

# Education Dysfunction

**T**he federal government has become increasingly involved in education policy since the mid-20th century. In “**Right-sizing Fed Ed: Principles for Reform and Practical Steps to Move in the Right Direction**” (Policy Analysis no. 891), Mary Clare Amselem, Lindsey Burke, Jonathan Butcher, Jamie Gass, Neal McCluskey, and Theodor Rebarber offer an overview of current failures and suggestions for actionable reforms across seven broad topics, ranging from curricular standards to civil rights.

## WHAT TO DO ABOUT IMMIGRATION

Congress has repeatedly attempted, and failed to pass, measures for comprehensive immigration reform. The comprehensive all-at-once approach has stumbled in the face of entrenched political opposition. In a Cato white paper, “**12 New Immigration Ideas for the 21st Century**,” editors Alex Nowrasteh and David J. Bier assemble 12 concrete action items that Congress could take up and that might well be passable on their own. Contributors include David Bier, Daniel Griswold, Stuart Anderson, Michael Clemens, Michelangelo Landgrave, Jack Graham, Rebekah Smith, Grover Norquist, Justin Gest, Steve Kuhn, Nathan Smith, and Robin Hanson.

## FREE-MARKET IMMIGRATION

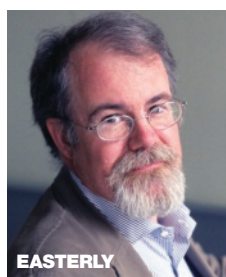
Arbitrary quotas on the issuance of work permits represent one of the most severe constraints on international labor mobility, with massive economic costs. In “**A Market for Work Permits**” (Research Briefs in Economic Policy no. 213), Michael Lokshin and Martin Ravallion propose one possible reform: allowing citizens to effectively rent out their own right to work through an anonymized market to willing foreign workers.

## ARE TERM LIMITS GOOD FOR WOMEN?

In 1987, the Philippines adopted a new constitution with wide-ranging term limits intended to counter official corruption and entrenched machine politics. Unlike other measures such as gender quotas, this policy was not intended to pave the way for women to ascend to high office in larger numbers. But that’s the effect it had, according to “**Political Dynasties, Term Limits, and Female Political Empowerment: Evidence from the Philippines**” (Research Briefs in Economic Policy no. 214), by Julien Labonne, Sahar Parsa, and Pablo Querubin.

## AFTER THE CONSENSUS

In the 1980s and 1990s, a package of market-oriented reforms came to dominate international policy through institutions such as the International Monetary Fund and the World Bank. Broadly, these ideas have often been labeled neoliberalism. In “**In Search of Reforms for Growth: New Stylized Facts on Policy and Growth Outcomes**” (Research Briefs in Economic Policy no. 215), William Easterly revisits some of his criticisms of this so-called Washington Consensus and concludes that the facts of the past two decades justify a position somewhere between total opposition and uncritical support for this agenda and the policy reforms that resulted.



EASTERLY

## UNINTENDED CONSEQUENCES OF MANDATORY GENDER QUOTAS

In 2018, California became the first state to mandate a gender quota on corporate

boards. SB 826 requires public companies headquartered in the state to have at least one female director by the end of 2019 and at least two members on some boards by the end of 2021. In “**Do Board Gender Quotas Affect Firm Value? Evidence from California Senate Bill No. 826**” (Research Briefs in Economic Policy no. 216), Daniel T. Greene, Vincent J. Intintoli, and Kathleen M. Kahle find substantial decrease in stock returns in companies subject to the mandate, specifically tied to those firms that were required to add a mandatory board member.

## GOOD MONEY AFTER BAD

The United States spends a massive amount on defense procurement, and an increasing amount of that money is being

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used to purchase goods from foreign countries. In **“Money as a Weapons System: The Promises and Pitfalls of Foreign Defense Contracting”** (Policy Analysis no. 892), Renanah Miles Joyce and Brian Blankenship examine a disturbing trend in which defense spending is being used as a tool of diplomacy and foreign policy rather than simply meeting the nation’s genuine needs. This little-scrutinized creep of defense spending into a kind of de facto foreign aid has a number of negative consequences, both for the nations on the receiving end and for American taxpayers.

### **BANG FOR YOUR BUCK?**

Do campaign contributions rebound to the benefit of donors through rent-seeking effects on public policy? It’s a common complaint, but the effect might not be as pervasive or as effective as is commonly assumed. In **“Quid Pro Quo? Corporate Returns to Campaign Contributions”** (Research Briefs in Economic Policy no. 217), authors Anthony Fowler, Haritz Garro, and Jörg L. Spenkuch examine data from nearly 19,000 elections and nearly 3,000 firms and conclude that there is, in fact, little correlation between campaign contributions and system benefits.

### **CAPITAL MARKETS FOR NEW CAPITALISTS**

How does finance contribute to economic growth? Policymakers around the world recognize the importance of finance for entrepreneurs in driving new growth, typically found on so-called second-tier exchanges or junior markets. In **“The Creation and Evolution of Entrepreneurial Public Markets”** (Research Briefs in Economic Policy no. 218), Shai Bernstein, Abhishek Dev, and Josh Lerner create a novel data set showing that stronger shareholder protections correlate positively with the success of these markets and their positive effects on growth.

### **CHINA SYNDROME**

Early in the COVID-19 pandemic, President Trump imposed travel restrictions on China to slow the spread of the virus to the United States, a decision he has since repeatedly touted as prescient and effective. In **“How U.S. Travel Restrictions on China Affected the Spread of COVID-19 in the United States”** (Working Paper no. 58), Alex Nowrasteh and Andrew C. Forrester find that travel restrictions, in fact, had little effect on the number of COVID-19 cases in the United States, nor did these restrictions slow the spread of the disease.

### **CHARTING THE COURSE**

The COVID-19 pandemic has produced dramatic shocks to the economy, resulting in equally dramatic policy response. How will the future course of the pandemic affect these policies? In **“Incorporating Scenario Analysis into the Federal Reserve’s Policy Strategy & Communications”** (Working Paper no. 59), Michael Bordo, Andrew Levin, and Mickey Levy outline a set of illustrative scenarios ranging from worst-case to relatively benign and identify the key challenges for the Fed in responding to each.

### **BREXIT WOES?**

On June 23, 2016, voters in the United Kingdom upset expectations and voted to leave the European Union. Uncertainty is generally bad for markets, so has Brexit-driven uncertainty had negative consequences? In **“Global Effects of the Brexit Referendum: Evidence from U.S. Corporations”** (Research Briefs in Economic Policy no. 219), Murillo Campello, Gustavo S. Cortes, Fabricio d’Almeida, and Gaurav Kankanhalli find that the disruptions were real and did impact measures such as job growth and investment behavior by affected firms in the United States.

### **NUCLEAR NORTH KOREA**

The United States has long sought to prevent and then undo the acquisition of

nuclear weapons by North Korea. That approach has been fruitless and should be abandoned in favor of normalizing relations with Pyongyang, according to **“Nuclear Anti Proliferation Policy and the Korea Conundrum: Some Policy Proposals”** (Policy Analysis no. 893) by John Mueller. The obsession with nuclear proliferation has derailed other important objectives and has led to disastrous miscalculations, he contends.

### **IS ASSIMILATION RESISTANCE FUTILE?**

The economic assimilation of immigrants has long been one of the key strengths of the United States and remains an important topic debated in immigration policy. One recent study found a worrying trend that economic assimilation as measured by wage convergence might be declining for recent cohorts of immigrants. In **“Revisiting Economic Assimilation of Mexican and Central American Immigrants in the United States”** (Research Briefs in Economic Policy no. 220), Giovanni Peri and Zachariah Rutledge find methodological errors in this study that, when corrected, show that economic assimilation has not slowed in recent decades.

### **THE FAILED WAR ON DRUGS, AGAIN**

The federal government’s response to the opioid crisis has largely been one of punitive incarceration and prosecution, the same old model of the war on drugs that has failed to tackle past spikes in drug dependence. In **“Kicking the Habit: The Opioid Crisis and America’s Addiction to Prohibition”** (Policy Analysis no. 894), Josh Bowers and Daniel Abrahamson explore the history of this failed approach and explain why pragmatic harm-reduction responses to drug addiction are far more likely to succeed, and without the massive negative consequences of prohibition enforced by criminal laws. ■