

Climate and the Economy

What will be the impact of carbon emissions, and the implied changes in temperatures, on the world economy and on the economies of particular regions? In “**The Economic Geography of Global Warming**” (Research Briefs in Economic Policy no. 278), José-Luis Cruz and Esteban Rossi-Hansberg consider the regional impacts of climate change to develop a novel model for best policies and the implementation of those policies across various regions.

REPEAT OFFENDERS



Does it help or hurt long-term recidivism rates for prosecutors to be more lenient on nonviolent misdemeanor offenses?

Using a data set from the Suffolk County, Massachusetts, district attorney’s office, Amanda Agan, Jennifer Doleac, and Anna Harvey find that leniency does indeed have a positive effect, reducing the rates at which people are later charged for other offenses, in “**Misdemeanor Prosecution and Recidivism**” (Research Briefs in Economic Policy no. 279).

FREEDOM TO ADAPT

Beyond the immediate death toll, pandemics also produce some of the largest economic shocks on record. In “**Economic Freedom and Resilience: New Evidence from the 1918 Pandemic**” (Pandemics and Policy), Vincent Geloso explores the evidence from the 1918 Spanish Flu pandemic and finds that greater degrees of economic freedom are correlated with better adaptation and quicker recoveries.

COLLEGES AND IMMIGRANTS

The positive economic impact of high-skilled immigrants is an important contributor to economic growth. In “**Getting Schooled: The Role of Universities in Attracting Immigrant Entrepreneurs**” (Research Briefs in Economic Policy no. 280), Natee Amornsiripanitch, Paul A. Gompers, George Hu, and Kaushik Vasudevan use venture capital data to show how the presence of universities helps attract immigrants who go on to start businesses with high growth potential, thus boosting local economies.

RISKY BUSINESS



Arms sales have become a large part of U.S. foreign policy, used to cement alliances and boost opponents of hostile regimes. The *Arms*

Sales Risk Index, by A. Trevor Thrall and Jordan Cohen, documents the downsides of profligate arms sales by measuring factors linked to negative outcomes such as dispersion, diversion, and the misuse of weapons by recipients. Just released in its fourth annual edition, the report includes a special section focused on the risks of small arms and light weapons sales.

MONETARY POLICY AND INEQUALITY

The racial wealth gap is one of the most persistent and troubling issues in public policy. Has monetary policy contributed to the persistence of this gap? In “**Monetary Policy and Racial Inequality**” (Research Briefs in Economic Policy no. 281), Alina Bartscher, Moritz Kuhn, Moritz Schularick, and Paul Wachtel find that growing proposals to use monetary policy to address

racial inequality are not promising and might even be counterproductive.

LOW-INCOME INFLATION

Softer monetary policy can have a drastic negative effect on low-income households relative to high-income households, according to Asger Lau Andersen, Niels Johannesen, Mia Jørgensen, and José-Luis Peydró in “**Expansionary Monetary Policy Increases Inequality**” (Research Briefs in Economic Policy no. 282). Using administrative microdata, the authors document

CATO POLICY REPORT is a bimonthly review published by the Cato Institute and sent to all contributors. It is indexed in PAIS Bulletin. Single issues are \$2.00 a copy. ISSN: 0743-605X. ©2022 by the Cato Institute. Correspondence should be addressed to *Cato Policy Report*, 1000 Massachusetts Ave. NW, Washington, DC 20001. www.cato.org • 202-842-0200

CATO POLICY REPORT

David Boaz.....Editor
Andy Craig.....Associate Editor
Jon Meyers.....Art Director
Karen Garvin.....Senior Copyeditor
Mai Makled.....Graphic Designer

CATO INSTITUTE

Peter Goettler.....President and CEO
Robert A. Levy.....Chairman
David Boaz.....Executive Vice President
Linda Ah-Sue.....V.P., Events and Conferences
Lesley Albanese.....Senior Vice President, Initiatives
Evan Bolick.....General Counsel
Khristine Brookes.....V.P., Communications
Marissa Delgado.....V.P., Chief Financial Officer
James A. Dorn.....V.P., Monetary Studies
Emily Ekins.....Vice President
Gene Healy.....Senior Vice President, Policy
Steve Kurtz.....V.P., Chief Digital Officer
Clark Neily.....Senior Vice President, Legal Studies
John Samples.....Vice President
Ian Vásquez.....V.P., International Studies
Harrison Moar.....V.P., Development
Edward H. Crane.....President Emeritus

James Buchanan (1919–2013).....Distinguished Senior Fellow
F. A. Hayek (1899–1992).....Distinguished Senior Fellow
William A. Niskanen (1933–2011).....Chairman Emeritus

the disparate impacts of monetary expansion.

INCARCERATION AND POVERTY



The high and growing incarceration rate in the United States has disproportionately impacted economically disadvantaged and minority

communities, with significantly higher arrest, conviction, and incarceration rates for minorities. The economic impacts of this policy are often overlooked, but they are dramatic, especially when it comes to the disparate rates in pretrial detentions, as documented in **“The Economic Costs of Pretrial Detention”** (Research Briefs in Economic Policy no. 283) by Will Dobbie and Crystal S. Yang.

ACTING UP

Presidents have increasingly exploited loopholes in federal law to evade Senate advice and consent through the use of acting appointees. In **“Closing the Vacancies Act’s Biggest Loophole”** (Briefing Paper no. 131), Thomas A. Berry explains how Congress can fix this end run around an important constitutional check on executive power.

SPOILED SYSTEM?

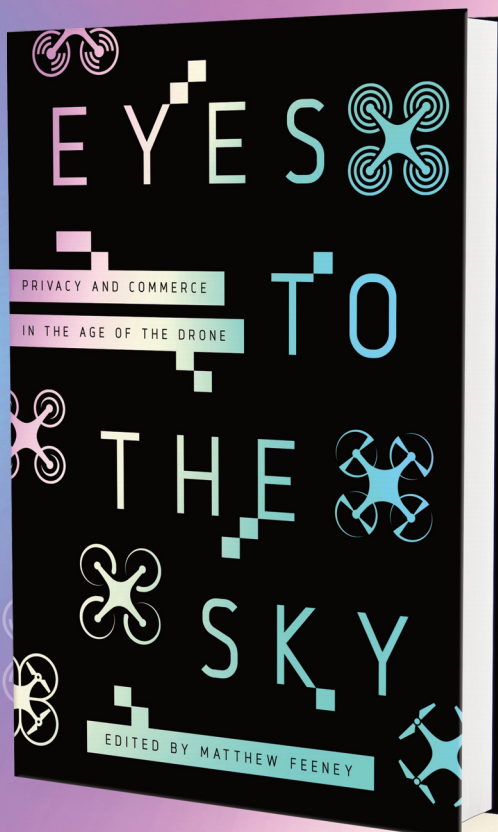
The 1883 Pendleton Civil Service Reform Act was a major step toward ending political patronage and professionalizing the civil service, which is often seen as a key component of economic growth. In an analysis of the law’s impact on the Customs Service, Diana Moreira and Santiago Pérez find that the law worked as intended by some metrics but that this did not translate

into greater efficiency or revenue collection, as the authors demonstrate in **“Civil Service Reform and Organizational Practices: Evidence from the Pendleton Act”** (Research Briefs in Economic Policy no. 284).

BARRIERS TO ENTRY



Section 230, the crucial piece of legislation that protects internet companies from liability for user-generated content, has been accused of being a giveaway to Big Tech companies. In fact, the law is crucial to lowering barriers to entry and enabling competition, as Jennifer Huddleston shows in **“Competition and Content Moderation”** (Policy Analysis no. 922). ■



“The timely essays in this book provide a roadmap for how to advance drone innovation.”

— ADAM THIERER, SENIOR RESEARCH FELLOW, MERCATUS CENTER
AT GEORGE MASON UNIVERSITY

“Essential reading for anyone who wants to understand how we will balance rights and innovation.”

— GREGORY S. MCNEAL, PROFESSOR OF LAW AND PUBLIC POLICY
AT PEPPERDINE UNIVERSITY AND COFOUNDER OF AIRMAP

“A vital addition to understanding the way forward for drones in our national airspace.”

— JERAMIE D. SCOTT, SENIOR COUNSEL, ELECTRONIC PRIVACY
INFORMATION CENTER

CATO
INSTITUTE

AVAILABLE AT CATO.ORG AND ONLINE
RETAILERS NATIONWIDE #CATOBOOKS