

Brain Drain from the Banks

One of the provisions of the Sarbanes-Oxley Act required investment banks to physically separate their investment banking and research departments and to restrict interaction between them. These restrictions have led to a significant reduction in the bonuses and total compensation of analysts. That's the finding in **"Regulations and Brain Drain: Evidence from Wall Street Star Analysts' Career Choices"** (Research Brief in Economic Policy no. 204) by Yuyan Guan, Congcong Li, Hai Lu, and M. H. Franco Wong. By tracking the industry's best analysts, they find that talent fled the research field after these restrictions were imposed, reducing the amount of information informing stock market decisions.

JUMPING THROUGH HOOPS

Congress created the H-2A visa program to provide for seasonal farm workers. However, the program was little used until recently and still only accounts for about 10 percent of farm labor, with the bulk of the remainder filled by illegal immigrants. In **"H-2A Visas for Agriculture: The Complex Process for Farmers to Hire Agricultural Guest Workers"** (Immigration Research and Policy Brief no. 17), David Bier explains how this burdensome process fails to provide the intended legal alternative to legal immigration.

IS LOCAL BETTER?

Do local governments better adhere to voter preferences? That's often the theory behind decentralization, but in practice the results are dubious. In **"Do Local Governments Represent Voter Preferences? Evidence from Hospital Financing under the Affordable Care Act"** (Research Brief in Economic Policy

no. 205), Victoria Perez, Justin M. Ross, and Kosali I. Simon examine ACA policies that were made optional for state and local governments by Supreme Court rulings, and they find little correlation between these actions and voter preferences as measured by a number of proxies.

THE UNCERTAIN FUTURE

Few forecasts are more important for public finance and public policy than the projected growth in health expenditures. Unfortunately, these projections have real limitations and a poor track record. That's the finding of Daniel Shoag in **"Health Care Spending Projections and Policy Changes: Recognizing the Limitations of Existing Forecasts"** (Research Brief in Economic Policy no. 206).

THE NEVER-ENDING WAIT

As a result of the outdated green card limits, immigrants are waiting in a backlog that has reached an unprecedented length, and the problem is particularly



acute for immigrants from countries with high demand. In **"Backlog for Skilled Immigrants Tops 1 Million: Over 200,000 Indians Could Die of Old Age While Awaiting Green Cards"** (Immigration Research and Policy Brief no. 18), David Bier underscores the costs of that backlog by comparing projected life expectancy with the waiting time for Indians who have otherwise been approved and are only held up by the country-based quota.

DO WALLS WORK?
Over the course of the past two decades, the United States has ramped up spending on

border security, including the construction of physical barriers along the U.S.-Mexico border. In **"Border Walls and Crime: Evidence from the Secure Fence Act"** (Research Brief in Economic Policy no. 207), Ryan Abman and Hisham Foad examine the data and find little correlation between border wall expansions and decreased crime rates.

HIGH COST OF TRADE SHOCKS

One of the key disputes in President Trump's aggressive trade policies has been the question of how the costs of new tariffs are distributed. In **"The Consumption Response to Trade Shocks: Evidence from the U.S.-China Trade War"** (Research Brief in Economic Policy no. 208), Michael E. Waugh examines these

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distributional effects by looking at consumer behavior. The study finds that changes in trade policy have indeed had a large effect on consumption, with high-tariff countries experiencing at least a 3.8 percentage point decline in new auto sales growth relative to low-tariff countries.

DEVELOPING COUNTRIES

One of the pillars of the World Trade



MANAK

Organization has long been a distinction between developed and developing countries, with the latter receiving preferential treatment

in various ways. In “**The Development Dimension: What to Do about Differential Treatment in Trade**” (Policy Analysis no. 887), James Bacchus and Inu Manak question this regime and find that the categorization is widely misapplied with deleterious effects.

THE HISTORY OF INNOVATION

Economic growth is transformative, and understanding it is one of the key problems in economics. In “**Innovative Economic Growth: Seven Stages of Understanding**” (Economic Policy Brief no. 3), Terence Kealey and Martin Ricketts examine the history of this idea and our evolving understanding of it from Francis Bacon to modern economists.

MISTRUST IN MEDICINE

Between the 1920s and 1950s, French colonial governments undertook extensive medical campaigns in sub-Saharan Africa aimed at managing tropical diseases. In “**The Legacy of Colonial Medicine in Central Africa**” (Research Brief in Economic Policy no. 209), Sara Lowes and Eduardo Montero find that these campaigns have led to a legacy of mistrust that continues to affect health outcomes to this day.

THE PEOPLE'S REPRESENTATIVES

Congress has long delegated much of its legislative authority to regulatory agencies, often with little oversight or checks and balances. In “**The Case for Congressional Regulatory Review**” (Policy Analysis no. 888), William Yeatman makes the argument for Congress to reassert its role in reviewing and approving major regulations.

THE COLLAPSE OF TRANSIT

The costs of supporting the nation's urban transit industry are rising, yet ridership is declining. That is the conclusion of Randal O'Toole in “**Transit: The Urban Parasite**” (Policy Analysis no. 889), which finds that spending has continued to increase even as consumer preferences have evolved away from mass transit.

AFTER THE BANANA REPUBLICS

Monopsony has long been known to have negative effects, and one of the most striking historical examples was the United Fruit Company and its activities in Central America. In “**Multinationals, Monopsony, and Local Development: Evidence from the United Fruit Company**” (Research Brief in Economic Policy no. 210), Esteban Méndez-Chacón and Diana Van Patten find that one of the most crucial and effective checks on monopsony was the availability of labor mobility. In areas with

greater labor mobility and fewer restrictions, present-day poverty is lower even many decades after the decline of United Fruit.

CRIME AND IMMIGRATION

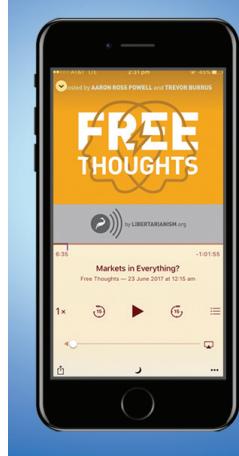


NOWRASTEH

Illegal immigration and the crimes illegal immigrants commit are notoriously difficult to measure, despite the importance of the question in driving immigration policy. In “**Illegal Immigrant Incarceration Rates, 2010–2018: Demographics and Policy Implications**” (Policy Analysis no. 890), Michelangelo Landgrave and Alex Nowrasteh attempt to answer the question by estimating illegal immigration incarceration rates in the United States. In line with previous findings, they show that illegal immigrants are less likely to be incarcerated than U.S. citizens.

GOODS CROSSING BORDERS

Do liberal democracies avoid war with each other, or is trade the more relevant factor? In “**Does Trade Integration Contribute to Peace?**” (Research Brief in Economic Policy no. 211), Jong-Wha Lee and Ju Hyun Pyun find that trade integration is indeed an important contributor to the decline of interstate wars. ■



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