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The Institute Unveils *Cato Papers on Public Policy*

In an era of sound bites and microblogs, scholarly analysis is more critical than ever.

This November marked the inaugural release of *Cato Papers on Public Policy*, an annual volume of innovative, original articles on critical economic policy issues. The overarching goal of the publication is to provide in-depth, imaginative new research from nationally recognized experts in different fields. “In a nutshell, the papers will aim to produce research that employs modern economic methodology but that is firmly focused on what policies are beneficial for the economy and society,” writes Jeffrey Miron, director of undergraduate economics studies at Harvard University, a Cato senior fellow, and editor of the *Papers*.

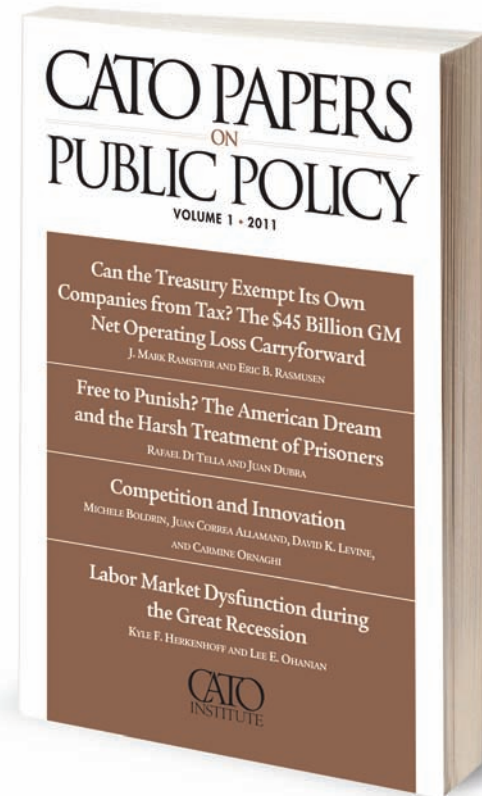
In the first article, J. Mark Ramseyer of Harvard University and Eric B. Rasmusen of Indiana University examine a high-profile case of selective tax relief through executive decree in the takeover of General Motors. The move involved a “highly arcane” corner of the tax code, allowing the president to manufacture a deduction for his political supporters at General Motors. The authors explore the intricacies of the tax break involved before considering reforms that might prevent a similar move in the future. “Ordinarily, if an administration wildly misstates the cost of its policies or routes public funds to its friends, the press notices and complains,” they write. “In this case, it did not.”

In “Free to Punish? The American

Dream and the Harsh Treatment of Criminals,” Rafael Di Tella of Harvard Business School and Juan Dubra of Universidad de Montevideo, Uruguay, describe the evolution of punishment in the United States over the last several decades. What accounts for the country’s astronomical incarceration rate? The answer, they suggest, is that “beliefs concerning economic opportunities cause desired punishment levels.” When income is perceived as being closely tied to effort, it is considered legitimate to impose stricter punitive measures on criminals. “In brief,” the authors write, “we argue that harsh punishment is caused by the American dream.”

What is the role that patents play—or do not play—in fostering technological progress? In “Competition and Innovation,” economists Michele Boldrin, Juan Correa Allamand, David K. Levine, and Carmine Ornaghi review the empirical evidence. The authors find that the received wisdom—namely, that patent protection advances innovation—has little support. “There are no objective reasons whatsoever to strengthen patents any further than we have already done,” they conclude.

In “Labor Market Dysfunction during the Great Recession,” Kyle F. Herkenhoff and Lee E. Ohanian of the University of California–Los Angeles, analyze the recent economic downturn in an attempt to understand why unemployment has remained high for so long. By analyzing the impact of mortgage-modification pro-



grams, they conclude that these programs change “the incentives for workers to relocate from relatively poor labor markets to better labor markets”—thus adding to the slow recovery reflected in recent unemployment figures.

The Institute is pleased to add *Cato Papers on Public Policy* to its collection of timely, in-depth research publications. ■

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Executive Pay, Dynamic Pricing, and Lead Paint

Since the financial panic of 2008, calls to implement long-term executive compensation schemes have grown increasingly louder. In the latest issue of *Regulation*, James C. Spindler argues that these reforms may not do what their advocates promise. Ike Brannon and Sam Batkins discuss a new approach to curtailing administrative overreach by “regulating the regulators,” while Richard J. Pierce, Jr. looks at the impact of administrative law judges on the Social Security Administration and, ultimately, the federal deficit.

Ahmad Faruqui and Jennifer Palmer consider the potential benefits from dynamic pricing of electricity, and William L. Anderson and Patrick Moffitt examine the politicization of environmental science. In addition, the Fall 2011 issue includes an analysis of the long-term impact of land-use decisions and a feature on lead-paint-abatement laws, as well as reviews of books on the financial crisis, fair trade, and energy innovation.

Regulation is available by subscription or online at www.cato.org/regulation.

