How the Drug War Aids the Taliban

In **"Four Decades and Counting: The Continued Failure of the War on Drugs"** (Policy Analysis no. 811), Christopher J. Coyne of George Mason University and Abigail R. Hall of the University of Tampa make the case that drug prohibition is not only ineffective, but also counterproductive to America's goals both domestically and abroad. At home, they find that it has led to an increase in drug overdoses, corruption, and violence. And overseas, they find that it actively undermines the U.S. military's goals by cartelizing the drug trade and strengthening the Taliban. "The opium trade in Afghanistan is a major source of revenue for the Taliban, and has generated between $200 million and $400 million annually since the Taliban's resurgence in 2005," they write. It has also criminalized thousands of Afghan citizens, turning them against America and leading them to ally themselves with the Taliban.

THE "DEEP ROOTS" OF POVERTY?

Academics increasingly theorize that differences in economic conditions across countries can in fact be traced to ancient historic and genetic factors that persist in the modern world—the so-called Deep Roots literature. In **"The Deep Roots of Economic Development in the U.S. States"** (Working Paper no. 44), Ryan Murphy of Southern Methodist University and Alex Nowrasteh of the Cato Institute examine this theory by investigating the ancestry of U.S. states. America's widely varying ethnic and racial composition, combined with the wide variation in economic institutions and policies across states, makes it uniquely suited to testing such a theory. Murphy and Nowrasteh can find only marginal support for the Deep Roots theory at the state level, and they find no relationship between Deep Roots variables and the quality of a state's economic institutions—thus tempering the findings of previous studies.

DID THE GOVERNMENT CURE TB?

In 1900, tuberculosis was the second-leading cause of death in America, claiming the lives of 194 out of 100,000 people. An effective treatment was not discovered until after World War II, and yet by 1930, the death rate had dropped to 71 per 100,000. How was this accomplished? Scholars debate several different explanations, including better living conditions, naturally occurring herd immunity, reduced virulence, and improved nutrition. Others

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argue that it was a successful public health campaign, which required that patients with TB be isolated, that public health officials be alerted of their existence, and in many cases, that their premises be disinfected. But in **"Was the First Public Health Campaign Successful? The Tuberculosis Movement and Its Effect on Mortality"** (Research Briefs in Economic Policy no. 76), D. Mark Anderson of Montana State University, Kerwin Kofi Charles of the University of Chicago, Claudio Las Heras Olivares of the Banco de Chile, and Daniel I. Rees of the University of Colorado Denver find that most of these aggressive anti-TB measures had no effect on mortality rates.

THE PROOF IS IN THE MARKET

Electricity markets have become increasingly deregulated over the past few decades, after years of regulations that were supposed to reduce market inefficiencies. What can the subsequent changes in the electricity market tell us about the benefits of freer markets? In **"Imperfect Markets versus Imperfect Regulation in U.S. Electricity Generation"** (Research Briefs in Economic Policy no. 75), Steve Cicala of the University of Chicago compares electricity markets before and after regulations were removed, and finds that the freer system reduces production costs by billions of dollars per year, with benefits far outweighing any concerns about imperfections in the market system.

IMMIGRATION, 100 YEARS LATER

Although many people debate how immigrants affect America's economy in the short term, few have studied an equally important issue: how they affect America in the long term. In **"Migrants and the Making of America: The Short- and Long-Run Effects of Immigration During the Age of Mass Migration"** (Research Briefs in Economic Policy no. 77), Nathan Nunn of Harvard, Nancy Qian of Yale, and Sandra Sequeira of the London School of Economics examine America's largest-ever wave of immigration, between 1850 and 1920, and ask, in addition to short-term effects, what effect can now be seen from this massive influx of immigrants, 100 years later. The authors find that in the long run, these immigrants had significant economic benefits, in addition to essentially no short-run costs.

STATE-SPONSORED VISAS

The federal government currently holds a monopoly over deciding both the number and the type of workers who enter the United States, despite the fact that all 50 states have vastly different immigration needs. In **"State-Sponsored Visas: New Bill Lets States Invite Foreign Workers, Entrepreneurs, and Investors"** (Immigration Research and Policy Brief no. 2), Cato's David Bier makes the case for state-based visas, which would allow states to sponsor migrant workers using their own criteria in cooperation with federal government oversight. This practice would allow states to adapt their programs as their needs change, in accordance with America's tradition of federalization and local decisionmaking.

OBAMA'S MYTHICAL "RESTRAINT"

In **"Obama's Foreign Policy Legacy and the Myth of Retrenchment"** (Working Paper no. 43), Cato's John Glaser and Trevor Thrall tackle what they deem "one of the most widely believed myths in Washington foreign policy circles": that President Obama, reluctant to intervene in world affairs, rejected the long-standing grand strategy of American primacy and instead withdrew or "retrenched." While Obama's rhetoric often distanced him from previous presidents, his actions placed him firmly in the camp of primacy, not of restraint or retrenchment. In fact, they write, "a close analysis suggests that Obama's greatest foreign policy failures resulted from an embrace of the grand strategy of primacy, rather than from restraint." It is key, they argue, not to misattribute these failures to restraint.

PROSTITUTION AND CRIME

Debates over whether prostitution should be legalized often tie in closely to questions about violence and crime, the drug trade, and the safety of women. Prostitutes are frequently the targets of sexual violence and abuse. Does legalizing prostitution have any effect on violent crime? In **"Street Prostitution Zones and Crime"** (Research Briefs in Economic Policy no. 74), Stephen Kastoryano of the University of Mannheim, Paul Bisschop of SEO Economic Research, and Bas van der Klaauw of the University of Amsterdam examine the case of "tippelzones," which are designated legal street prostitution zones in the Netherlands. For tippelzones with a licensing system, they found long-term decreases in sexual assault and a 25 percent decrease in drug-related crime.

THE 800-POUND GORILLAS

Ever since the 2007–09 financial crisis, politicians and regulators have proclaimed dire warnings about systemic risk and have sought regulations and new agencies to tame it. But what actually drives systemic risk, and what threats should be our primary concerns? In **"Taming the Two 800-Pound Gorillas in the Room"** (Research Briefs in Economic Policy no. 73), Charles W. Calomiris of Columbia University comes to a simple but controversial answer—that the two major systemic threats to financial stability are government policies that subsidize mortgage risk, and government policies that insure bank debts, including "too big to fail" protections. Calomiris deems these threats the "two gorillas" in the room during discussions of systematic risk. ■