DEAR FRIENDS AND SUPPORTERS,

Last June, three months after an eerie quiet had descended over America’s cities, protests and riots broke the silence and the peace. Urban politicians were caught off guard by a movement that took over the streets and seemed wholly uninterested in civil dialogue or compromise. Activists determined to “defund the police” helped persuade local officials to reduce police budgets in 23 major U.S. cities. Even where activists failed to advance their defund agenda, they succeeded in sowing an atmosphere of distrust and hostility between police officers and the communities they serve.

Fast-forward to today, and urban politicians are no longer afraid of defying activists. Indeed, the biggest political liability for mayors has once again become the perception that they have lost control of the streets. In Minneapolis and Atlanta, two cities that cut police funding in 2020 and were widely touted as models for doing so, public opinion has compelled the city councils to make large investments in policing. And in their backlash against the excesses of last summer, Atlanta and Minneapolis are indeed national models. As the Wall Street Journal reported in early June, “In the nation’s 20 largest local law-enforcement agencies, city and county leaders want funding increases for nine of the 12 departments where next year’s budgets already have been proposed.”

So what has changed in a year? We at the Manhattan Institute have had a lot to do with that.

The shift is partly a reaction to the grim facts on the ground. As Thomas W. Smith fellow and City Journal contributing editor Heather Mac Donald observed in “Taking Stock of a Most Violent Year,” an op-ed for the Wall Street Journal, 2020 saw the biggest year-over-year increase in murders since America began keeping track in 1960. But statistics, even ones as stark as that, do not by themselves change the policy conversation. After all, much of the media and
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In addition to its efforts to educate the general public, the PPSI team has been proactive in building relationships with law-enforcement authorities and community leaders from places struggling with violence. The PPSI team has held public conversations with Miami Police Chief Art Acevedo, recently retired Seattle Police Chief Carmen Best, and Oakland Chinatown Chamber of Commerce President Carl Chan. We recognize that in a country with nearly 18,000 police departments, arresting the rise in violence means working with stakeholders across the country. The PPSI team has also been active on Capitol Hill, where there is an

some notable public officials have insisted that the pandemic, not changes in policing and prosecutions, caused the rise in urban violence. MI’s scholars have been tireless in setting the record straight in the pages of City Journal, the New York Post, the New York Times, and the Wall Street Journal.

MI’s Policing and Public Safety Initiative (PPSI), which will mark its one-year anniversary this September, has been the focal point for MI’s response to the violent crime wave. From Rafael Mangual’s testimony before the Senate Judiciary Committee and Heather Mac Donald’s regular appearances in the Wall Street Journal to Charles Fain Lehman’s data-heavy reports on the rise in anti-Asian violence, the PPSI team has been prolific and persuasive.
During its first in-person event since last spring, MI's Young Leaders Circle hosted MI president Reihan Salam and senior fellow Rafael Mangual to discuss the delicate tension between enacting criminal justice reform and boosting public safety.
ongoing debate over the federal government’s role in policing. On June 25, we held an event with Senator Tom Cotton, one of Congress’s most stalwart defenders of law enforcement, where he offered his thoughts on the currently unfolding crime wave and then joined Rafael Mangual for a conversation about what is to be done.

We should also take notice of how the political mood has shifted in New York City, America’s financial and media capital. In addition to being America’s most populous city, New York has long served as a seedbed of civic and ideological innovation. Policy approaches that begin in New York tend to spread to other urban centers, for better or worse. With that in mind, MI’s New York City: Reborn initiative has been hard at work advancing policy ideas that can make the city safer, richer in opportunity, and more affordable.

At the height of the antipolice protests last June, a majority of New York City residents wanted to cut the NYPD’s budget, a wish that was granted by the city council to the tune of $1 billion. Fast-forward a year, however, and a poll conducted by MI and Public Opinion Strategies found that 82% of the city’s Democrats said that they wanted the police presence in their neighborhood either increased or kept the same. Further, in last month’s Democratic primary for mayor, New Yorkers rejected candidates representing the party’s ideological vanguard in favor of a self-styled moderate, ex-cop Eric Adams.

While many of his leading opponents called for diverting resources from the police to social services, increasing the supply of public housing, stringently limiting the expansion and formation of new public charter schools, and greatly expanding the city’s unionized workforce, Adams took a back-to-basics approach, emphasizing the importance of restoring Gotham’s quality of life. Hopefully, Gotham’s other officeholders will take note of Adams’s positioning as a pro-business, pro-charter moderate who made combating gun violence a centerpiece of his campaign.

One should be cautious of putting too much stock in any given election. But it’s worth remembering that just a year ago, it seemed as though the city’s activist class was ascendant. Now, as New York endures a sharp increase in shootings and homicides and an unemployment rate that stands at almost twice the national average, a Democratic candidate won a competitive primary by campaigning on more generous funding for the police and the preservation of standardized testing as the gateway into the city’s elite high schools, among other stances long championed by MI.

As a nonpartisan organization, the Manhattan Institute is not in the business of endorsing candidates. Regardless of who wins the November general election, MI will offer evidence-based policy ideas to anyone who will listen. But what is a core feature of MI’s work is influencing the climate of opinion in which politicians of every party and ideological affiliation must operate; in this respect, I could not be prouder of the tireless work that my colleagues have done to restore common sense to New York’s political debate and, more broadly, the debate about the future of America’s great cities.
Cities’ travails—and MI’s efforts—do not end with crime and public safety. Urban voters across the country are frustrated with the perennial waste and self-dealing found in city governments, and they are interested in pragmatic reforms that deliver better services at lower costs. Later this summer, MI will launch its Metropolitan Majority initiative, aimed at finally bringing these moderate urbanites to the media’s attention and into the center of urban politics.

We look forward to sharing more with you about this project in the months ahead. It is because of your generous support that MI is able to conduct the research and reach the audiences that will make the difference in securing a prosperous and dynamic future for our cities.

Our work is cut out for us. New York City’s business districts are hovering at half-capacity. The city’s budget is headed for a $5 billion deficit in 2023. High earners and young families continue to decamp for locales with higher quality of life and lower cost of living. And though they are momentarily disappointed, the political forces that perennially push for a larger public bureaucracy, more race-conscious policies, and a hollowed-out police force remain potent. What’s more, New York’s political landscape resembles those of cities throughout the country. From Atlanta to Chicago to Minneapolis to Seattle, city governments are failing to honor their most basic obligations. More so than at any point since the early 1990s, the fate of urban America is up for grabs.

Education policy is an especially important locus of cities’ struggles and MI’s work. Throughout his tenure, for example, New York mayor Bill de Blasio has been obsessed with racial disparities within the upper echelon of the city’s school system. He has made several abortive attempts to scrap the standardized test that governs admissions to the city’s magnet high schools and has successfully banned academic screening at the city’s middle schools. As Ray Domanico, MI’s director of education policy, makes clear in his brief for our New York City:...
Reborn series, only a small slice of black and Hispanic students would benefit from de Blasio’s policies, whereas the overwhelming majority would continue to attend the underperforming schools that the outgoing mayor has largely ignored. Much as we’ve seen with crime, both parties’ nominees, in a nod to public sentiment, have acknowledged the perversity of this approach.

Meanwhile, Critical Race Theory (CRT), long incubated on college campuses, has come to permeate every part of our national conversation—even becoming the default vocabulary of many elite academics, public intellectuals, and public officials. On cable news and the floor of the Senate, Americans learned that in order to understand their country, they needed to grapple with concepts such as systemic racism, white privilege, decolonization, and microaggressions. Institutions across wide swaths of American life came to believe that whatever their ostensible purpose, they needed to adopt “antiracism” as a core value. Our country’s most prestigious newspapers accelerated their shift to an activist model of journalism. Philanthropies, medical journals, Silicon Valley behemoths, and Fortune 500 companies raced to hire diversity consultants and to assign their employees books by CRT-popularizers, including Robin DiAngelo and Ibram X. Kendi. MI was early to spotlight this destabilizing trend and is leading the way in helping citizens, business leaders, and public officials to push back.

MI senior fellow and City Journal contributing editor Christopher Rufo continues to play an indispensable role in this work. Building on the groundbreaking reporting that he has done on CRT’s encroachment into K–12 schools, Rufo’s latest exposés have supplied firsthand accounts of what Heather Mac Donald once dubbed “the diversity delusion” in corporate America. In City Journal, Rufo wrote about the diversity trainings at the country’s largest military contractor, Lockheed Martin, wherein the company’s white male executives were invited to atone for their “white male privilege.” In an essay on the counter-mobilization to CRT, the influential left-of-center journalist Matthew Yglesias credited Rufo with awakening the country to this top-down revolution: “To a remarkable extent, just one guy—Christopher Rufo—has totally pivoted the national conversation.”

Our toolkit is designed for those who are worried about Critical Race Theory in their children’s school. Learn how you can advocate for an education system enriched by intellectual diversity rather than narrowed by ideological uniformity.
Today’s crop of CEOs never expected to be thrown into the middle of our country’s political drama; as a result, many are regretfully trading long-term principles for short-term PR gains. But all across America’s business-school campuses, tomorrow’s leaders are watching this sea change and trying to understand what is right, rather than what is merely expedient. The Manhattan Institute’s Adam Smith Society, now with chapters at 33 schools and professional chapters in nine U.S. cities and London, provides these students with an education in the moral underpinnings of capitalism, preparing them for a world where they will need to affirmatively defend the free-enterprise system.

On June 7–9, the Adam Smith Society virtually convened its eighth annual National Meeting. The event featured a mix of industry leaders, academics, and journalists discussing the connection between free enterprise and political liberty, the danger of mixing political activism and business, and the need to liberate the overregulated industries of energy and health care. As a part of the programming, I was delighted to interview former secretary of state Condoleezza Rice, as well as Jeff Yass, a cofounder of the Susquehanna International Group. To facilitate the network-building that is so crucial to SmithSoc’s mission, we funneled our more than 300 guests into a series of virtual breakout rooms organized around industries and topics.

The Adam Smith Society’s 2021 National Meeting featured a panel with Allison Schrager, Vivek Ramaswamy, and others discussing stakeholder capitalism and corporate environmental, social, and governance (ESG) efforts.
America’s halting recovery from the pandemic–induced downturn was a recurring topic. Though forecasters still expect robust overall growth this year, we have seen some disturbing signs of an imbalanced economy, including faster-than-expected inflation and lackluster job growth, despite rising wages. Two MI scholars, Allison Schrager and Mark Mills, have been leading voices explaining to the public how some of the Biden administration’s heavy-handed interventions are inhibiting the recovery.

Schrager, who recently launched a weekly column with Bloomberg Opinion, has called attention to the dangers of creating an inflationary dynamic in a political environment where there is no appetite for economic pain. In a May Wall Street Journal op-ed, Mills showed that the Biden administration’s clean energy mandates are setting America up for painful supply shortages, as the world simply does not mine anywhere near enough nickel, graphite, and lithium for all the solar panels, wind turbines, and batteries that a carbon-free electricity system would need.

Taking a longer view, one of the greatest challenges to America’s free-market system is the national debt, which is set to rise to 200% of GDP by 2050—at which point, interest payments would consume half the nation’s annual tax revenue. As MI senior fellow Brian Riedl made clear in his testimony on the American Jobs Plan before the U.S. House Committee on Education and Labor, we are past the days when Medicare and Social Security could be thought of as discrete issues separate from our many other national priorities. In the coming years, our elected leaders will have to reform these programs and, in the process, preserve some freedom of maneuver for future generations to face vexing and unforeseen challenges of their own.

In a May report, Riedl laid out a framework that ought to have broad ideological appeal. It suggests that we begin reducing the debt by focusing on the generous benefits that entitlement and farm-subsidy programs give to wealthy Americans. These include Social Security and Medicare benefits to 4 million elderly households with over $1 million in investable assets, as well as the quarter of commodity subsidies that went to households earning more than $392,000 in income between 2012 and 2015. The debt debate has long been held at a stalemate over whether big tax hikes or broad benefit cuts are the best way forward, with Democrats insisting on the former and Republicans advocating the latter. This is an important disagreement; but in the meantime, perhaps we could start with cutting spending on the rich.

America is not the only country facing ugly politics induced by long-standing structural deficits. The 2020 winner of our...
Manhattan Institute President’s Update
Summer 2021

Hayek Book Prize, Austerity: When It Works and When It Doesn’t, by Alberto Alessina, Carlo Favero, and Francesco Giavazzi, finds that austerity pursued through spending cuts produces better outcomes than budget-balancing achieved through tax hikes. We were happy to celebrate both Austerity and the 2021 winner of the Hayek Book Prize, Thomas Sowell’s Charter Schools and Their Enemies, in Palm Beach in April. The Hayek Book Prize, which was conceived of and sponsored by MI trustee Thomas W. Smith, honors the book published within the past two years that best reflects Hayek’s vision of economic and individual liberty. With its $50,000 award, the Hayek Prize is among the world’s most generous book prizes. Always a special day for MI, this year’s ceremony was particularly memorable as our first in-person event since the outbreak of the pandemic.

Thanks to the generosity of our friends and supporters, MI was able not merely to weather a challenging year but also to turn intellect into influence all across the country. I look forward to seeing many of you on September 10 at our Hamilton Awards Dinner, where we will honor Senator Tim Scott and investor and philanthropist John Paulson, who have both done so much to advance the principles that inspire our work. We also hope to welcome you to our newly renovated offices, set to open this September. Equipped with several state-of-the-art event spaces and conference rooms, we are excited to resume event programming in the heart of Manhattan. With your continued support, we can continue to bring those principles to bear on the crucial questions facing our great country. Thank you for all that you do for the Manhattan Institute. I wish you a happy summer.

Sincerely,

[Signature]

Gathering in Palm Beach, FL, the Manhattan Institute celebrated Thomas Sowell as the winner of the 17th annual Hayek Book Prize for his book Charter Schools and Their Enemies (Basic Books).
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