

Rec'd 11 Feb 82

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20 West 40th Street, New York, N.Y. 10018 (212) 354-4144	82-0414

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William M.H. Hammett
President

MEMORANDUM

FROM: William M.H. Hammett *WMH*
 TO: Board of Directors
 RE: Summary of the Year

DATE: January 8, 1982 *h*

We closed the books on fiscal 1981 last week with contributions of \$706,000. That represents a 52% jump from 1980's \$466,000, and is more than double that of 1979. Every bit as encouraging, revenues and royalties from book sales climbed to \$22,500, from \$2000 in 1980. Even our "I'M A SUPPLY-SIDER" tee-shirts broke even, cost-wise, although they were intended mainly to widen our recognition (they accomplished that, with large orders from the National Review and Wall Street Journal crowd, and their adoption as the official uniform of the U.S. Chamber's and Congressional Republican's softball teams).

Significant increases in contributions in 1981 include:

1. The Scaife Foundation's increase from \$50,000 to \$300,000 (half of which is reflected in the total contributions figure of \$706,000, above; the other \$150,000 was credited to 1982);
2. The J. Howard Pew Freedom Trust's increase to \$75,000 from \$20,000;
3. SmithKline's jump to \$25,000 from \$2,000 (again, only half of this grant is reflected in the 1981 figures);
4. The E.L. Craig Foundation's increase from \$3,000 to \$10,000.

Our most important new contributions for the year were \$20,000 from the JM Foundation and \$10,000 from Roger Milliken. We received roughly a dozen new grants in the \$5,000 to \$10,000 category. In all, we added over fifty new corporate donors in 1981 and lost a half dozen, all of whom were in the \$1,000 category.

In all, I think that our supporters are enthusiastic about our work and that we rate especially well with those companies and foundations whose managements take public policy and economic education seriously. As one contributions officer at a major New York corporation recently told me, "You got your money the hard way...you earned it." He was referring to the level of professionalism at the Institute as well as to the situation which too often exists whereby contribution dollars are awarded for reasons other than merit.

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Nineteen eighty-one will be a tough year to beat in terms of our publishing program as well. In the winter and spring, we had Wealth and Poverty and in the fall Markets and Minorities appeared. We are currently engaged in a massive direct mail effort in behalf of Tom Sowell's books and are virtually blanketing the economics profession, popular media and policy makers at all levels with the special edition of the Markets and Minorities Manhattan Report. Sowell was so impressed with our performance that he referred Walter Williams to us and we promptly signed him on as a Manhattan Institute author. His The State Against Blacks will be released by McGraw-Hill's New Press next year under our auspices, along with Melvin Krauss's Development Without Aid. Our backlist is becoming formidable and will make it even easier for us to attract first rate scholars who have ideas for books in the future. With the release of E.S. Savas's Privatizing America in February, through Chatham House, we will have three books dealing with contemporary urban America, a theme we will exploit in a provocative advertising campaign scheduled for early 1982.

PERSPECTIVE ON THE ECONOMY, our syndicated radio series, hit the 100 station mark in December. We consider a station to be on board only after we have a signed contract with them stating time, frequency and duration of our broadcasts. Very often in the public affairs radio business stations are counted if they merely accept delivery of tapes and don't send them back unused. Our method may take longer and appear to yield fewer results, but it is the only way to build a viable network. We are moving into 1982 with a strengthened format and marketing capability and are aiming at capturing the top 150 markets in the next two years. We'll be relying on public affairs airing, as in the past, but also intend to enlist both local and national sponsorship from businesses (David Stedman, a businessman in North Carolina, inquired last week about the possibility of sponsoring us on 18 stations in that state). This is the only clear-cut free market drive-time series being offered and it offers great potential for making Americans more aware of the causes and remedies of our economic plight. PERSPECTIVE's budget for the year was slightly over \$100,000. That translates to \$1000 per station for one year of programming, a remarkably low figure for a mass-media outreach program. Our many policy forums held throughout the year were outlined in our Annual Summary, which you should have received last week. I won't go into them here, except to say that we have some events planned for 1982 which could really put us on the map. Details will be made available for discussion at the board meeting.

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In June of 1980, right after I joined ICEPS, our payroll was running at roughly a \$200,000 annual rate. Today it is at the same level. While we have reshuffled personnel and responsibilities since then, the number of employees on the payroll remains the same -- seven. So much for the deplorable decline in productivity Lester Thurow keeps boring Newsweek readers about.

As you can imagine, however, the staff is under constant pressure and we are continually playing catch-up. Our new Publications Director, Joan Taylor, is devoting herself full time for the next two months to cleaning up Warren Brooks's

giant (and rather choppy) manuscript. Tentatively titled, The Economy in Mind, this project has the potential of being a sequel to Wealth and Poverty, and we have decided to make a major commitment to it, even if it means losing the services of our only manuscript editor for a couple of months. I'm sure that after hearing George Gilder's and Joan's comments on this project at the board meeting you will agree. Tom Main, who joined in October, is assisting me with book promotion while David Asman continues to manage the Manhattan Report with assistance from part-time editors in academia.

We are working on next year's budget and I have been giving some thought to the "optimum size" of the Institute, now that we finally have some breathing space in respect to our cash reserve. Looking at our publishing activities, media relations and broadcasting efforts, I think we could do the job effectively with a \$1.5 to \$2 million budget, in constant dollars. We can discuss this matter in more detail as well on January 20th.

In addition to the agenda for the board meeting, you will find attached a number of guest lists from Lehrman Institute gatherings which I organized this past fall. Three of our authors were featured speakers at these events -- Roberta Karmel, Tom Sowell, and Bruce Gardner, along with Manhattan Institute Visiting Fellow, Yves Guihannec. I think this cooperative arrangement between the two institutes is beneficial to both and hope to continue it in 1982.

I am looking forward to seeing you on the twentieth.