

Fight for Fifteen

The determinants of wage growth have become a subject of considerable interest and controversy. The traditional economic view holds that wage trajectories are a product of market forces, while an institutionalist view holds, to the contrary, that wages are driven by bargaining power and that bottom-level wages will only rise through interventions, such as a government-mandated increase in the minimum wage. Research conducted by Jeffrey Clemens and Michael R. Strain reveals that it is easy to overstate the minimum wage’s relevance as a source of low-wage workers’ wage gains, as explained in **“How Important Are Minimum Wage Increases in Increasing the Wages of Minimum Wage Workers?”** (Research Briefs in Economic Policy no. 300).

WHAT ABOUT SMALL BUSINESSES?

Sudheer Chava, Alexander Oetl, and Manpreet Singh analyze the impact of federal minimum wage increases on the financial health of small businesses. Results in **“Does a One-Size-Fits-All Minimum Wage Cause Financial Stress for Small Businesses?”** (Research Briefs in Economic Policy no. 304) document the unintended effects caused by a federally imposed uniform minimum wage, such as businesses being unable to absorb the increased costs, causing them to experience financial stress and perhaps even default on debts and cut employment.

THE ROAD TO DECENTRALIZATION

Economic uncertainties and market fluctuations have directed attention to cryptocurrencies, including the introduction of dozens of bills by Congress. In **“Practical Legislation to Support Cryptocurrency Innovation”** (Briefing Paper no. 140), Jack Soloway and Jennifer J. Schulz of Cato’s

Center for Monetary and Financial Alternatives propose a cryptocurrency regulatory framework with the goals of dispelling uncertainty, unencumbering entrepreneurship, and providing practical consumer protections.

RISKS AND INEFFICIENCIES OF BUY AMERICAN LAWS



Laws surrounding American protectionism are sold and supported on the basis that they bolster the defense industrial base and ensure that America is not beholden to any other nation. However, Colin Grabow, research fellow at the Cato Institute’s Herbert A. Stiefel Center for Trade Policy Studies, says that a proper accounting of the costs and benefits of these laws produces a more complicated picture that calls their wisdom into question. In **“The Self-Imposed Blockade”** (Policy Analysis no. 933), he evaluates the impact of laws such as the Buy American Act, the Berry Amendment, and the Kissel Amendment; proposes to abolish certain protectionist laws; and suggests reforms meant to address genuine national security needs.

WAS IT WORTH IT?

During the COVID-19 pandemic, federal fiscal assistance reached unprecedented levels, with aid to state and local governments spanning four legislative vehicles and summing to almost \$1 trillion. A primary purpose of this aid was to limit the severity of public-sector layoffs and to increase the pace at which public-sector employment would ultimately recover. In **“Was Pandemic Fiscal Relief Effective Fiscal Stimulus? Evidence from Aid to State and Local Govern-**

ments” (Research Briefs in Economic Policy no. 299), Jeffrey Clemens, Philip G. Hoxie, and Stan Veuger find that federal fiscal assistance has had only a modest impact on employment by state and local governments, and that there is little evidence of meaningful spillovers from state and local government aid to the overall labor market.

PLANES, TRAINS, AND E-BIKES?

Within the transportation sector, cars are responsible for 58 percent of all transportation emissions, according to the Environmental Protection Agency. Along with

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electric cars, electric bikes (also known as pedelecs or e-bikes) are a potentially important tool to address global warming. But electric bikes are not cheap, and several governments have or are in the process of implementing subsidy programs to promote household adoption of e-bikes. **“Welfare Implications of Electric Bike Subsidies: Evidence from Sweden”** (Research Briefs in Economic Policy no. 301) is a welfare analysis of these programs. Anders Anderson and Harrison Hong combine administrative, insurance, and survey data from a 2018 large-scale Swedish e-bike subsidy program, which is similar in structure to programs run and proposed in other countries around the world.

GOVERNMENT BULLIES VERSUS SOCIAL MEDIA



In America, government censorship is limited by the First Amendment. Nevertheless, government officials increasingly demand that plat-

forms refrain from publishing disfavored speech. Government officials can use informal pressure—bullying, threatening, and cajoling—to sway the decisions of private platforms and limit the publication of disfavored speech. The use of this informal pressure, known as jawboning, is not new, but social media jawboning is both more common and more difficult to combat than the pressure faced by intermediaries in the past. In **“Jawboning against Speech”** (Policy Analysis no. 934), policy analyst Will Duffield shows the real danger that jawboning will become a common method of informal speech regulation and suggests that the most effective check on such pressure is the American voter.

THE PINK TAX

Research conducted by Sarah Moshary, Anna Tuchman, and Natasha Bhatia explores

allegations that goods marketed toward women are more expensive than their counterparts marketed toward men and that legislation could eliminate such discrimination. In **“Gender-Based Pricing in Consumer Packaged Goods: A Pink Tax?”** (Research Briefs in Economic Policy no. 302), they find that the Pink Tax Repeal Act is unlikely to meaningfully change average prices in personal care.

WORKERS WITH A RECORD

In 2008, the average unemployment rate among formerly incarcerated people—27 percent—was higher than the unemployment rate for the general population at any point in history, including the Great Depression. The limited employment opportunities for workers with a criminal record exacerbate existing socioeconomic and racial inequalities and likely contribute to the high rates of recidivism among recently released individuals. **“Increasing the Demand for Workers**

with a Criminal Record” (Research Briefs in Economic Policy no. 303) uses a field experiment involving nearly 1,000 businesses to test alternative approaches to increasing the demand for these workers. Research also provides new evidence on why there may be such low take-up of existing federal programs meant to increase the demand for workers with criminal records.

THE INEQUALITY MYTH

Cato adjunct scholar John F. Early’s online study **The Myth of American Income Inequality** finds that income inequality is lower today than it was three-quarters of a century ago. The facts reveal a very different and better America than the one currently described in debates across much of the political spectrum. When all subsidies and taxes are counted, income inequality is far less than is claimed, and it is continuing to fall. ■

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