



# President's Update

Spring 2018

THE

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# JANUS v. AFSCME

## DEAR FRIENDS AND SUPPORTERS,

Last month, the U.S. Supreme Court heard oral arguments in *Janus v. AFSCME*, a case that will determine the constitutionality of “agency fees” that 22 states and the District of Columbia currently require of teachers and other public employees who do not wish to join public-sector unions. In a *Wall Street Journal* op-ed, “The Supreme Court May Rescue Blue-State Finances,” published the day of the oral arguments, senior fellows Daniel DiSalvo and Stephen Eide explained what is at stake. If the Court rules, as many expect it will, that agency fees violate the First Amendment, public union membership will likely decline, as will resources available to the unions for advocacy and political campaigns. The unions’ loss of political power will, in turn, afford state and local leaders with greater flexibility to pursue difficult but badly needed reforms to ensure retirement security for public workers and avert fiscal catastrophe. Author of the 2015 book *Government Against Itself: Public Union Power and Its Consequences*, DiSalvo has been a national go-to source for citizens and media outlets seeking to understand the ramifications of the case. In addition to his *Journal* piece, he has penned op-eds for

the *Washington Post*, *New York Daily News*, *New York Post*, and *Orange County Register*, been cited in more than two dozen outlets, had interviews on national TV and radio, briefed more than a dozen reporters, and narrated an educational video produced by the Institute, which, as of the writing of this update, has been viewed 75,000 times.

New Jersey’s current pension crisis is a glaring indication of why reining in public union power is so urgent. As senior fellow Steven Malanga explained in a *Wall Street Journal* op-ed published in January, public unions have spent years pressuring New Jersey politicians for higher benefits while ignoring the system’s funding problems. In an MI report on which the op-ed was based, “Garden State Crowd-Out,” Malanga and senior fellow Josh McGee describe how New Jersey’s pension system may have already reached an unfixable tipping point: the system is now missing so much money that even when it achieves its investment goals, it falls far short of the money it needs to remain solvent over time. Should New Jersey attempt to backfill its pension

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*NEW YORK POST*

DAILY NEWS

The Washington Post

TELEGRAM

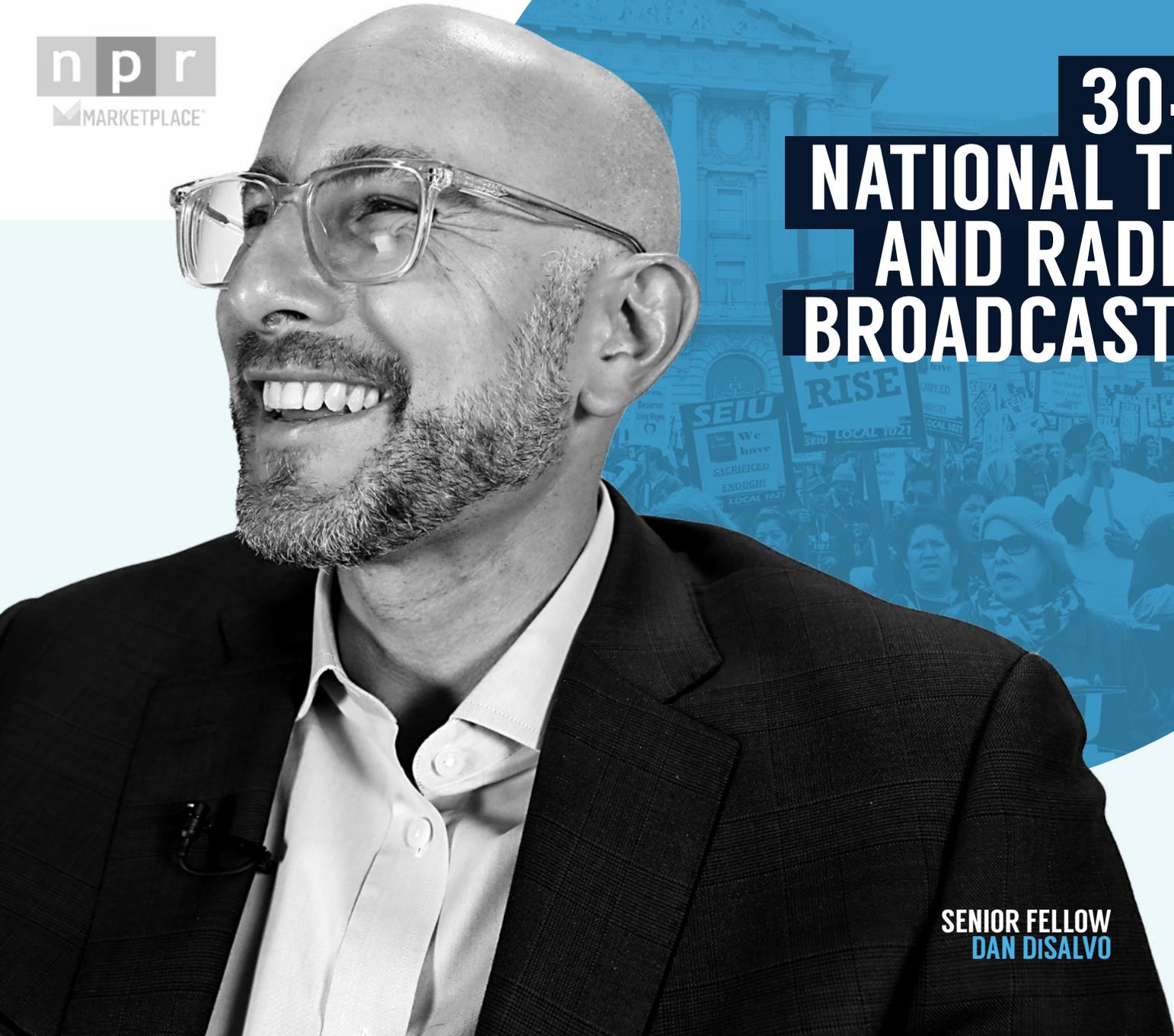
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## PROSPECTS FOR BLACK AMERICA

Top: young member of the New Jersey Orators; MI Vice President of Research and Publications Howard Husock, Susan Gooden, Anthony Bradley; Bottom: Dr. Ben Carson, Secretary of HUD; MI Senior Fellow Jason Riley, Derrell Bradford, and Mark Whitaker

system, the state and its municipalities will struggle to fund core public services. This report follows in a line of MI studies, many authored by senior fellow Stephen Eide, which describe how as pension and benefits costs have risen, spending on current services has been squeezed.

The unsustainability of public-employee pensions and benefits at the state level—and the “crowd out” effect on core services—is a microcosm of what is happening at the federal level. The recent budget passed by Congress increased spending in many areas and did nothing to contain entitlements. Deficits are now projected to surpass the trillion-dollar mark in five years and reach \$2 trillion a decade after that. In the wake of the budget deal, senior fellow Brian Riedl took Washington to task for its profligacy and has been cited in papers and magazines, including the *New York Times*, *Financial Times*, *National Review*, and Bloomberg. As the debate over how to address the deficit and national debt unfolds, look for Riedl to emphasize several key points in public discourse, including entitlement spending as the main driver of the debt, not the recent tax reform.

Better fiscal policy at all levels of government will be important for encouraging long-term economic growth and opportunity. But to enable more Americans to rise, culture matters, too. This was one of the main themes of an MI conference, “Prospects for Black America,” which senior fellow Jason Riley convened last December. Keynoted by Dr. Ben Carson, U.S. Secretary of Housing and Urban Development, this was the third in a series of conferences on race and mobility that Riley has organized since joining the Institute in 2015. Dr. Carson and the panelists spoke about the cultural obstacles that certain communities face and stressed the importance of civil society in helping disadvantaged individuals get on a successful path in life. Susan Gooden of Virginia Commonwealth University, one of the panelists, discussed the results of a research project that demonstrates the effectiveness of nonprofits, operating independently of government, that serve at-risk youth, particularly young people of color. In a study sponsored by MI and enabled by the Lynde and Harry Bradley Foundation, Gooden has looked at the life outcomes of youth who have participated in organizations that have received MI’s Social Entrepreneurship Awards. Of the participants she has interviewed, none



## SENIOR FELLOW AARON RENN

travels to Akron, Ohio as part of an MI tour across the country to help civic leaders address future challenges facing cities.



have had any children out of wedlock, and they are six times more likely than African-Americans on the whole to be enrolled in college course work. Look for MI to expand its efforts in the area of civil society in the coming year.

In his State of the Union address, President Trump called for a major initiative to rebuild America's infrastructure. In anticipation of this issue rising to the forefront of public discourse, last year MI published a report, "Rebuilding America's Infrastructure," in which MI fellows, including senior fellow Aaron Renn, explain how public and private dollars can be used most effectively in revitalizing America's highways, airports, rail networks, pipelines, electrical grids, and water systems. A key takeaway from our report was that Washington should avoid simply showering federal money on infrastructure, as that can often lead to projects that are politically expedient but economically dubious, with critical maintenance neglected. When the president released the details of his plan in February, Renn, who had a 15-year career in management and technology consulting before joining MI (including directing multimillion-dollar global

technology implementations), explained how, in key respects, the plan avoids that problem. It requires states and private investors to put up the lion's share of funding, which should help discourage boondoggles.

Senior fellow Oren Cass, like Renn, has an analytical perspective shaped by years working in consulting (in Cass's case, at Bain & Company), which he has brought to bear on environmental regulations and the rationale used to justify them. In March, MI published a watershed report by Cass: "Overheated:

How Flawed Analyses Overestimate

the Costs of Climate Change"—

the main findings of which he

distilled in a *Wall Street Journal*

op-ed, "Doomsday Climate

Scenarios Are a Joke." One

study by professors from

Stanford and UC Berkeley,

for example, absurdly

predicts that because of

climate change, Mongolia's

per-capita income will be

four times that of the United States's by the year 2100. This report is part of Cass's efforts to puncture an ideology that he refers to as "climate catastrophism," which assumes worst-case scenarios regarding temperature change,



## THE WALL STREET JOURNAL.



predicts consequences that climate science cannot substantiate, and ignores the potential of economic growth and innovation to manage whatever costs do arise. In this report, Cass argues that the crucial (though not the only) flaw of temperature studies is that they neglect our ability to adapt to a changing climate. Cass's findings undermine

some of the most prominent justifications for stringent environmental regulation, which usually impose economic hardship in exchange for little, if any, gain in reducing carbon emissions globally.

Among the most positive areas of policy development over the past year has been the increasing speed at which the U.S. Food and Drug administration (FDA) has been enabling new drugs to reach the market—and, in turn, reach patients. With the enactment of the 21<sup>st</sup> Century Cures Act in late 2016, the agency has been empowered to review and approve new treatments more efficiently. MI's Project FDA, led by senior fellows Paul Howard and Peter Huber, spent years helping to lay the intellectual groundwork for what became the 21<sup>st</sup> Century Cures Act—through Huber's book *The Cure in the Code: How 20<sup>th</sup> Century Law Is Undermining 21<sup>st</sup> Century Medicine*, as well as through reports, issue briefs, events, and convening doctors, scientists, and patient advocates.

In the run-up to the passage of the legislation, one of our closest collaborators in influencing public discourse and educating policymakers was Scott Gottlieb, who now serves as FDA commissioner. In 2015, Gottlieb was one of



### THIS WAY UP CONFERENCE

featuring Senior Fellow  
Oren Cass and President  
and CEO of Opportunity  
America, Tamar Jacoby.

## FDA COMMISSIONER SCOTT GOTTLIEB

joined MI to talk about drug development and reforming regulations in the era of precision medicine.



Peter Huber and Scott Gottlieb

29 signatories of a statement published by the Manhattan Institute in the *New York Times* on the need to reform the FDA to keep up with the latest science. Gottlieb also partnered with Huber in an Intelligence Squared debate on the resolution “The FDA’s Caution Is Hazardous to Our Health,” which they won by a significant margin. In December, it was our great pleasure to welcome Commissioner Gottlieb to MI for a discussion on drug development and regulatory reform at the FDA. Commissioner Gottlieb spoke about the steps that the FDA is taking to increase competition and spur innovation throughout the biopharmaceutical sector, increasing access to new treatments while containing costs for patients. As Commissioner Gottlieb pursues his agenda, he will be working closely with Paul Howard, who left MI in December to join the FDA as senior advisor to the commissioner.

Finally, I’d like to give a brief update on MI’s efforts to promote greater intellectual pluralism and freedom of thought on college and university campuses. At our November Wriston Lecture,

NYU professor Jonathan Haidt spoke about how, on too many campuses, faculty and administrators have abandoned the search for truth as a primary educational objective and sought to inculcate students with ideologies that are inimical to a free society. His lecture, “The Age of Outrage,” has received significant media attention, including being the subject of a *New York Times* op-ed by David Brooks. The corruption of intellectual life on campus is also the main theme of senior fellow Heather Mac Donald’s next book, which will chronicle the rise of diversity ideology in academia and the repercussions for society at large.

In addition to shaping public discourse on this issue, MI’s Adam Smith Society is creating opportunities for discussion and debate on campus—both in the United States and internationally. With support from MI trustee Robert Rosenkranz, last November we launched a professional chapter in London. This spring, with support from the Margaret and Daniel Loeb – Third Point Foundation



## NYU PROFESSOR JONATHAN HAIDT

delivered Manhattan Institute’s 2017 Wriston Lecture on the breakdown of civil discourse at our universities and in our country.



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Scott Gottlieb and Howard Husock

**The world of ideas has lost a great champion with the passing of Jeff Bell, MI's first president. From the mid-1970s, Jeff relentlessly advanced a policy agenda to alleviate the stagflation that was gripping the American economy and to revive the livelihood of American workers. In 1978, he ran for Senate in New Jersey, and while he lost in the general election to Bill Bradley, his victory in the primary represented an early spark in the Reagan Revolution. The Manhattan Institute was fortunate to have him at the helm in its early years. He truly embodied the Institute's mission of "turning intellect into influence," and he will be greatly missed.**



## REMEMBERING JEFF BELL (1943–2018)

and in partnership with the Kohelet Policy Forum, an Israeli free-market think tank, we will launch a student chapter at the Hebrew University of Jerusalem. And in March, nine Smith Soc chapters participated in our first case competition in Provo, Utah, hosted by our Brigham Young University (BYU) chapter. Over the course of two days, students discussed strategic questions facing Facebook after the 2016 election. Congratulations to the BYU students for winning the competition, to USC for coming in second, and UVA and NYU for tying for third place.

MI could not accomplish any of the aforementioned research and programs but for the generosity of our donors. I hope that this update instills you with confidence in how we have stewarded the philanthropic resources entrusted to us. In May, MI will host its eighteenth annual Alexander Hamilton

Award Dinner, honoring U.S. Ambassador to the United Nations Nikki Haley and philanthropist Stanley Druckenmiller. We hope that friends of the Institute will help us honor them by buying tickets, tables, or making a leadership gift. The Hamilton Dinner is a special night for the Institute; I hope to see you there.

*Lawrence Mone*

Sincerely,  
Larry Mone





## MULTI-CHAPTER CASE COMP

In March, nine of MI's Adam Smith Society chapters met in Provo, Utah for a multi-chapter case competition centered around free speech and social media.



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FOR MORE INFORMATION ABOUT THE DINNER, TO PURCHASE TABLES OR TICKETS, OR TO MAKE A LEADERSHIP GIFT, PLEASE CONTACT PHIL SABELLA IN THE MI DEVELOPMENT OFFICE: 212.599.7000 OR [HAMILTONDINNER@MANHATTAN-INSTITUTE.ORG](mailto:HAMILTONDINNER@MANHATTAN-INSTITUTE.ORG)



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