

Pathway for Parole

The United States and Mexico have a joint interest in reducing illegal immigration through Mexico to the U.S. border. **“Coordinating Humanitarian Entry in the United States and Mexico: A Bilateral Approach to U.S. Legal Migration”** (Briefing Paper no. 158) extols the benefits of coordinated management of the northward flow of humanitarian parolees. Central American migrants should be granted temporary authorization to travel to Mexico City to request U.S. parole and should then be permitted to fly to the United States legally, thus reducing the congregation of migrants at the land borders of both nations.

THE TAYLOR RULE



The Federal Reserve has operated within a purely discretionary policy framework, and many economists have argued that a rules-based monetary policy would improve economic outcomes. The “Taylor Rule” is one guide for an optimal interbank lending rate used to reach policy goals. In **“Following the Taylor Rule: Has the Fed Learned from Its Own ‘Success’”** (Working Paper no. 77), research fellow Jai Kedia finds that Fed policy has increasingly strayed from the rule in the period after the 1980s and especially after the Great Recession.

BUY AMERICAN FALLACIES

Cato adjunct scholar James Bacchus, a former member of Congress and World Trade Organization official, outlines the specious political justifications made for “Buy American” policies in **“The High Price of Buying American”** (Policy Analysis no.

948). The claims ignore such policies’ negative consequences, including higher prices for consumers, less market competition, lower-quality goods, and retaliation from other nations. The new Buy American provisions in the Inflation Reduction Act additionally raise serious legal issues under the international laws of the World Trade Organization—these risks and harms are too great to tolerate.

SHIELDING FIRMS FROM INFLATION

The 2017 Tax Cuts and Jobs Act (TCJA) permitted “full expensing” for businesses when filing taxes, wherein they deduct the full cost of their new capital investments in the year they’re made. Adam N. Michel, director of tax policy studies, implores Congress not to phase out the expensing permitted by the TCJA in **“Expensing and the Taxation of Capital Investment”** (Briefing Paper no. 159). A phaseout will depress new investments and exacerbate the already-heightened risk of recession.

TARIFFS ARE REGRESSIVE



“The Regressive Nature of the United States Tariff Code: Origins and Consequences” (Research Briefs in Economic Policy no. 335) by Lydia Cox shows that tariff rates are systematically higher on low-value versions of goods relative to their high-value counterparts. Cox’s analysis finds that this has been a feature of the tariff schedule for decades and that it harms poorer consumers. Cox argues that eliminating these discrepancies would save consumers more than \$4 billion per year.

BECOMING MORE EQUAL

Chelsea Follett, managing editor of HumanProgress.org, and George Mason University economist Vincent Geloso created the Inequality of Human Progress Index (IHPI), a multidimensional measure of relative gaps in global development that focuses on income inequality. In the first annual Index, they find that **“Global Inequality in Well-Being Has Decreased across Many Dimensions”** (Policy Analysis no. 949). Across all but two metrics, the world has become more equal since globalization and market liberalization raised the absolute living standards of billions.

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. ©2023 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

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AMERICA IS CLOSED



Few of those wishing to relocate permanently to the United States can do so legally. The government's restrictive criteria render legal paths of immigration available in only the most extreme cases. **"Why Legal Immigration Is Nearly Impossible"** (Policy Analysis no. 950) by David J. Bier, director of immigration studies, provides an overview of these few and narrow pathways and emphasizes the urgent need to overhaul the system.

DEREGULATING > REGULATING

The ability of Food and Drug Administration (FDA) regulation to enhance innovation by fostering confidence in new medical devices has been overstated according to research by Parker Rogers in **"Regulating the Innovators: Approval Costs and Innovation in Medical Technologies"** (Research Briefs in Economic Policy no. 336). Rogers finds a major increase in patents, market entrants, and safety for product categories after they have been deregulated by the FDA.

REWRITING HISTORY



Since coming to power in 2014, India's ruling Bharatiya Janata Party has been rewriting history through its Hindunationalist lens. In **"Indian Nationalism and the Historical Fantasy of a Golden Hindu Period"** (Policy Analysis no. 951) by Swaminathan S. Anklesaria Aiyar, research fellow in Cato's Center for Global Liberty and Prosperity, Aiyar examines the real economic progression of India from 1 CE to the present day.

THINK OF THE CHILDREN

Policymakers have responded to concerns about minors' online experiences with restrictive proposals that would negatively affect the privacy and speech of all internet users. Technology policy research fellow Jennifer Huddleston reminds readers about the beneficial uses of social media for teens and calls on policymakers to maintain the advantages of a free-market approach in **"Improving Youth Online Safety without Sacrificing Privacy and Speech"** (Briefing Paper no. 160).

A PANDEMIC OF PROPAGANDA

A comparison of Russian implementation of propaganda measures during the COVID-19 pandemic found that regions with more underreporting of COVID-19-related deaths—and those most influenced by Moscow—also had citizens less willing to comply with self-isolation measures. Comparatively, authoritarian institutions worsened the pandemic. **"Information Manipulation and Repression: A Theory and Evidence from the COVID-19 Response in Russia"** (Research Briefs in Economic Policy no. 337) identifies regions with more propaganda by comparing COVID-19 reporting with data on excess deaths, which is more difficult to tamper with.

EXCESS ENTITLEMENT; MISSPENT BENEFITS

Adjunct scholar John F. Early calculates that taxpayers have paid a total of \$5.6 trillion in excess entitlement program benefits since 1975 because the price indexes used to determine cost-of-living adjustments have overstated inflation. Benefits for dozens of programs have increased faster than inflation. Early describes the **"Adverse Effects of Automatic Cost-of-Living Adjustments to Entitlement and Other Payments"** (Policy Analysis no. 952).

IMMIGRATION AND INNOVATION

The body of research on the economic contributions of high-skilled immigrants is smaller in Europe, where lesser-skilled migrants are a larger share. Anna Maria Mayda, Gianluca Orefice, and Gianluca Santoni supplement this research. Using information on French firms between 1995 and 2010, **"Skilled Immigration, Task Allocation, and the Innovation of Firms"** (Research Briefs in Economic Policy no. 338) found that a 10 percent increase in the share of skilled immigrants led to an average increase of 2.6 patents per 10,000 manufacturing workers, a sharper increase than the effect of skilled natives.

ARMS SALES RISK INDEX



Cato policy analyst Jordan Cohen and former senior fellow A. Trevor Thrall have released the **2022 Arms Sales Risk Index** (Policy Analysis no. 953). They found that to date, the Biden administration is, on average, approving weapons sales to less risky recipients than the Trump and Obama administrations did, but that hardly suggests the recipient list is safe.

GOVERNMENT-CONTROLLED HEALTH CARE

"The Original Sin of U.S. Health Policy" explores the history of government intervention in health care and its consequences. Director of health policy studies Michael Cannon argues that the root of the U.S. health care crisis lies in early government interventions that distorted the health care market. The interactive study emphasizes the importance of moving toward a more market-based approach to improve health care outcomes and reduce costs. ■