

Cornucopia vs. the Doomsayers

Is humanity running out of resources? Paul Ehrlich's *The Population Bomb* in 1968 forecast a grim Malthusian future of mass starvation as the global population skyrocketed. University of Maryland economist Julian Simon, in contrast, argued that humans would innovate their way out of resource shortages and that people themselves were "the ultimate resource" that would make others more plentiful. In "**The Simon Abundance Index: A New Way to Measure Availability of Resources**" (Policy Analysis no. 857), Gale L. Pooley and Marian L. Tupy take Simon's theoretical framework and apply it to the data on commodity prices since 1980. They find that the price of commodities as measured in the time-labor equivalent has fallen as population has increased, verifying Simon's theory of "superabundance."

THE FRENCH CONNECTION

Ten years after the Great Recession, U.S. real GDP, productivity, and other aggregate economic indicators remain well below their historical trend levels. In "**The Lack of European Productivity Growth: Causes and Lessons for the United States**" (Research Briefs in Economic Policy no. 141), Jesús Fernández-Villaverde and Lee Ohanian compare this slump to its closest historical parallel: the stagnation of Western European economies starting around 1970. The authors find similar institutional causes, but also reason for optimism that recent reforms in the United States could set Americans on a more market-friendly, growth-conducive path.

DISPERSED BENEFITS, ZERO COSTS?

Public opinion polling often asks about the desirability of a new program, like mandatory paid leave, without any mention of downside costs. In the **Cato 2018 Paid Leave**

Survey (Survey Reports), Cato's director of polling Emily Ekins finds that a simple mention of the possible costs in reduced pay increases flips the result from 78 percent support to 60 percent opposition.

TAX HAVEN EX-HEAVEN

In 1996, Congress voted to phase out Section 936 of the Internal Revenue Code, which exempted Puerto Rico from corporate income taxes. This status as a tax haven provided benefits not just to Puerto Rico, but also to the broader U.S. economy. In "**Unintended Consequences of Eliminating Tax Havens**" (Research Briefs in Economic Policy no. 142), Duke University economist Juan Carlos Suárez Serrato finds this change caused the loss of 720,000 jobs in firms affected by the change.

FREE-MARKET FEMINISM

Over the past 200 years, economic progress has gone hand in hand with improvements in the legal status and standards of living for women. In "**How Markets Empower Women: Innovation and Market Participation Transform Women's Lives for the Better**" (Policy Analysis no. 859), Chelsea Follett examines the evidence for how markets promote individual empowerment, thereby reducing sexism and other forms of collective prejudice.

BATTLE CRY

Under the stated goal of protecting officers and more effectively fighting crime, American police have increasingly adopted militarized tactics and equipment, including the proliferation of SWAT teams. In "**Militarization Fails to Enhance Police Safety or Reduce Crime but May Harm Police Reputation**"

(Research Briefs in Economic Policy no. 143), Princeton political scientist Jonathan Mummolo examines a unique data set from Maryland's use of SWAT raids to show that there is no correlation between the practice and lower crime rates, but that these excessive shows of force do appreciably decrease the public's perception of the police.

WAR ON DEATH

For decades, the aim of U.S. drug policy has been to reduce levels of drug consumption. In "**Harm Reduction: Shifting from a War on Drugs to a War on Drug-Related Deaths**" (Policy Analysis no. 858), surgeon and Cato senior fellow Jeffrey A.



SINGER

Singer outlines the case for a policy focused on reducing overdose deaths and other harm-reduction strategies rather than trying, and inevitably failing, to interdict the supply of drugs to users.

HIGH ON LIFE

The average Border Patrol agent between ports of entry confiscated 78 percent less marijuana in fiscal year (FY) 2018 than in FY 2013. In "**How Legalizing Marijuana Is Securing the Border: The Border Wall, Drug Smuggling, and Lessons for Immigration Policy**" (Policy Analysis no. 860), David Bier finds that state-level marijuana legalization has dramatically reduced the quantity of the drug smuggled across the U.S.-Mexico border.

MORAL HAZARDS

In "**The Spread of Deposit Insurance and the Global Rise in Bank Asset Risk since the 1970s**" (Research Briefs in Economic Policy no. 144), Charles Calomiris and Sophia Chen examine the literature



FOLLETT

and conclude that the expansion of deposit insurance has had the effect of encouraging risky behavior by banks confident that the government will cover their downside risks.

A GOOD KIND OF TARIFF

In “The Case for an Immigration Tariff: How to Create a Price-Based Visa Category” (Policy Analysis no. 861), Alex



Nowrasteh proposes the creation of a new kind of visa category for economic immigrants, allowing those who pay an “immigration tariff” to secure the legal right to live and work in the United States. By expanding the current cap on immigration visas and allocating those new visas on the basis of demand, the United States could create a more market-based and merit-rewarding system that could flexibly meet the demands of the American labor market.

DODD-FRANK BACKFIRES IN THE CONGO

The Trump administration stirred controversy with a proposal to suspend Section 1502 of the Dodd-Frank Act, which imposes strict supply chain verification and reporting requirements on four commodities thought to be linked to funding armed conflict in the Democratic Republic of the Congo. In “More Legislation, More Violence? The Impact of Dodd-Frank in the Democratic Republic of the Congo” (Research Briefs in Economic Policy no. 145), Nik Stoop and Peter van der Windt conclude that this ban actually increased, rather than decreased, the abuse of these mineral resources in the war-torn nation.

THE ONLY WINNING MOVE . . .

That the only good defense is a good offense might be a witty quip, but it makes a poor cybersecurity strategy. In “The

Myth of the Cyber Offense: The Case for Restraint” (Policy Analysis no. 862), Brandon Valeriano and Benjamin Jensen examine the data from 2000 to 2016 and show that offensive cyberattacks do little to deter or prevent hostile actions.

FROZEN CONFLICT

The Voting Rights Act of 1965 adopted two main policies to combat widespread suppression of African American voters: abolishing restrictive pretext measures such as literacy tests and requiring states with low minority participation in the 1964 presidential election to be subject to “preclearance” by the Department of Justice for any future changes in voting laws. In “Do 40-Year-Old Facts Still Matter?: Long-Run Effects of Federal Oversight under the Voting Rights Act” (Policy Analysis no. 146), Harvard economist Desmond Ang aims to conduct the first analysis of the preclearance provisions removed from the uncontroversial and effective ban on literacy tests. In contrast to the logic adopted by the Supreme Court in *Shelby County v. Holder*, Ang finds that the preclearance provisions had a measurable and long-lasting positive effect on minority voter participation, and that the lack of preclearance post-Shelby has caused a measurable reduction in minority voting.

GOVERNMENT FAILURE

Claims of market failure are often used to justify government intervention, contrasting the messy reality of imperfect markets against an unattainable ideal of perfect government solutions. In “How ‘Market Failure’ Arguments Lead to Misguided



Policy” (Policy Analysis no. 863), Ryan Bourne considers the history of these policies, showing that they rarely meet their stated goals. ■



CATO AT LIBERTY

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