

C H A P T E R   F I V E

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THE URBAN  
RENAISSANCE

**N**OT SO LONG AGO, America's central cities seemed stuck in a terminal decline. Welfare rolls and crime rates had risen sharply from the mid-sixties on, and seemed likely to rise even more—as indeed they did well into the eighties. Central-city public schools suffered falling enrollments, embarrassingly low test scores, and sky-high dropout rates.

American liberals proposed only one solution to these festering problems: spend more money on the same programs and in furtherance of the same policies. But then, they were responsible for those policies in the first place. The liberals of the 1960s believed that America was an unjust, racist country, and argued that voters owed recompense to the black and to the poor and to the governments of the central cities where poor minorities increasingly tended to live. They successfully pushed for generous welfare payments and gentle police tactics and schools that instilled self-esteem rather than learning; public payrolls ballooned.

These liberal nostrums failed to make things better; in fact, they were making America's central cities unfit places to live. Most Americans could avoid daily contact with urban problems. They could move to the suburbs and, as time went by, could work in the suburbs too. A few very affluent Americans could maintain gracious high-income urban neighborhoods. But such neighborhoods had become what Theodore H. White called perfumed stockades—places where peaceful citizens felt ever more beleaguered by violent criminals and crazed homeless persons. In truth, the great American cities were dying. Over the preceding century, Americans had made huge investments in grand urban cultural institutions, in brilliant works of city architecture, and wondrous metropolitan parks. Now the value of this investment, this rich historical heritage, faced ruin.

For a long time, conservatives' recommended approach to urban decay was simply to spend less on the same old programs. It wasn't much of a stance. Liberals cried out that reducing spending would hurt the poor, especially minorities. And on the political battlefield, the liberals mostly prevailed. In 1978, Democrats not only controlled the presidency and Congress; they held most of the governorships and virtually all of the big-city mayoralties. Conservatives won only when the voters or the financial markets took direct action, as when Californians passed Proposition 13, a ballot initiative limiting property-tax hikes, or when the markets demanded a state takeover of New York City's out-of-control budget. The weapon employed in both cases was a bludgeon. It battered down spending for a while. But the same policies remained in place, and eventually new revenue sources turned up to finance them.

## A New Vision for Saving the Cities

Missing from the political scene were new ideas and proposals for alternative policies. Enter the Manhattan Institute. Founded in 1978 and headquartered in Manhattan, the institute has for more than 25 years dedicated itself to restoring the fortunes of the greatest American city—and of cities generally. The institute's strategy has been to expose the bad

ideas of the 1960s and come up with better ones. A key tactic has been to support the research and writing and promotion of books that challenge the assumptions behind the failed policies of the sixties liberals and set forth, by argument and example, policies that really could help the poor and, in the process, revitalize cities.

Some say that the influence of three books—Karl Marx’s *Das Kapital*, Charles Darwin’s *Origin of the Species*, and Sigmund Freud’s *The Interpretation of Dreams*—can explain much of the twentieth century. Today, one could say, without too much exaggeration, that the revival of America’s central cities, visible not just in New York but across the nation, can be explained by the influence of the work that the Manhattan Institute has underwritten, including such books as Charles Murray’s *Losing Ground*, Myron Magnet’s *The Dream and the Nightmare*, and George Kelling’s *Fixing Broken Windows*, among others.

Two common threads run through the institute’s important books. Both challenge the assumptions of the liberals head-on. The first is that markets work. The liberalism of the 1960s arose in the academy and the press at a time when the truth of the central argument of New Deal liberalism was still taken for granted: that markets mostly *don’t* work and that enlightened mandarins—social scientists and planners—could produce better results. The Manhattan Institute’s authors rejected this view and showed how ignoring market incentives undercut the mandarins’ policies.

The second common thread is that morality matters. The sixties liberals saw most Americans as immoral colluders in an immoral society. In the liberals’ view, conventional morality propped up an unjust world and needed overcoming. The institute’s books, by contrast, insist that the moral behavior of law-abiding citizens deserves encouragement, not rebuke or dishonor; conventional morality does have lessons to teach us.

## Old Truths for a New Generation

Markets work, morality matters: the Manhattan Institute has spent a quarter-century restating these truths, wrongly cast aside as irrelevant

in the 1960s and 1970s. No one has done so with greater impact than Charles Murray in his 1984 book *Losing Ground*.

Murray brought to his work a statistical rigor and a moral intensity rare in the social sciences. By careful use of statistics, he pointed out how poverty had been decreasing from 1950 to the mid-1960s but had become stubbornly entrenched and had even increased after the policy changes of the 1960s and early 1970s. “The most compelling explanation for the marked shift in the fortunes of the poor,” Murray concluded, “is that they continued to respond, as they always had, to the world as they found it, but that we—meaning the un-poor and un-disadvantaged—had changed the rules of their world. Not of our world, just of theirs. The first effect of the new rules was to make it profitable for the poor to behave in the short term in ways that were destructive in the long term.” The rules of the “market” had changed. “Their second effect was to mask these long-term losses—to subsidize irretrievable mistakes.” That led, Murray underscored, to widespread social dysfunction: “We tried to provide more for the poor and produced more poor. We tried to remove the barriers to escape from poverty, and inadvertently built a trap.”

Murray recognized that economic incentives operate only in a social matrix. Decreasing punishment for crime and reducing penalties for misbehavior in schools, Murray explained, result in the transfer of the *costs* of misbehaviors from those who disobey the rules to those who obey them. To address the problems he had described, Murray proposed radical, bracing policies: an end to racial preferences, an education system with vouchers and rigorous testing, and “scrapping the entire federal welfare and income-support structure for working-aged persons,” except unemployment insurance.

To the readers of 1984, when his book first appeared, and even to Murray himself at the time, such policies seemed politically unthinkable. Yet in the years since, public policy has inexorably moved Murray’s way. Voters have rejected racial quotas and preferences, and courts have drawn tighter limits around such policies. Various states and localities have instituted school voucher experiments and systematic testing (and President Bush’s No Child Left Behind education act of January 2002 has fortified

the testing cause). States and localities began refashioning welfare laws in the late 1980s and early 1990s, establishing work requirements and shifting the goal of welfare from providing subsidies to encouraging work—a trend solidified and extended by the federal welfare reform act of August 1996. Murray’s focus on the harm that 1960s liberal policies had visited on the poor made it impossible to caricature opposition to those policies as hard-hearted.

Seldom has a single book had, in less than a generation’s time, such an effect on public thinking and public policy.

### Fixing the Culture

Those effects weren’t fully apparent yet in 1993, when Myron Magnet’s *The Dream and the Nightmare* first appeared. Magnet’s subject was the malignant culture of the late 1960s that metastasized in the 1970s and had affected almost all segments of American society by the 1980s. This new culture, Magnet wrote, downplayed “personal responsibility, self-control, and deferral of gratification” and “celebrated an ‘if it feels good, do it’ self-indulgence.” Radiating out from the academy and from elite media like the *New York Times*, the new culture assured us that criminals were victims of the system, that taking illegal drugs was a legitimate expression of individual autonomy, and that the mentally ill should have the freedom of the streets.

As Magnet powerfully argued, these ideas proved disastrous for the poor, their lives ravaged by overindulgence or threatened by those who overindulged. And in the process of proving disastrous for the poor, they proved equally so for our great cities too. Magnet was writing from the Manhattan of the early 1990s—from a city that boasted the greatest accumulation of cultural capital of any in human history but that was at the same time a place in which criminals prowled the streets and the deranged fouled the sidewalks.

Over time, others came to agree with this argument. The liberal elite did not lead the move for change, however. Instead, it came from leaders like Rudolph Giuliani, elected New York mayor the year that *The Dream*

*and the Nightmare* was published, and from other public officials around the country who began to fight crime and reform welfare. Then, in the late 1990s, *The Dream and the Nightmare* found its biggest fan: George W. Bush. In his presidential campaign, in his acceptance speech, and in his presidency, Bush echoed the book's themes and often its language.

Bush noted that *The Dream and the Nightmare* “crystallized for me the impact the failed culture of the sixties had on our values and society. [That culture] helped create dependency on government, undermine family and erode values which had stood the test of time and which are critical if we want a decent and hopeful tomorrow for every single American.”

## A Revolution in Crime Fighting

Threatening those values more than anything else is crime, which increased exponentially in America during the 1960s and 1970s and continued at devastatingly high rates until the mid-1990s. Future generations may well consider it puzzling that an affluent and increasingly fair nation like the United States put up with such horrifying rates of crime for so long. In his 1996 Manhattan Institute book *Fixing Broken Windows*, co-authored with Catherine Coles, criminologist George Kelling tells the story of how this state of affairs came about—and how American police departments finally, and suddenly, achieved a vast reduction in crime.

The sixties liberals preached that crime was an inevitable and perhaps justified response to an unfair society, and that there was not much police forces could, or perhaps should, do about it. For liberals, the police appeared as occupying forces of poor minority neighborhoods, acting on behalf of oppressors against the oppressed; police actions should therefore meet with hostile scrutiny and face strict limitation. It was legitimate to ask police to solve violent crimes, after the fact, though in the nature of things that often was a futile task. But they should not attempt to police what Kelling called “disorderly behavior,” by which he meant “aggressive panhandling, street prostitution, drunkenness and public drinking, menacing behavior, harassment, obstruction of streets and public spaces,

vandalism and graffiti, public urination and defecation, unlicensed vending and peddling, unsolicited window washing of cars ('squeegeeing') and other such acts."

After years of observing police work, Kelling had come to think that the liberal approach was utterly wrong. In the early 1980s, he and James Q. Wilson wrote an article for *The Atlantic Monthly* entitled "Broken Windows," arguing that the existence of broken windows in a neighborhood signaled disorder, which in turn told criminals and non-criminals alike that no one cared and that crimes would be tolerated and criminals would go unpunished. Effective police action against disorderly behavior, the authors argued, would reduce the number of more serious crimes.

As a consultant to the New York Transit Authority police after Giuliani's election, Kelling helped to put these order-maintenance policies into effect. The results were spectacular: within five years, the number of major crimes fell by half and the number of murders by two-thirds. New York's streets became much safer, and the city profited from an influx of tourists. Seldom has a public policy so quickly and so spectacularly proved its worth.

## The Battle for the Public Schools

New York's public schools were once one of its great glories. In the first half of the twentieth century, they educated hundreds of thousands of children—most of them the sons and daughters of immigrants. The schools taught these newcomers to speak, read, and write the English language, to master arithmetic and mathematics, to understand history and the principles of this nation, and to comprehend the great advances of science. The school system's leaders believed that all children could learn and so held students to rigorous standards. New York's schools consistently produced some of the best graduates in the nation. But by the late 1960s, bureaucracy, civil service rules, and bad pedagogy had smothered the public school system. Most city schools became sinks of mediocrity—or worse. For New York's poor, for the children of the ghettos and the immigrant neighborhoods, the schools were a bleak failure, in vivid contrast to the public schools of 50 years before.

This tragedy did not have to happen: so argued Seymour Fliegel, when he was head of Community School District Four in East Harlem and, later, in the pages of his 1993 book, *Miracle in East Harlem*. When Fliegel came to District Four in the 1970s, it had the lowest test scores in the city and there seemed no obvious way to improve them. But three teachers asked permission to start their own schools, each based on a different theory. The schools turned out to be successful, and other teachers came forward with their own proposals for new schools. The central bureaucracy, uninterested in a failing district, let the experiments go forward; costs remained low because the schools typically were small, occupying just one floor of a large building.

Then came what Fliegel calls “the most crucial development”: letting parents choose what schools their children would attend. Popular schools could grow; those no one wanted would close. Fliegel and his fellow administrators discovered that, even within the public school system, markets work—if principals and teachers have the freedom to innovate and parents are given the chance to be involved. District Four’s success showed that the public schools, which so many had given up on, can still produce miracles in the poorest parts of New York City.

## The Efficient City

Those who constructed the big-city bureaucracies of the twentieth century believed that centralized, monopolistic bureaucracies could deliver services better and more efficiently than the highly politicized city governments of the nineteenth century. But they failed to understand that monopoly control is far less efficient than competition and that the workers can often manage things better than the managers.

These are the lessons of Stephen Goldsmith’s *The Twenty-First Century City*, based on his experience as Indianapolis mayor during most of the 1990s. Indianapolis faced no big crisis when he came to office. But costs were rising and services were far from optimal. Goldsmith subjected government services to competition, allowing private firms to contract to provide services but also letting existing city employees make competi-

tive bids. He wasn't surprised to find that private firms often provided better services at lower costs. What *did* surprise him was discovering that existing city employees often bid successfully for contracts. Individual workers, freed from arbitrary rules and sluggish layers of middle management, often had excellent ideas about how to improve services. And public employee union leaders, even more to his surprise, often actively cooperated with these efforts. City spending fell and services improved. Markets work.

## The Bourgeois Ideal

America's cities still have major problems, of course. But they're no longer in terminal decline. Some may backslide, but others present shining examples that lead voters in cities with less enlightened leadership and policies to ask why things can't be better. Learning is cumulative: the lessons taught by the books and other initiatives supported by the Manhattan Institute and the successes that they inspired will not be easy to erase from memory. Markets work and morality matters, because people work and live more successfully when they understand that there is a connection between effort and reward and when they appreciate the dignity of work and virtuous behavior. The Manhattan Institute has fostered what one could call the Bourgeois Ideal—an ideal cherished a century ago but debunked and spurned by many in the twentieth century, and especially by the 1960s liberals. Bourgeois means “of the city,” and the Bourgeois Ideal is of an ordered and comfortable life in the city, benefiting from the economic vitality and cultural riches that the city, at its best, can offer.

An aristocracy that sought deference from others and saw itself as the only repository of culture disparaged the Bourgeois Ideal in the nineteenth century. Marxists and 1960s liberals disparaged the ideal in the twentieth century, believing that only an overturning of the existing order and a repudiation of its central ideals—markets work and morality matters—could create a decent society.

Neither the aristocracy nor the Marxists ever had much purchase in America, and in the early twentieth century, the Bourgeois Ideal, with

characteristic American accents, seemed to be on the rise in this country. As the economy surged ahead, more and more Americans could live comfortably in great cities with all their economic opportunities and cultural glories at hand. But as we've seen, the sixties liberals, tearing down the Bourgeois Ideal, inflicted great harm on the cities whose interests they professed to champion.

In this atmosphere, the Manhattan Institute came forward to champion again the Bourgeois Ideal. In the books that it has sponsored—and those discussed here are only some of the important titles to appear over the last quarter-century—in its influential quarterly magazine *City Journal*, and in papers and conferences, the institute has proved that the ills of the central cities were not inevitable, their decline not a fate. It showed the way toward better public policies and toward a respect for markets and morality.

The Manhattan Institute's success is apparent in a thousand statistics. It is clear as well to those of us fortunate enough to live or work in or visit great American cities today.