



President's Update

Summer 2015

Dear Friends and Supporters,

Few responsibilities of government are as critical to the well-being of urban areas as policing. Over the past two decades, cities across America—many inspired by the example set by the New York City Police Department—have implemented smarter, proactive policing tactics and seen a dramatic decline in crime. In the wake of recent high-profile, tragic incidents, cities that have developed the ability to keep violence and disorder at bay cannot afford to lose their resolve to fight crime effectively. If they do waver, expect the gravest consequences to result in poor and minority neighborhoods, where crime rates are highest and good policing is most needed.



Heather Mac Donald

Heather Mac Donald, MI's Thomas W. Smith Fellow, has been the leading counterpoint in the national debate over policing. Of course, society must hold cops accountable for unlawful and unprofessional conduct, especially conduct that involves the lethal use of force. But as we have seen, influential pundits and self-serving activists have used recent tragedies to mischaracterize the state of U.S. law enforcement as a whole and the nature of proactive policing—alleging systemic racism when cops are simply responding to where crime is. In response to this misleading rhetoric, as well as the failure of leaders to focus on the persistence of violent crime in certain communities, Mac Donald has laid bare the facts and insisted that cities not retreat from their commitment to public safety. With crime on the rise in cities across the country, Mac Donald took to the pages of the *Wall Street Journal* in May with an op-ed, “The New Nationwide Crime Wave,” arguing that the anti-police agitation of the past year is the most plausible explanation for this trend, as cops have grown reluctant to engage in proactive tactics that have been essential to keeping cities safe.

Mac Donald's op-ed provoked howls among the big media commentariat, led to a spirited debate among leading criminologists, and put the author at the center of the nation's policing conversation. According to an editorial in *The American Conservative*, “Heather Mac Donald's Inconvenient Facts”: “It's hard to recall the last time a relatively short op-ed received the sort of instant vituperation rained upon [Mac Donald's].” What explains the strong reaction? Not the actual crime stats, which are incontrovertible. Rather, “Mac Donald

One of the most respected conservative-thought leaders in this arena – even when I don't agree with her – is Heather Mac Donald.

—Clarence Page, columnist, *Chicago Tribune*

is being faulted for addressing honestly a subject that most would prefer to avoid.... People may not like the fact that blacks are arrested in disproportionate numbers, but this is due far more to disproportionate rates of criminal behavior than to racist police officers.” Mac Donald's piece was discussed and cited in numerous publications: the Huffington Post, *USA Today*, the *New York Times*, BBC News, and *The Atlantic*, among others. She has since been interviewed on TV and radio programs on dozens of stations, including CNN—where she debated the *New York Times*'s Charles Blow, who had authored an op-ed critical of her piece. Her op-ed sparked an unprecedented debate within the American Society of Criminology, the largest criminological society in the world, whose membership includes more than 3,500 scholars and practitioners. Mac Donald responded to detractors in a follow-up piece for the *Journal*, “Explaining Away the New Crime Wave.”



Jason Riley

The debate over policing, in many respects, has to do with race relations. Since early this year, senior fellow Jason Riley has been heading MI's new Initiative on Race, Culture, and Economics. As you may know, Riley joins the Institute from the *Wall Street Journal's* editorial board. In 2014, he published *Please Stop Helping Us: How Liberals Make It Harder for Blacks to Succeed*. Through writing, public speaking engagements, and convening influentials, Riley has been stimulating fresh thinking about how to advance policy reforms and cultural norms that open up real opportunity for all citizens. He has retained a regular column at the *Journal*, in which he often addresses race issues. For example, in a June piece, "What Charleston Tells Us About Race Relations," Riley discusses how the overwhelming solidarity expressed following the massacre—including calls by leaders in the Southern Baptist Convention to take down the Confederate flag from the South Carolina State Capitol—belies the liberal notion that "nothing's really changed" since the 1960s.

On May 5, he chaired the first in a series of MI conferences on prospects for black Americans. The event, filmed and broadcast on C-SPAN, brought together a diverse group of prominent individuals to discuss race relations, including Washington, D.C. schools chancellor Kaya Henderson, former Maryland governor Bob Ehrlich, Columbia University professor John McWhorter, MI senior fellows Heather Mac Donald and Kay Hymowitz, Brown University professor Glenn Loury, and community development leader Robert Woodson. The panelists put forward bold ideas on how to improve conditions in the black community, from reducing crime and incarceration

rates among young black males to fostering greater stability in black families to opening up opportunities for quality K–12 education. MI's Initiative on Race, Culture, and Economics looks to continue the spirit of open, honest, and respectful dialogue shown by the conference participants.

[Daniel Patrick] Moynihan noted that his goal was to better define a problem that many thought—mistakenly, in his view—was no big deal and would solve itself in the wake of civil-rights gains. The author's skepticism was warranted.

—Jason Riley, the *Wall Street Journal*



Academics claim to revere open debate but often recoil when they see the genuine article. Witness the campaign some scholars—loosely defined—are waging against Heather Mac Donald for challenging university pieties about a recent surge in violent crime.

We suppose this intellectual panic over Ms. Mac Donald is a tribute to the power of her persuasion and, we hope, of the *Journal's* editorial platform. But it's also a shame to see an academic group that ought to be a forum for scholarly debate descend into hackery.

Editorial, the *Wall Street Journal*
July 16, 2015



The long battle over ObamaCare’s subsidies that culminated at the Supreme Court ... has overshadowed a consequential shift in health insurance: toward high-deductible plans that will help put market forces back into medicine. Competition has the potential to transform America’s sclerotic, overpriced health-care system into something much more transparent and affordable.

David Goldhill and Paul Howard, the *Wall Street Journal*, July 1, 2015



Avik Roy

Opportunity for all requires a strong, dynamic economy. The United States has clear potential for growth, but the accretion of burdensome laws and regulations, at all levels of government, is holding us back. MI scholars are at the forefront of developing ideas for reform and fostering a climate of opinion in which good policies can be adopted—beginning with health care.

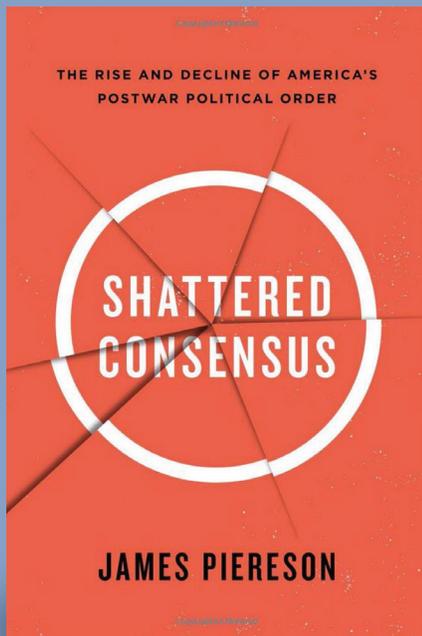
In June, as you know, the U.S. Supreme Court sided with the Obama administration in the case of *King v. Burwell*, upholding health care subsidies under the Affordable Care Act (ACA) for people who purchase insurance through the federal exchange, HealthCare.gov. MI fellows Avik Roy and Paul Howard were quick to denounce the ruling as judicial activism—a refusal by the Court to follow the clear wording of the statute, which limited subsidies to consumers in exchanges “established by a State,” as opposed to the federal government. While a win in the case would have been a step in the right direction, it would not have diminished the need for a viable agenda that introduces greater competition—and the lower costs and higher quality that would result—into our nation’s health care system. Developing this agenda has been a long-standing priority of the Manhattan Institute.

In August 2014, the Institute published a paper by senior fellow Avik Roy, “Transcending Obamacare: A Patient-Centered Plan for Near-Universal Coverage and Permanent Fiscal Solvency,” which presents a plan not only to replace Obamacare but also, over time, to replace the Great Society’s

government-run health insurance programs for the poor and the elderly. At the time of its release, Ross Douhat of the *New York Times* referred to it as “the most comprehensive and ambitious vision of what a right-of-center ‘reform of the reform’ on health care could look like.” Roy has been busy promoting his vision for reform through his *Forbes.com* column, *The Apothecary* (the health care blog that first brought to light the major premium increases that many consumers would face as a result of Obamacare), appearances on national TV and radio, and meetings with lawmakers on Capitol Hill. As the presidential race heats up, the Institute will work to keep Roy’s ideas at the center of health care debates.



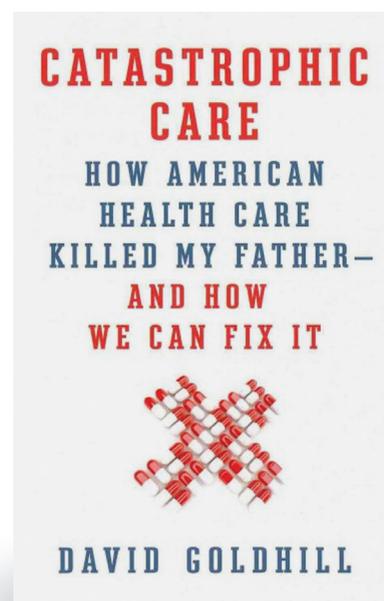
Paul Howard



Shattered Consensus

The United States has been transformed by three internal political revolutions: Jefferson’s “revolution of 1800,” the Civil War, and the New Deal. Each concluded with lasting institutional and cultural adjustments that set the stage for a new phase of political and economic development. In his new book, *Shattered Consensus: The Rise and Decline of America’s Postwar Political Order*, published by Encounter Books, MI senior fellow James Piereson argues that America is on the verge of another upheaval, driven by mounting public debt, retiring baby boomers, and slow economic growth. According to George Will, this collection of essays, on topics ranging from the Keynesian revolution in political economy to the politics of higher education, “secures Piereson’s place among America’s leading conservative intellectuals and cultural critics.” On July 14, the book was reviewed in the *Wall Street Journal* by former Indiana governor Mitch Daniels.

Reform at the federal level, however, is only part of the equation; there are many things that states can and should do to introduce efficiencies into the nation’s health care system. To identify opportunities where states and locales can take the lead in promoting change, the Institute has undertaken a collaborative effort with David Goldhill, CEO of the Game Show Network. In recent years, Goldhill—inspired by his father’s tragic death from an infection acquired in a hospital—has emerged as a prominent advocate for pro-market, consumer-driven health care reform. Goldhill presented his personal story and a vision for reform in his 2013 book, *Catastrophic Care: How American Health Care Killed My Father—and How We Can Fix It*. This year, with the support of the New York State Health Foundation, MI senior fellow Paul Howard and Goldhill convened a working group of academics and business and nonprofit leaders to discuss health care reform at the state and local levels of government, particularly regarding transparency, competition, regulation, licensing, and safety. The participants developed ideas that states can implement— independent of the federal government—to empower consumers. In July, following the decision in *King v. Burwell*, Howard and Goldhill coauthored an op-ed in the *Wall Street Journal*, “An ObamaCare-Inspired Rebellion,” in which they present policies that states can adopt to promote the increasing competition in the health care system—a trend that has occurred as the ACA has pushed consumers toward high-deductible plans, under which individuals pay for most health care expenses out of pocket.





Yesterday, ObamaCare's advocates celebrated the Supreme Court's effort to rewrite the law. But once the euphoria fades, and health care stocks like Anthem and Aetna book their gains, reality will set back in.

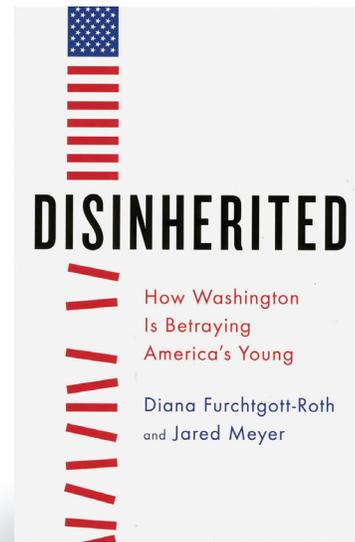
Insurers will continue to announce premium hikes, and states will continue to struggle to fund roads and schools, as Medicaid eats up more and more of their budgets. ObamaCare will remain unpopular.

Avik Roy, Forbes.com's "The Apothecary," June 26, 2015



A \$15 Minimum Wage

Over the past few years, policymakers and labor advocates have argued for increasing the minimum wage, with \$15 per hour having become a favored goal. Indeed, Los Angeles, San Francisco, and Seattle have already implemented the \$15 minimum wage. But will such an increase really help the poor? This was the subject of a July white paper published jointly by the Manhattan Institute and the American Action Forum (AAF), “Counterproductive: The Employment and Income Effects of Raising the Minimum Wage to \$12 and to \$15 per Hour.” We found that a national minimum wage of \$15 would, by the year 2020, cost 6.6 million jobs and that only 6.7 percent of the total wage gains would go to workers who are actually in poverty. MI president Larry Mone and AAF president Douglas Holtz-Eakin presented the main findings in an *Investor’s Business Daily* op-ed, “\$15 Minimum Won’t Help Poor but Will Kill 6.6 Million Jobs.” Within a week of release, the report received more than 90 mentions in publications ranging from Yahoo! Finance to CBS *MoneyWatch*. The Institute will promote our analysis continually in the media, as the minimum-wage issue promises to loom large in forthcoming presidential debates.



**Get a copy and read it.
You won't be disappointed.**

—Forbes

The burden of higher health care premiums resulting from Obamacare has fallen heaviest on young Americans. This reflects a broader trend in which government policies are making it harder for young people just starting out. *Disinherited: How Washington Is Betraying America's Young*, newly published by Encounter Books and supported by the Institute, tells the personal stories of young people whom Washington has left behind and indicts the policies that are holding them back. These policies include entitlements that support older Americans at the expense of the young; minimum-wage laws that make it difficult for young and low-skilled workers to land first jobs and acquire crucial experience; tenure laws that favor older, often ill-qualified, teachers at the expense of quality education; and Obamacare's higher insurance premiums for the young. The authors of *Disinherited*, MI senior fellow Diana Furchtgott-Roth and fellow Jared Meyer, argue that this is the first generation of young Americans that our government systematically disfavors and the first generation of Americans whose prospects are lower than those of their parents. Since publication in May, the authors have been promoting their message among Americans of all ages, through dozens of op-eds, podcasts, and TV and radio interviews, as well as talks on college and university campuses.



Oren Cass

Developing an agenda that can foster economic opportunity for young Americans, as well as those who have struggled—particularly since the Great Recession—will be a significant focus of new MI senior fellow Oren Cass. Prior to joining the Institute this April, Cass worked as a management consultant for Bain & Company in the firm’s Boston and New Delhi offices. There he advised global companies across a range of industries on implementing growth strategies and performance improvement programs. In 2011 and 2012, he served as domestic policy director of Mitt Romney’s presidential campaign. Since coming on board at MI, Cass has been writing on issues that will likely dominate the 2016 presidential debates, such as the economic implications of a carbon tax (“Carbon Taxes In Revenue Fantasyland,” *Wall Street Journal*) and the dramatic decline in labor-force participation rates since 2009 (“Don’t Celebrate the Low Unemployment Numbers. They’re Masking a Really Big Problem,” *Washington Post*). Look for Cass to play a leading role in the Institute’s overall efforts to inform economic-policy debates surrounding the upcoming elections.

In all the aforementioned areas—from policing to health care to economic opportunity—America has big decisions to make. Citizens are waiting to see if free-market advocates can put forward a positive policy vision in response to our great challenges—including those involving cities, young people, and the country at large. Rest assured that the Manhattan Institute is working hard on all these fronts. Thank you for your interest and investment in our scholarship and efforts to shape public debate. I wish you a happy conclusion to the summer.



Sincerely,

Lawrence Mone
President

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