

# MANHATTAN INSTITUTE PRESIDENT'S UPDATE

2010  
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MANHATTAN INSTITUTE FOR POLICY RESEARCH

*The mission of the Manhattan Institute is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.*

## DEAR MI FRIENDS AND SUPPORTERS,



The recent debates over health care and financial regulation illuminate the nature of the choice that America faces today: policies of regulation and redistribution versus policies that the Manhattan Institute has historically believed in and that lay the foundation for innovation, growth, and renewed prosperity.

I am grateful for your support for our work and your belief in the principles that make this country great. You can be sure that when it comes to protecting the nation from ill-advised regulation of our health-care system or our capital markets, we remain determined and focused.

On health care: recent legislation is being heralded as a great step forward when it really represents an anachronistic, statist vision of society in which the federal government attempts to control the health care of 300 million people from the banks of the Potomac. Thankfully, the debate is far from over. In fact, the legislation's design guarantees policy arguments for years to come.

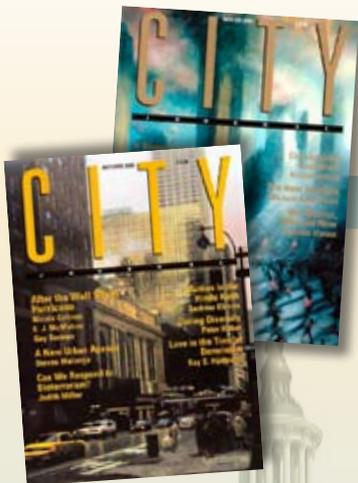
We will continue to work vigorously to offer ideas that will make health care better for all Americans, promoting a positive vision of a health-care future in which, as senior fellow Peter Huber puts it, "science will discover, competition will supply, patients will choose, and freedom will deliver better medicine and better health, at a lower cost, to many more people." In particular, through our Project FDA task force and the writings of our Center for Medical Progress senior fellows, we will work to ensure that medical innovation is not sacrificed at the altar of big government.

Just as we reject the intrusion of the state into the relationship between doctor and patient, so do we object to the notion that the economic crisis of the past two years—a so-called crisis of capitalism—requires Washington regulators to micromanage our dynamic and complex financial system. Instead, as our senior fellow Nicole Gelinas powerfully explains in her new book, *After the Fall: Saving Capitalism from Wall Street—and Washington*, regulation must be clear and consistent. Crucially, government must not send the message that financial firms will be saved from failure. Protecting those judged “too big to fail” will lead, she says, to yet another crisis and undermine the discipline of the capital markets on which a growing economy depends.

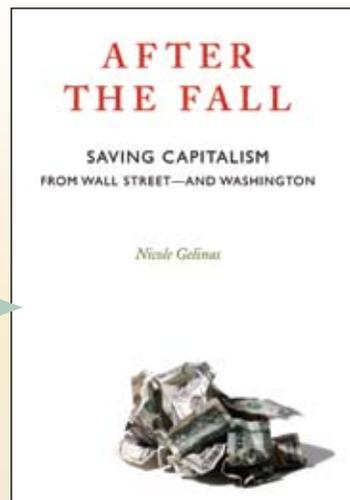
Thanks to the power of her arguments, as well as positive reviews in such venues as *Fortune* and *Forbes* (sending her book to number five on the Amazon.com rankings of books about the financial crisis), Gelinas’s message has had a real impact on the debate. On the grounds that one bailout leads inevitably to others, she was one of the first to criticize the ill-advised and soon-abandoned plan for a \$50 billion fund to rescue future failed financial institutions. Everyone now agrees, at least

rhetorically, that the practice of “too big to fail” must end. Of course, the devil is in the details, and, as of this writing, the financial regulation bills being drafted in Washington get many of the crucial details wrong. No matter how the debate plays out in Congress, you can be sure that Gelinas will continue to serve as a powerful voice for limited but effective regulation designed to foster, rather than stifle, competition in the financial services industry. She understands, as we do, that government must not be the instrument for the allocation of capital.

But Washington is not the only threat to an America of free people and free markets. Our universities are too often hostile to, or ignorant of, the free-market system that has created the wealth on which they rely. In fact, a recent poll found that fully one-third of respondents under thirty believe that socialism is a better system than capitalism. In order to inform students of the actual workings of free markets, MI supporter Marilyn Fedak is helping us to fund and organize a major “Capitalism on Campus” conference this fall as part of the Marilyn G. Fedak Capitalism Project. Niall Ferguson, noted author and the Laurence A. Tisch



Encounter Books published Gelinas’s book on November 30, 2009

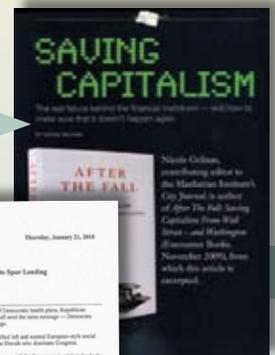
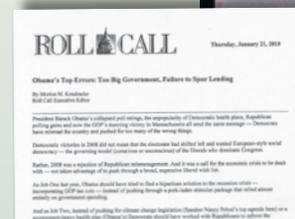


amazon.com  
#5 economic policy list

Nicole Gelinas warned about the coming financial meltdown in her prescient *City Journal* essays. Her articles on *City Journal Online*’s “Eye on the News” in 2007 and in the winter and autumn 2008 issues were the catalyst for her book, *After the Fall: Saving Capitalism from Wall Street—and Washington*.



Three magazines—*Research*, *National Affairs*, and *Chief Executive*—excerpted her book.



Professor of History at Harvard University, will deliver the keynote address. Panels of distinguished economists and scholars will discuss how market economics relates to history and political philosophy, and how the teaching of all three subjects can be strengthened and taught in an integrated fashion at American universities. Because the modern university is organized into isolated departments, most students are never taught to view capitalism as an interrelated set of institutions, practices, and beliefs. Our Center for the American University will use the conference as the intellectual launching pad for a new program that will encourage the creation

## REACHING OUR AUDIENCE

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For each of the Manhattan Institute issue-specific websites—City-Journal.org, CitiesonaHill.org, MedicalProgressToday.com, PointofLaw.com, MindingtheCampus.org, and MI generally—we are utilizing social media to reach larger audiences. *City Journal* is hitting all-time highs with its web traffic, drawing more than 1.6 million unique visits for the first four months of 2010.

Television and radio producers continue to seek out insightful commentary from Manhattan Institute experts. In the first quarter of 2010, MI fellows appeared on television more than four times a week and on radio more than thirteen times a week.

MI's presence is not only being broadcast over the airwaves, but read on the pages of national and local newspapers, and online as well. Original work by our scholars was published almost fifteen times per week, and MI fellows and their research were quoted nearly 1,000 times in the first three months of the year.

From the *New York Times* to Rush Limbaugh, top media commentators are recognizing Gelinas's work. Limbaugh even instructed his audience to read her *New York Post* op-ed "O's Hollow Promises," showing how the Dodd bill fails to protect taxpayers from future bank bailouts.



A prolific writer, Gelinas applied her book's prescriptions to the current economic policy debates. One of her op-eds, "Congress, Bernanke Should Know That Regulators Aren't Soothsayers," which ran in *Investor's Business Daily* on January 8, 2010, caught the attention of the editor of *The Motley Fool*, who commissioned Gelinas to write a piece for that popular website.



Immediately following the book's release, Gelinas appeared on national media outlets, including *CNN Tonight*, *Fox Business's Daytime*, and *Fox Business's Stuart Varney*.



*After the Fall* was reviewed in major national publications, and Reuters.com conducted a multiple-part interview with Gelinas.

of integrated political economy programs on college campuses across the country.

Sustained economic prosperity will require an abundant supply of energy—but the growth we need is at risk of being shackled by naïve regulation enacted by overzealous environmentalists. Striking the right balance between energy development and environmental protection has long been the central goal of the Institute’s Center for Energy Policy and the Environment—and it is a goal shared by the Center’s newest senior fellow, Robert Bryce. In his new book, *Power Hungry: The Myths of “Green” Energy and the Real Fuels of the Future*, Bryce writes that those who favor wind and solar power but are against nuclear power, natural gas, and other “dense” fuels are, in essence, “pro-blackout.” In a recent review, the *Wall Street Journal* called *Power Hungry* “unsentimental, unsparring and impassioned...precisely the kind of journalism we need to hold truth to power.”

We agree, and we expect Bryce’s latest book to play a key role in debates about U.S. energy policy.

The innovation and risk-taking that built America have been put at risk, too, by the burden and threat of meritless, self-serving litigation. In January, our Center for Legal Policy exposed the growing influence of high-powered trial lawyers—the litigation lobby—on the political system and on the law itself. *Trial Lawyers Inc.: K Street*, the latest in the Center’s successful series, shined a light on the ways that large-scale campaign contributions, married to K Street lobbying sophistication, lead to greater influence than many seasoned political observers realize. CLP director James Copland, author of our report, got to the heart of the matter in his *Wall Street Journal* article “How the Plaintiffs Bar Bought the Senate.” The piece attracted so much attention that Pennsylvania senator Arlen Specter felt it necessary to deny the charge in a letter to the editor.

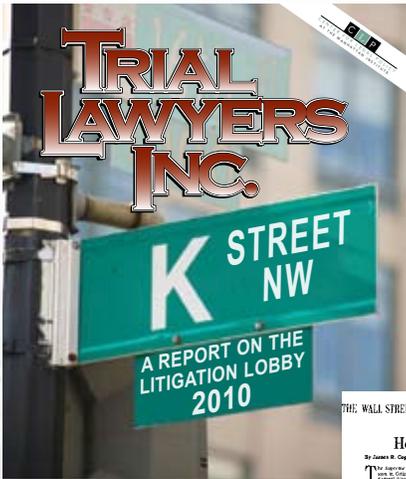
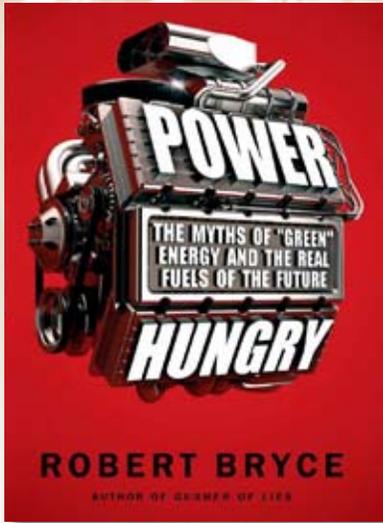
## MANHATTAN INSTITUTE YOUNG LEADERS CIRCLE

The Manhattan Institute’s Young Leaders Circle is a monthly forum for young New York–area professionals concerned with free-market ideas and public policy. A little over three years old, our program is a tremendous success—we now have more than 100 members under the age of forty, and have hosted leading scholars and writers on a range of policy topics. Charles Murray, Niall Ferguson, Heather Mac Donald, and Steve Forbes are among the recent speakers. The program provides an attractive forum for young professionals to have an intellectually serious social gathering. We are eager to continue growing, so please encourage young people you know to become members today.

[www.manhattan-institute.org/youngleaders/](http://www.manhattan-institute.org/youngleaders/)



New senior fellow Robert Bryce released his latest book, *Power Hungry*, on April 27 and immediately received national media attention.



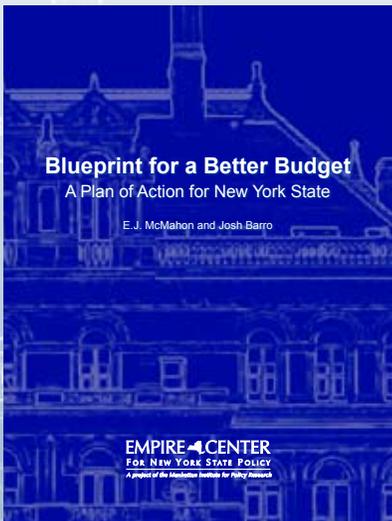
*Trial Lawyers Inc.: K Street*, the newest addition to the TL series, was released with a national conference-call presentation on February 9. Special guests who provided their remarks on the report's findings were Sen. Jeff Sessions (R-AL), ranking member of the Senate Committee on the Judiciary; Rep. Lamar Smith (R-TX), ranking member of the House Committee on the Judiciary; Victor Schwartz, partner with Shook, Hardy & Bacon; and former attorney general Edwin Meese.



Even as events in Washington continue to concern us, the Institute has not lost sight of the importance of American state and local government—historically, the first places where elected officials find new ways to confront growing crises. We well understand that nothing is more important to mayors and governors right now than finding ways to close the massive budget deficits facing their cities and states. To help local and state leaders identify ways to meet these daunting fiscal challenges, senior fellow E. J. McMahon, head of the Institute’s Empire Center for New York State Policy, developed the *Blueprint for a Better Budget*. Not only has the “blueprint” already provided ideas to help New York State close its \$9 billion budget gap without raising taxes, but its prescriptions are designed to help other governors across the country. In our quarterly *City Journal*, senior fellow Steven Malanga brought the same sort of sharp-eyed analysis to the problems of state government in California; his article “The Beholden State” went “viral” out West among citizens eager to understand how Golden State government went so wrong.

There’s more to come. The Empire Center’s forthcoming report on America’s “pension bomb” will detail the threat from out-of-control public-sector pension costs and how to defuse them. *City Journal* continues its look at California’s myriad problems.

With the importance of state and local government in mind, the Institute has added budget expert Josh Barro to our ranks as our new Walter B. Wriston Fellow. Formerly the chief state and local budget analyst for the Tax Foundation in Washington, D.C., Barro hit the ground running by helping McMahon develop the New York budget blueprint—and New York is not the only state that will get his attention. In one of his weekly articles for the web-based business and economics magazine Real Clear Markets, Barro analyzed the budget and taxation policies which newly-elected New Jersey Governor Chris Christie has pursued to get that state’s fiscal house in order. Barro brings to the Manhattan Institute a powerful capacity to analyze numbers—as evidenced by his April report (with Stuart Buck of the University of Arkansas) on the underfunding of public teacher pension plans across the country. And he’s already hard at work on another report examining the potential impact of a property-tax cap in New Jersey.



Albany is listening. Starting the new year off with a bang, the 76-page *Blueprint for a Better Budget*, released days before Governor Paterson’s budget proposal, received statewide attention in New York.



**THE BUFFALO NEWS**  
 FEBRUARY, JANUARY 5, 2010

**Fiscal conservatives propose state freeze on teacher salaries**

By MICHAEL CORRELL

ALBANY — Proposals to freeze teacher salaries in the state budget are being made by fiscal conservatives in Albany. The proposals are being made by the Citizens Budget Commission, an Albany-based watchdog.

The fiscal conservatives are calling for a 2 percent freeze on teacher salaries in the state budget. They are also calling for a 2 percent freeze on other public employee salaries.

The proposals are being made in the wake of a report by the Citizens Budget Commission that says that the state budget is in a "fiscally irresponsible" state.

**ThoughtExchange Journal**  
 Tuesday, January 5, 2010

**Group suggests 30 ways to shave state spending**

Think tank says save \$30 billion on Medicaid, school aid, salaries

Joseph P. ...

ALBANY — The Empire Center for New York State Policy has released a report that suggests 30 ways to shave state spending. The report says that the state could save \$30 billion by cutting Medicaid, school aid, and salaries.

**DAILY NEWS**  
 Tuesday, January 12, 2010

**Budget advice: Cut deep & freeze pay**

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**ROCHESTER BUSINESS JOURNAL**  
 Friday, January 8, 2010

**42 Edmund McMahon, director, Empire Center for New York State Policy**

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**DAILY NEWS**  
 Friday, Jan. 8, 2010

**Saving New York, \$1B at a time**

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**THE WALL STREET JOURNAL**  
 Friday, February 12, 2010

**Opinion**

**Empire of Excess: New York is in for more economic trouble.**

By E. J. McMahon and Josh Barro

Advocates of the minimalist "millionaire's tax" enacted in New York State last year claimed that it would reduce "taxes" to a tax code that favored the rich. After all, the state's teachers' union noted, "over the years New York has cut its top personal income tax rate on the wealthy by one-half." Technically, that was only part of the story. Thanks to the interplay of federal and state taxes of all income taxes paid by New York's wealthiest residents has actually been rising in both state and city income tax rates, which the New York State Legislature had not George Pataki's vision. The economic position of the big Bush cut cancelled out the other state.

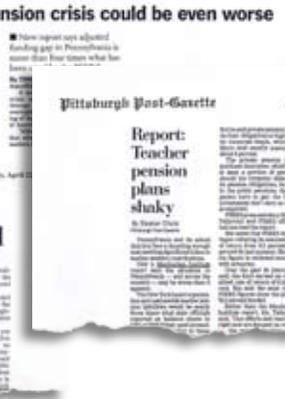
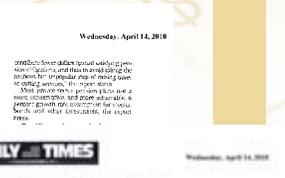
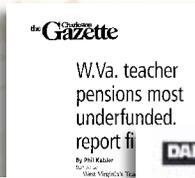
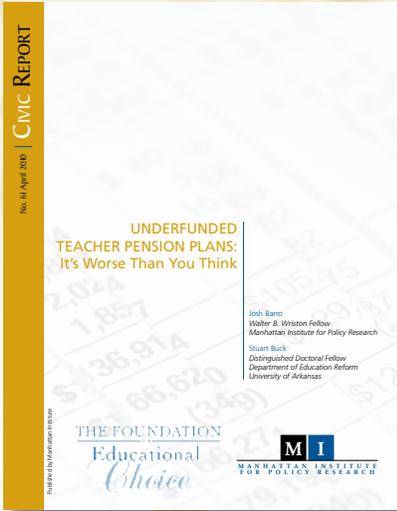
NEW YORK POST  
 Thursday, February 4, 2010

**POSTOPINION**

**NY Taxes: Headed for a New High**

Warning against underfunded liabilities that could threaten state budgets, *Underfunded Teacher Pension Plans* received media attention on a national scale, with articles appearing in *USA Today*, *BusinessWeek*, *Education Week*, and on the Associated Press Newswire.

The report received outstanding local coverage as well, with more than fifty articles in local papers from West Virginia to Hawaii, and numerous radio interviews.



We continue to see local government leaders as champions of new ideas that can help our citizens live more fulfilling and productive lives. It is with that in mind that MI established a partnership with a promising young mayor: Newark's Cory Booker. Over the past two years, the Institute has worked with Mayor Booker to design and manage the Newark Prisoner Reentry Initiative. Taking a page from the success of welfare reform, the program emphasizes the need for the thousands of men coming back to the city's streets from behind bars to move into the social and economic mainstream—by helping them get jobs as soon as possible. I am happy to report that the effort is already bearing fruit: this “work first” approach has helped 400 ex-offenders find jobs. As Mayor Booker has noted, it's no coincidence that this

March marked Newark's first homicide-free month in forty-four years.

The past several months have been busy ones. I expect the next quarter, despite the summer months, to be just as busy. As it would be impossible to list all our accomplishments in one single update, I encourage you to learn more about our efforts via our website. And I thank you for your support, which makes all our work possible.

Sincerely,

*Lawrence Mone*

Lawrence Mone  
Manhattan Institute President

## Tenth Annual Alexander Hamilton Award Dinner



Robert Rosenkranz, Wendy Kopp, and Mayor Michael Bloomberg



Robert K. Steel



Daniel P. Henninger

On Wednesday, April 28, the Manhattan Institute held its tenth annual Alexander Hamilton Award Dinner. This year's dinner honored Wendy Kopp, chief executive officer and founder of Teach For America, and Robert Rosenkranz, founder of Intelligence Squared US Debates, chief executive officer of Delphi Financial Group, and Manhattan Institute trustee. Mayor Michael Bloomberg made a special appearance to congratulate the awardees.

Wendy Kopp was introduced by Robert K. Steel, the former president and CEO of the Wachovia Corporation. Kopp offered inspirational remarks about how Teach For America is transforming public education by putting America's brightest college graduates in classrooms teaching America's lowest-performing students. Today, Teach For America has some 7,300 active corps members who are teaching 450,000 students in hundreds of America's toughest public schools.

*Wall Street Journal* columnist Daniel P. Henninger offered a warm introduction for Robert Rosenkranz that focused on his devotion to examining the "things that matter." Rosenkranz then discussed the premise behind Intelligence Squared US Debates: to create "a forum where facts trump emotion and where analysis is valued over ideology." And, as he noted, "If Intelligence Squared can encourage a large audience to 'think twice,' it is promoting the kind of civil discourse in which the Manhattan Institute can 'turn intellect into influence.'"

For the tenth anniversary of the Hamilton Award Dinner we were privileged to have several past honorees in the audience, including Herman Badillo, Chuck Brunie, Peter Flanigan, Richard Gilder, Roger Hertog, and Ed Koch.

### EVENTS

The Manhattan Institute hosts more than fifty events a year on a wide range of policy topics. A select few are filmed and can be viewed on our website's video page. To learn more about other Manhattan Institute events and how to attend, please contact the membership office at 212-599-7000.



The mission of the Manhattan Institute is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.

The Manhattan Institute is a 501(c)(3) nonprofit organization. Contributions are tax-deductible to the fullest extent of the law. As a Sponsor, you will receive selected publications and invitations to Manhattan Institute special events. EIN #13-2912529



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