DEAR FRIENDS AND SUPPORTERS,

IN RECENT WEEKS, THE UNITED STATES and its great cities have faced severe hardship. First, Covid-19 swept through our communities, doing its worst damage in America’s largest and densest major city, New York. Then a wave of protests and riots brought disorder to cities across the country. America is no stranger to hard times, though. We at the Manhattan Institute (MI) believe that a combination of sound policy ideas and bold public leadership can usher in a period of renewal for our cities and our economy. For governments, this will require pruning waste and making hard choices so that high-quality public services continue to operate even as budgets shrink. On the national level, we must navigate the novel health challenges we face and begin to put our fiscal house in order. In this time of lingering uncertainty, Americans and their leaders are hungry for ideas that can help restore growth and confidence in our future. Enabled by your support, our scholars have been developing those ideas and communicating them to a national audience.

After George Floyd’s tragic death while in the custody of the Minneapolis police, several American cities were convulsed by protests that quickly devolved into riots. Against the backdrop of urban unrest reminiscent of the worst days of the 1960s, MI’s Thomas W. Smith fellow, Heather Mac Donald, appeared on national television and spoke for all Americans of goodwill: “We have to condemn [the killing of George Floyd as] awful police action. The next breath has to … [condemn] the violence in our cities as well. We cannot justify this violence in the name of racial justice or rage.” Author of the best-selling book The War on Cops, Mac Donald took to the pages of the Wall Street Journal on June 2 (“The Myth of Systemic Police Racism”) to make the case that as horrifying as Floyd’s killing was, it should not be used as a cudgel to condemn all police officers as irredeemably racist. Moreover, when the police as an institution are maligned and pressured to become more passive, it is the vulnerable residents living in our poorest and most violent neighborhoods who bear the brunt of rising crime.

Activists, both on the street and online, have succeeded in pushing the idea of “defunding the police” into the mainstream policy conversation. The Minneapolis City Council has assembled a veto-proof majority in favor of dismantling the city’s police department, though it remains to be seen how this slogan will be translated into policy. MI fellow and City Journal contributing editor Rafael Mangual has consistently offered a
The Full Truth About Race and Policing
The media likes to break down cops’ behavior by race, but doesn’t do the same for civilian crime.

By Jason L. Riley | June 9, 2020

The Myth of Systemic Police Racism
Hold officers accountable who use excessive force. But there’s no evidence of widespread racial bias.

By Heather Mac Donald | June 2, 2020

Tired of bad cops? First, look at their labor unions.
There can be no true reform of police departments as long as labor unions make discipline impossible.

By Daniel DiSalvo | June 3, 2020

Unrest can harm the people it’s meant to help. Here’s how to support them.
Peaceful protests can inspire meaningful change. But where the demonstrations turned violent, they may end up worsening the challenges faced by urban black and brown neighborhoods.

By Rafael Mangual | June 9, 2020
better path forward for those interested in pragmatic reform. In his City Journal article “The Toxic Narrative About Police Is Wrong,” Mangual shows how New York City’s recent past holds valuable lessons on how to make policing less violent. American police officers resort to force more frequently than do their counterparts in other wealthy countries because they are asked to police a much more violent population. However, in cities like New York, where proactive policing of the “Broken Windows” mold has succeeded in reducing violent crime, instances of police use of force have fallen dramatically. Since 1990, the number of New Yorkers killed by police in an average year has declined by more than 90 percent. The answer to bad policing, Mangual argues, is to recommit to proven strategies for crime reduction that have been shown to also cut down on instances of police-on-citizen violence.

At our June 18 publicly streamed event “Race, Riots, and the Police,” Mangual discussed the debates surrounding criminal-justice reform with author Jamil Jivani, MI senior fellow Jason Riley, and MI’s newest fellow, Coleman Hughes—a recent graduate of Columbia University, whose work in Quillette, the Wall Street Journal, and the New York Times has already distinguished him as one of the country’s most incisive writers on race and culture. Hughes, who joined MI in May as a fellow and contributing editor of City Journal, wrote his debut feature-length essay in the Summer 2020 issue of City Journal on the life and work of the economist and public intellectual Thomas Sowell. His first piece as a contributing editor for City Journal online, “The Illusion of Certainty,” dealt with the media’s wall-to-wall coverage of Ahmaud Arbery’s tragic death in Georgia and the dangers of imputing motives to Arbery’s killers before the full facts of the case have been unearthed.

At another recent virtual MI event chaired by senior fellow Jason Riley, a select group of scholars and practitioners analyzed the evidence on policing. The keynote conversation was a discussion between Riley and Harvard economics professor Roland Fryer, whose pathbreaking research on police use of force found no evidence to substantiate the belief that police disproportionately use lethal force against black and Hispanic citizens. Fryer’s central contribution to the public conversation has been to remind people that the instances that most frequently get captured on film—street encounters gone terribly awry—are unrepresentative of most serious police confrontations, which overwhelmingly arise in the context of police responding to reports of serious crimes like burglaries, domestic disputes, and shootings.

While safely reopening our cities will require, first and foremost, maintaining order, policymakers must also put forward a strategy for restoring economic vitality without triggering another wave of Covid-19 infections. In the pages of City Journal—which has seen record web traffic and social media engagement this spring—and a series of timely MI reports, our scholars have laid out the path to do just that.

In our home city of New York, the crucial challenge will be to mitigate the health risks associated with high-density living, which is the subject of an issue brief by MI adjunct fellow Arpit Gupta and coauthor Jonathan Ellen, M.D., “A Strategy for Reopening New York City’s Economy.” Gupta and Ellen’s analysis called for New York to bring testing on-site for large employers, require social distancing measures within workplaces, and start the reopening process with the young and healthy. As MI state and local policy director Michael Hendrix has shown in a recent City Journal article, many of Gupta’s ideas will sound familiar to residents of Florida and Tennessee, where Governors DeSantis and Lee have taken steps to protect those living in nursing homes from infection while allowing less vulnerable populations to return to work.

The fiscal toll of the pandemic on state and city budgets, unlikely to be offset by even the most generous
School-level test-score data across the U.S. reveal that there is a small but positive relationship between the proportion of students within a geographic district who attend a charter school as of 2009 and the test-score growth for students enrolled in traditional public schools in the same district over the next seven years.

Given the current budget crunch, the city’s $8.7 billion commitment to build four borough jails will potentially overwhelm the capital budget, crowding out other critical infrastructure priorities.

federal stimulus, will require making public services more cost-effective. In New York City, Mayor Bill de Blasio shows other cities (and states) what not to do. In an MI issue brief, “De Blasio’s Budget: Putting Off the Tough Decisions,” adjunct fellow Eric Kober observes that in his preliminary budget, de Blasio eschews the tough choices required of leadership in a crisis. Declining to lower the city’s budget by even as much as a percentage point, the mayor proposes no personnel reductions—despite having added 20,000 employees to the city’s payroll over his tenure.

Efficiencies, however, are there for the taking—as MI senior fellow and City Journal contributing editor Nicole Gelinas details in a report criticizing the de Blasio administration’s plan to shutter New York’s Rikers Island prison campus and build new high-rise jails in four of the city’s boroughs. In her report, Gelinas shows how the city can improve its jail system at much lower cost and with less risk to public safety than is possible through the city’s current plan, which is projected to cost at least $8.7 billion—money that could otherwise go toward bridges, tunnels, and roads. Moreover, the city’s plan would require lowering its jail population by 42 percent, even if there is no comparable reduction in the crime rate. In a New York Post adaptation, Gelinas urged the city to instead invest in modernizing Rikers, transferring prisoners to new state-of-the-art jails on the island as they come online.

In response to the pandemic’s squeeze on school district budgets, officials at all levels of government must adopt a clear-eyed perspective on where limited funding can best be used. Senior fellow Max Eden, writing at RealClearPolicy (“Schools Risk Drowning in Red Ink”), identified several areas of spending that have been shown to hold little correlation to learning: pre-K, “diversity, equity, and inclusion” initiatives, and professional development for teachers. MI’s education policy director, Ray Domanico, writing in City & State New York, argued that to preserve much-needed services for kids, salaries should be frozen for teachers, given that they have already received considerable raises in recent years.
The genius of American civil society has been apparent since the start of the pandemic. Faced with a once-in-a-century challenge, millions of ordinary citizens took action to help their neighbors in need—from checking in on the elderly and volunteering at food banks to donating books and supplies to students who have been kept away from their classrooms. Long attuned to the indispensable role of civil society, since 2001 MI has recognized privately funded nonprofit organizations that reflect the best of this American tradition, an effort spearheaded by senior fellow Howard Husock. MI will confer the 2020 Civil Society Awards in the fall.

Fiscal constraints imposed by the pandemic should also prompt policymakers to consider the benefits of charter schools, which often operate at a lower cost compared with traditional public schools. Though critics have claimed that charters harm district schools by “creaming” the best students, MI senior fellow Marcus Winters’s latest report debunks that canard. Winters shows that the presence of charter schools correlates with improved test scores for all kids, suggesting that students are better served by a system that forces traditional public schools to compete with other offerings.

Parents and students themselves may be in the best position to determine how to most effectively direct education dollars, suggests Eden in his latest report: “Advanced Opportunities: How Idaho Is Reshaping High Schools by Empowering Students.” In Idaho, the state provides each student with a grant of $4,125 that can be spent as they see fit—whether on advanced placement courses, college classes, professional certification examinations, or, as of this school year, workforce development and apprenticeship courses. Eden’s report, which was cited by Politico and featured in the Washington Examiner, demonstrates the virtue of tying education investment to students rather than to school systems.

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During the pandemic, the Institute has continued to engage its community through an array of online events—from livestreaming MI’s Shadow Open Market Committee (SOMC) and criminal-justice conferences to convening panels for our Young Leaders Circle (YLC) and Adam Smith Society members, and much more. For the Adam Smith Society members who are still in business school or who are in the earliest stages of their careers, the current economic disruptions are particularly harrowing. MI’s event programming has helped these members grow their personal networks and think through the impact of Covid-19 and technological change with experts such as MI senior fellow and Harvard University economist Edward Glaeser and George Mason University economist Tyler Cowen.
The generation of private resources to fuel civil society requires wise, pro-growth policies from the federal government. At the most recent meeting of MI’s Shadow Open Market Committee (SOMC)—a group of economists who follow and analyze the decisions of the Federal Reserve—panelists assessed the Fed’s emergency response to the coronavirus. Panelists discussed the pandemic’s deflationary pressure on prices, the Fed’s unprecedented move into the corporate and municipal debt markets, and how the Fed’s actions compare with those taken by the world’s other central banks. There was consensus that in an era of low real interest rates and an already-large Fed balance sheet, the onus for prudent economic management increasingly falls to Congress, where fiscal policy ought to be set.

Indeed, it is in Congress where America must address mounting federal debt. Drawing on years of Capitol Hill experience, MI senior fellow Brian Riedl has sounded the alarm over America’s deteriorating fiscal position. With deficits already rising due to increases in entitlement spending, the federal debt has grown even more burdensome as trillions of dollars in relief spending flowed out of Washington this spring. Riedl estimates the 2020 budget shortfall at $4.2 trillion—greater than the budget deficits from 2014 to 2019 combined. With the addition of the Covid–19–related outlays, total U.S. borrowing now rivals that of the World War II years. Borrowing from the future, Riedl explains, is a viable strategy only if it represents a modest amount of anticipated wealth. The rapid economic growth of the postwar era made this true of World War II’s borrowing binge. In order to repeat the successful deleveraging of the 1950s, when the ratio of federal debt to GDP fell by almost half, America must both jumpstart growth and close the gap on its annual deficit.

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How to achieve these two seemingly incompatible goals is the subject of *Austerity: When It Works and When It Doesn’t*, by Alberto Alesina, Carlo Favero, and Francesco Giavazzi, the winner of this year’s Friedrich Hayek Book Prize. Inspired and supported by MI trustee Thomas W. Smith, MI’s Hayek Prize recognizes the book that best reflects the great economist’s insights into the functioning of markets and the limits of centralized planning; its honorarium of $50,000 makes it one of the world’s most generous book prizes. The authors of *Austerity* explain that not all debt reduction is created equal. Based on exhaustive data sets from the many countries that have found themselves ensnared in debt crises, the authors observe that the drag on economic growth is much worse when austerity is primarily achieved by tax increases rather than spending cuts. Alesina, a former chairman of Harvard’s economics department and a giant in the field, sadly passed away earlier this year. His intellectual contributions, however, will remain highly relevant to protecting the prospects of future generations from an irresponsible debt burden.

Our nation is still reeling from the upheaval and discord of recent months. The months ahead will be a time of great consequence for American public policy. With your support, MI can help shape a future for our cities and country that favors racial comity, public health and safety, private-sector innovation, and flourishing communities. On October 20, we will convene MI’s annual Alexander Hamilton Award Dinner, where we will honor philanthropist and charter school advocate Daniel S. Loeb, as well as the Federalist Society’s Eugene Meyer and Leonard Leo. The funds raised at the dinner will both enable our scholars’ research and support the Institute’s ability to bring their ideas to policymakers and citizens across the country. We thank you for your interest in MI’s work and hope that you will lend your support to our mission.

Thank you,

Reihan Salam
MI gratefully remembers the friendship and leadership of the late Richard “Dick” Gilder, former MI board chairman and one of New York City’s most prominent philanthropists. As MI senior fellow Howard Husock noted in his remembrance of Gilder in City Journal, “Gilder’s best-known philanthropic initiative, the Central Park Conservancy, transformed a crime-ridden dust bowl back into the jewel designed by Frederick Law Olmsted—the world’s most famous green space.” Gilder’s good works included his generous support of the New-York Historical Society and his founding, alongside Lew Lehrman, of the Gilder Lehrman Institute of American History, which is dedicated to improving the quality of history education nationally. At MI and across the city and country he loved, Dick Gilder is deeply missed.