is chairwoman of the board of *The Dartmouth Review* and served as its editor-in-chief as an undergraduate. Before joining MI, she was the managing editor of *The New Criterion* and of the Hoover Institution journal *Defining Ideas*.

IN MEMORIAM

Manhattan Institute pays tribute to several dear friends who recently passed away. Rodney Nichols, who served on the board of trustees, was also a leader in university-level science education and research, serving as vice president and executive vice president of Rockefeller University from 1970 to 1992, and later serving as CEO of the New York Academy of Sciences.

Stefan Kanfer wrote on culture for MI's *City Journal* for over 20 years, following a literary career that included decades as a resident film and book critic for *Time* magazine. Acclaimed novelist Tom Wolfe delivered one of MI's first Walter B. Wriston Lectures, in 1988, and remained a longtime friend, authoring a retrospective piece for the Institute's 25th anniversary. Jeff Bell, who served as MI's first president after campaigning as a principled conservative against Bill Bradley for Senate in New Jersey, provided indispensable leadership in our earliest years. And George Yeager, investor and philanthropist, generously supported organizations that defend the foundations of free societies, including MI, where *City Journal* senior editor Steven Malanga holds the fellowship bearing his name.



RODNEY NICHOLS



TOM WOLFE



STEFAN KANFER



JEFF BELL



GEORGE YEAGER

Why Invest in MI?

An investment in the Manhattan Institute is a demonstration of belief in the principles and moral ideals that our scholars advance. We do not seek government grants; we depend on the generosity of donors. When you give to MI, your generosity turns intellect into influence.

How to Support MI

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If you have questions, please call the MI sponsorship office.

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Please consider making a planned gift to the Manhattan Institute. Such gifts can include bequests by will or living trust, charitable trusts, a designation in a retirement plan, charitable gift annuities, or a designation in a life-insurance policy. For more information, please contact the MI sponsorship office.

Membership

Supporting the Manhattan Institute can unlock access to various benefits, including invitations to events, a subscription to MI's *City Journal*, and MI books. Young professionals who join MI's Young Leaders Circle (\$250) have access to monthly lectures and receptions and receive additional benefits at the Advisory Committee level (\$1,000). MBA students and professionals who join MI's Adam Smith Society have access to a series of benefits depending on level of dues. For questions about membership with MI, Young Leaders Circle, or the Adam Smith Society, please contact MI's sponsorship office.

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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 recently, 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* (2016) 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—via outreach both on and off the campus. Through our MI on Campus program, fellows give lectures to undergraduate students at colleges and universities across America. The Adam Smith Society, based at top business schools and cities across the globe, is an expansive, chapter-based association of MBA students and business leaders promoting 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, 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.