



President's Update

Spring 2016

Dear Friends and Supporters,

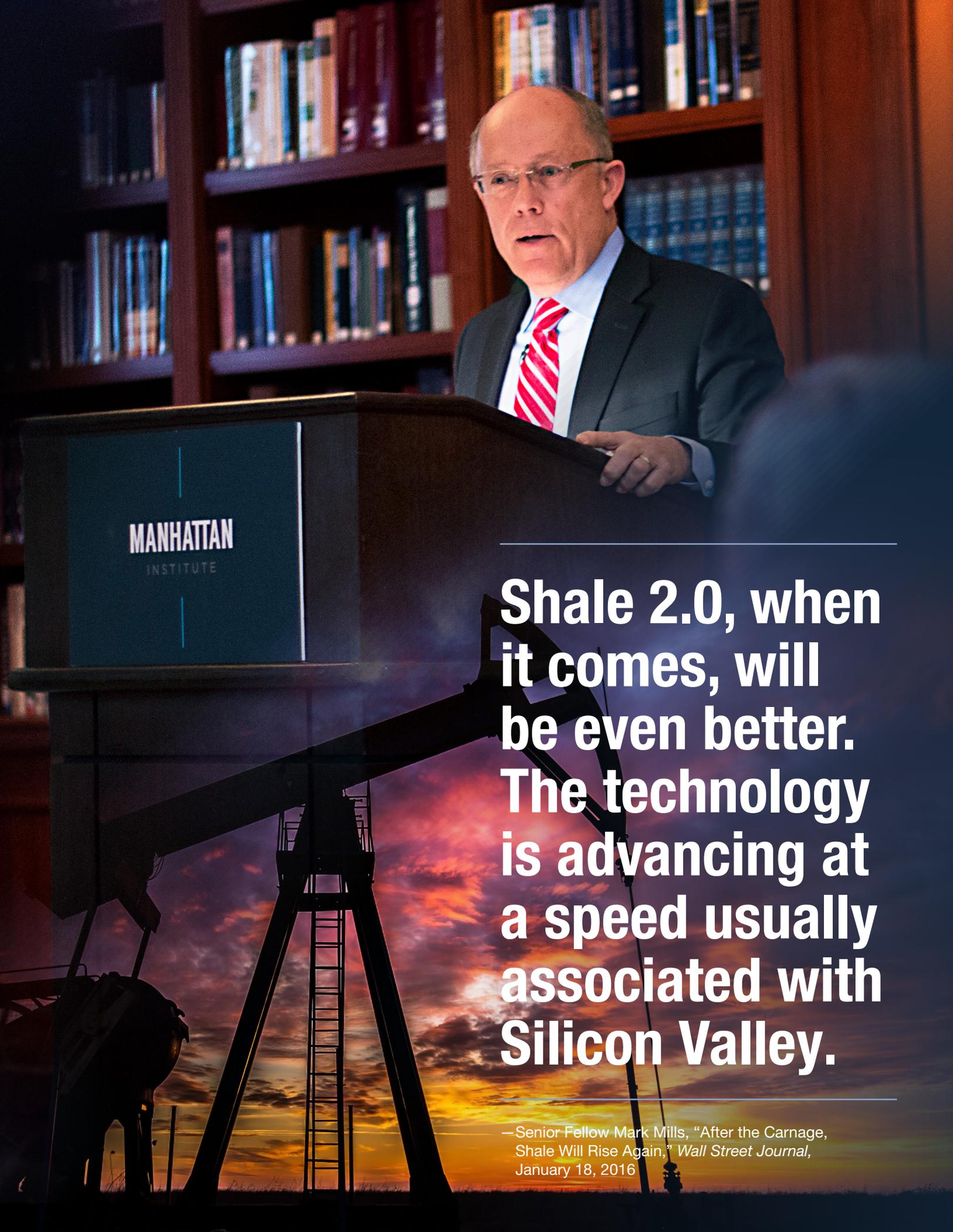
To say that this presidential election has been policy-lite or that leading candidates are playing fast and loose with facts (or not focusing on facts at all) is an understatement. And while few could have predicted the depth to which the presidential debates have sunk, our goal is to provide a counterbalance—to provide clarity, context, and data to enable understanding and debate on the issues the country should be focused on. Easily digestible and targeted to journalists, candidates, their staffs, and citizens, the Institute's *Issues 2016* report series is a means of focusing attention on serious policy questions that have gone unaddressed and correcting misinformation being paraded as truth. Senior fellow Oren Cass, who served as domestic-policy advisor to former governor Mitt Romney during his 2012 presidential run, is heading this initiative. With an intuitive grasp of the kind of information that candidates need and an understanding of how campaigns can bring policy issues to the forefront of the news cycle, Cass is ensuring that we release the right reports, at the right time, and in the right format.



Oren Cass

Take, for example, Cass's first *Issues 2016* report, "Fracking, Not Solar Power, Is Reducing U.S. Carbon-Dioxide Emissions," which we published in anticipation of the United Nations Climate Change Conference in Paris last December. In his report, Cass explains that America's surge in domestic natural-gas production has had tremendous benefits for the environment, as it has led to a shift away from coal, which emits far higher amounts of carbon dioxide. In the weeks surrounding the UN conference, Cass's expertise on domestic energy and environmental policy made him a go-to voice on Capitol Hill and in the media. Testifying before the House Science Committee as well as the Senate Environment and Public Works Committee, Cass challenged the popular narrative about the conference—that it represented the historic culmination of an effective process to bring the world together and act on climate. In testimony before the House committee on December 1, 2015, Cass took the Obama administration's climate agenda to task, explaining that for all the burdens it would impose on the economy, it would likely have no detectable impact on global carbon emissions. Cass was interviewed about these issues on more than half a dozen local and national radio programs (twice on NPR), appeared on C-SPAN's *Washington Journal*, and authored op-eds for FoxNews.com, *National Review*, and Politico.

Cass's work is part of MI's research agenda on energy and the environment, which highlights the importance of abundant, affordable energy for economic growth and the role of technological innovation in advancing conservation and other environmental goals. Senior fellow Mark Mills, another member of MI's energy-policy brain trust, has been a leading advocate of reforms that can help the United States maximize the potential economic benefits from tapping domestic energy supplies—such as lifting the 40-year ban on exporting domestic crude oil. For the past three years, through a research and educational effort that included four research papers, a slew of op-eds, and several briefings on Capitol Hill, Mills explained that lifting the ban would stimulate job growth and strengthen America's geopolitical position, as buyers in Asia, Europe, and elsewhere prefer U.S. energy over resources marketed by OPEC nations and Russia. With the intellectual groundwork having been laid, when oil prices dropped to historic lows, in December Congress voted to lift the ban. Though the lifting of the ban is a step in the right direction, Mills argues that there is still more to be done. In a January *Wall Street Journal* op-ed and recent paper, "Expanding America's Petroleum Power: Geopolitics in the Third Oil Era," Mills presented ideas that can enhance our ability to export oil and encourage higher levels of energy R&D, which can enable us to reap the economic and environmental benefits of both, sooner rather than later.



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Shale 2.0, when it comes, will be even better. The technology is advancing at a speed usually associated with Silicon Valley.

—Senior Fellow Mark Mills, “After the Carnage, Shale Will Rise Again,” *Wall Street Journal*, January 18, 2016

As we get deeper into the election season, health care policy, of course, will become one of the most vigorously contested issues. Much of the debate will invariably focus on aspects of the Affordable Care Act, which has raised premium costs while still leaving millions without insurance. MI fellows continue to demonstrate that markets and scientific innovation—not more government regulation—are essential to driving down costs, increasing access to quality care, and fostering the development of newer, better treatments over the long term. MI fellows Paul Howard and Yevgeniy Feyman made this point in their *Issues 2016* report, “Drug Price Controls Hurt Patients Most.” They explain that while proposals to control drug prices may have populist appeal, controls cost more than they save, by slowing innovation. To encourage the development of more lifesaving drugs, policymakers must focus on bringing the regulations that govern drug testing in line with the latest science. This has been the main message of MI’s Project FDA, through which the Institute brings together doctors, scientists, policy experts, patient advocates, and public officials to build consensus around reform proposals that would provide for a safer and more efficient drug and medical device pipeline. In January, Project FDA’s newest advisory board member, former U.S. senator Tom Coburn, authored a *Wall Street Journal* op-ed calling for the enlistment of big data in the war on cancer; big data could help tell us which patients are most likely to be cured with standard approaches and which patients need more aggressive treatment and monitoring.

Congress should unleash big data in America’s moonshot on cancer, giving patients and physicians the tools they need to gain the most precious commodity of all: more time.

—**Senator Tom Coburn**, advisor to MI’s Project FDA, “A Cancer ‘Moonshot’ Needs Big Data,” *Wall Street Journal*, January 14, 2016





Scott Winship

Market-based approaches to energy and health care regulation need to be part of an overall agenda to jump-start economic growth. Given the lackluster economy of recent memory, we should not be surprised that many Americans, especially the young, are receptive to rhetoric that casts inequality as the source of the nation's evils. It is critical that we do a better job of ensuring that the next generation understands that growth-inhibiting policies intended to ameliorate inequality, such as raising the minimum wage to \$15 an hour, increasing taxes on the so-called 1 percent, and redistributing wealth, will make the situation even worse for most Americans—not better. To all the millennials who are frustrated with diminished employment prospects and nervous about their future earnings potential, we commend Scott Winship's *Issues 2016* report, "A Rising Tide (Still) Lifts All Boats—Wages Really Do Grow with Productivity." The main takeaway: if discouraged workers want to see a rise in income, they should back policies that prioritize strong growth.

Explaining what is at stake for younger workers if policymakers fail to embrace a market-driven agenda is the mission of MI fellow Jared Meyer—himself a millennial who was recently named to Forbes's "Law & Policy 30 Under 30" list. A rising star, Meyer has been highlighting the many current public policies that are betraying the next generation, such as America's massively

underfunded entitlement programs. In his *Issues 2016* report, "Entitlement Programs Are Unearned Welfare Transfers from Younger, Poorer Americans to Older, Wealthier Ones," Meyer lays bare the multitrillion-dollar burden that Medicare and Social Security will impose on the young, absent reform. As millions of millennials start thinking about public policy for the first time during this campaign season, MI will pull out all the stops to ensure that they know the kinds of reforms that can empower them to succeed in an ever-competitive, ever-changing twenty-first-century economy.





2016 Adam Smith Society National Meeting in NYC



MI-Sponsored IQ2US "Freedom of Speech on Campus" Debate, March 2016

MI's work of reaching and influencing the next generation begins on college campuses—an effort that has become all the more urgent in recent years. Institutions of higher education should encourage the pursuit of truth, above all else; but a new wave of campus policies—such as trigger warnings, safe spaces, and punishing “microaggressions”—is having a chilling effect on free speech and is infantilizing students, with elite schools like Yale leading the way.

But for MI's efforts on campus, through our Adam Smith Society program for business school students and our undergraduate lecture series, many future leaders would lack opportunities to engage with ideas pertaining to limited government and free enterprise. Through these initiatives, we are creating safe spaces for genuine debate, something that is often sorely lacking on campuses today. The Adam Smith Society, now in its fifth year, has grown rapidly: it now has 25 student chapters, six citywide professional chapters, and a membership of more than 4,000 MBA students and alums. With leadership from the Manhattan Institute, chapters sponsor lectures, forums, debates, documentary screenings, and salons featuring business leaders, scholars, and journalists who speak on issues such as the moral foundations of capitalism and public-policy areas such as health care, energy, and financial-services regulation.

This year, as part of efforts to inject challenging ideas into on-campus conversation, the Adam Smith Society is partnering with Intelligence Squared U.S. (IQ2US), an organization founded in 2006 by MI trustee and Delphi Financial Group CEO Robert Rosenkranz. IQ2US sponsors an event series based on the traditional Oxford-style debate format, with one side proposing and the other side opposing a sharply framed motion. The series has reached millions through multi-platform distribution, including radio, television, live streaming, podcasts, and interactive digital content. In March 2016, the Adam Smith Society and IQ2US cosponsored a debate—



It's always encouraging to see young people who are inquisitive and open-minded, and also inclined in the right direction.

—*The Weekly Standard's* **William Kristol**

appropriately, at Yale—on the resolution “Free speech is threatened on campus,” an event that was broadcast on KQED/San Francisco, KERA/Dallas, and KOPB/Portland. The Adam Smith Society looks forward to sponsoring future debates with IQ2US as the year goes on.

In February, the Adam Smith Society held its fourth annual National Meeting in New York, a banner event that drew interest from more than 300 of our most active MBA student members from across the country for an intensive weekend of networking and education. We are grateful for the many prominent business and thought leaders who came to speak and spend time with the students, including Marilyn G. Fedak, vice chair emeritus for investment services at AllianceBernstein and founder of the Marilyn G. Fedak Capitalism Project; William Kristol, editor of *The Weekly Standard*; John Stossel, host on the Fox Business Network; and Bobby Tudor, chairman and CEO of Tudor, Pickering, Holt & Co. The students and alumni who are part of the Adam Smith Society network—young men and women who will soon be leading companies and starting their own businesses—will have tremendous potential to influence our country's future for the better. As they progress in their careers, MI is committed to helping them further their education about free-market principles and strengthening their overall network.



John Stossel, Host at Fox Business Network



Aaron Renn

A Voice for Conservative Urbanism

On matters of state and local policy, the Manhattan Institute has long sought to provide a voice for what we call “conservative urbanism,” a philosophy that envisions cities as safe, law-abiding, culturally vibrant, and fiscally sound, as well as the loci of innovation and economic growth. In 2016, MI is honed in on Illinois, “the sick man of America,” according to senior fellow Aaron Renn. With more than \$150 billion in unfunded retirement liabilities, Illinois is the poster child for what can go wrong when a state becomes dominated by what senior fellow Steven Malanga calls Public Sector, Inc.—when powerful public-employee unions negotiate unaffordable compensation agreements with politicians whom they have helped get elected. Reform-minded governor Bruce Rauner has promised to shake up Springfield and is championing a slate of proposals to help Illinois right its fiscal ship and strengthen its struggling economy, such as tort reform, workers’ compensation and unemployment-insurance changes, and reforms to collective bargaining with public unions. The unions and their political allies have resisted Rauner’s efforts, setting up a confrontation with significant implications for the state’s future.



ILLINOIS HAS MORE THAN
\$150 billion
IN UNFUNDED
RETIREMENT LIABILITIES



ILLINOIS NOW HAS THE
LOWEST
CREDIT RATING
OF ANY STATE

LARGEST PROPERTY TAX HIKE
IN MODERN CHICAGO HISTORY
— OF OVER —

\$500 million
TO FUND POLICE AND FIRE
DEPARTMENT PENSIONS

ILLINOIS: **THE SICK MAN OF AMERICA**

As we did in Wisconsin several years ago, when Governor Scott Walker's reforms to collective bargaining rules were under fire, MI intends to carry out a concerted public education campaign to show citizens what is at stake in the debate over the future of Illinois' budget. We have made the Prairie State a major focus of our research and, when the time comes, will send our state- and local-policy fellows to Illinois to promote their findings among citizens and key influentials in the state. Through these efforts, citizens in Illinois and nationally will be presented with the disastrous impact of rising teacher-pension costs on Chicago's school district budget, the state-level legal restrictions that are impeding critical reform of public-employee retiree health care benefits, and an agenda to reform the governance of the state's insolvent pension fund.

Quality-of-Life Issues in NYC

Save
The
Date
For The
Sixteenth
Annual
Manhattan
Institute
ALEXANDER
HAMILTON
Award Dinner

May 9th, 2016

The Alexander Hamilton Award Dinner is a special night for the Manhattan Institute. It gives us the opportunity to honor two highly accomplished individuals and to highlight the ideals that MI and its scholars hold dear. This year, we honor Harvey A. Silverglate, civil rights lawyer, author, and cofounder of the Foundation for Individual Rights in Education (FIRE); and Bruce Kovner, investor, philanthropist, Juilliard School chairman, and former MI trustee. Donations received through the dinner are essential to making MI's work possible.

For information about joining the dinner committee, buying a table or individual tickets, or to make a leadership gift, please contact the MI Benefit Office at 212-599-7000, or e-mail hamiltondinner@manhattan-institute.org.



Alex Armlovich

11/2/15

MI's Alex Armlovich notes in a *Daily News* op-ed that the Mayor's Action Plan for Neighborhood Safety is missing a key component

11/8/15

Mayor's office responds to Armlovich's findings with a letter to the editor in the *Daily News* defending their strategy

11/19/15

MI releases Armlovich's report "Poverty and Progress in NY," calling on the city to incorporate scalable crime intervention testing into the Mayor's Action Plan for Neighborhood Safety

3/11/16

Mayor's office launches experiment examining the effect of different outdoor lighting treatments on crime reduction in NYCHA, consistent with Armlovich's report recommendations



Stephen Eide

11/19/15

MI's The Beat hosts its first panel event on quality-of-life issues in NYC, where Commissioner Bratton argued that the administration made a "mistake" by denying the homelessness epidemic that everyone else was seeing

12/15/15

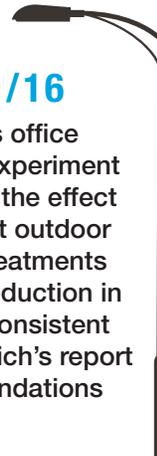
MI releases Stephen Eide's report on homelessness in NYC, calling for better data on homelessness outreach

12/16/15

Eide publishes an op-ed in the *Daily News* calling for the mayor to better differentiate between the street homeless and sheltered homeless and to improve data collection for measuring street homelessness

12/17/15

Mayor's office announces HOME-STAT, a comprehensive outreach effort that gathers real-time data on NYC's street homeless population





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TheBeatMI.com

William Bratton at The Beat Quality-of-Life Event

Here in our home city of New York, MI has been calling attention to how the city has fared under Mayor Bill de Blasio, a national standard-bearer of progressivism who came into office promising to fight inequality and take on what he asserts is Gotham’s “tale of two cities.” De Blasio inherited New York in as great a shape as it had been in nearly half a century; but two years into his administration, there are signs that conditions in the city, especially for the neediest, have not gotten better—and may even be worsening in important respects. At an MI forum last November, Police Commissioner William Bratton criticized city hall for its slow response to the spike in street homelessness over the past two years and for “not admitting what everybody was seeing and feeling—including myself.” The Institute’s report series “Poverty and Progress,” which highlights the effects of Mayor de Blasio’s policies on low-income New Yorkers, has found that, on his watch, the education achievement gap between students of poor households and those better-off is widening,

not narrowing. At the same time, more New Yorkers are depending on public assistance. Our findings have become grist for editorial writers and reporters, with “Poverty and Progress” reports cited in papers including the *New York Daily News*, *Gotham Gazette*, and *New York Post*.

None of these aforementioned efforts—our research, conferences, work on college campuses, and *City Journal*—would be possible without the generosity of our sponsors, for which I am deeply grateful. As the presidential campaigns continue to lead the national conversation, you can be sure that MI will do all that we can to shape the American mind.

Sincerely,

Larry Mone



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