

Nokia, Myspace, and Other Monopolies

Growing numbers of legislators and policy experts charge that tech firms such as Amazon, Google, Facebook, Apple, and Microsoft are “monopolies” with the potential power to harm consumers. In “**Is This Time Different? Schumpeter, the Tech Giants, and Monopoly Fatalism**” (Policy Analysis no. 872), Ryan Bourne examines how these claims stack up against past claims of unassailable “monopolies” that proved to be transient, such as Nokia, Kodak, Myspace, and Microsoft’s Internet Explorer. In fact, there is little evidence that the tech field is any more monopolized than when these now-supplanted firms were dominant, and that the process of creative destruction still applies.

GOOD AND EASY TO WIN

More than any other issue, there is agreement among economists that international trade should be free. In “**Macroeconomic Consequences of Tariffs**” (Research Brief in Economic Policy no. 166), Davide Furceri, Swarnali A. Hannan, Jonathan D. Ostry, and Andrew K. Rose examine the data on tariffs from 1963 through 2014 to quantify the negative effects of protectionism.

AFFORDABLE CARE

Forecasts for the next 75 years show that almost \$1 of every \$5 of GDP could be spent on Medicare. Without intervention, Medicare’s share of GDP will force some combination of substantial cuts in other government spending, significantly higher taxes, and unhealthy levels of public debt. In “**Unplugging the Third Rail: Choices for Affordable Medicare**” (Policy Analysis no. 871), John F. Early lays out three options to avoid this fiscal cliff: gradually raising the eligibility age, restoring the original criteria for disability benefits, and increased cost-sharing for beneficiaries.

LESS CAMPAIGN, MORE LOBBYING

Many believe that more needs to be done to control the influence of corporate interests in politics — especially the role of corporate money. But as with any other regulation, these limits are not without unintended consequences. In “**Spillovers from Regulating Corporate Campaign Contributions**” (Research Brief in Economic Policy no. 167), Adam Fremeth, Brian Richter, and Brandon Schaufele find that limits on corporate political spending have the effect of channeling more corporate money into lobbying.

K-POP

The renegotiation of KORUS (Korea-U.S. Free Trade Agreement) provides a useful example of Trump’s trade dealmaking in practice. In “**Trump’s First Trade Deal: The Slightly Revised Korea-U.S. Free Trade Agreement**” (Free Trade Bulletin no. 73), Simon Lester, Inu Manak, and Kyoungwha Kim find that in spite of rhetorical bluster, the actual changes made were minimal. However, the authors caution this could be in part because KORUS has been a lower political priority for this administration than more prominent trade arrangements such as NAFTA.



MANAK

WHO’LL BUILD THE ROADS

America’s surface transportation infrastructure needs significant improvements and rehabilitation, yet Congress is uncertain about how to do this. In “**Principles for the 2020 Surface Transportation Reauthorization**” (Policy Analysis no. 870), Randal O’Toole lays out three principles Congress should follow: pay as you go to avoid accumulating additional debt, incorporate user fees to the greatest extent

possible, and follow the principle of subsidiarity to leave state and local transportation agencies latitude for non-interstate projects.

GET IN LINE

A common refrain of opponents of immigration, and illegal immigrants in particular, is that people should wait in line for legal admission. In “**Immigration Wait Times from Quotas Have Doubled: Green Card Backlogs Are Long, Growing, and Inequitable**” (Policy Analysis no. 873), David Bier shows just how unrealistic this premise is. Thanks to quotas that have not been updated since 1991, the time spent waiting to apply for legal permanent residence has doubled. For many otherwise qualified would-be immigrants, the line simply isn’t moving.

SUBSTITUTION EFFECT

Advocates of medical marijuana have long argued that such programs help to reduce fatal overdoses and other negative consequences from more deadly drugs such as opioids. In “**The Effect of Medical Cannabis Dispensaries on Opioid- and Heroin-Overdose Mortality**” (Research Brief in Economic Policy no. 168), Julio Garín, R. Vincent Pohl, and Rhet A. Smith examine the data and find that more liberal medical marijuana laws, with practical access for patients through dispensaries, would have resulted in 8.5 percent fewer opioid-related deaths from 1999 to 2015.

SUPPLY AND DEMAND FOR LABOR

Do minimum wage laws have the effect of correcting a market failure? Proponents have argued that the classical economic case against minimum wage hikes have been disproven. In “**Bad Economic Justifications for Minimum Wage Hikes**” (Economic Policy Brief no. 1), Ryan Bourne reviews the economic theo-

ry and finds that market-failure-based arguments for minimum wage hikes do not withstand scrutiny.

PRETEXTUAL PROTECTIONISM

During its first two years, the Trump administration has aggressively reshaped U.S. trade policy. One of its most controversial initiatives is the expansive use of national security and emergency powers to justify imposing tariffs and quotas. In “Closing Pandora’s Box: The Growing Abuse of the National Security Rationale for Restricting Trade” (Policy Analysis no. 874), Simon Lester and Huan Zhu examine how WTO rules have failed to account for these sorts of powers, and propose a rebalancing process where protectionism justified by national security must be compensated for with liberalization elsewhere.

GET A JOB, TEENS

Should a high minimum wage apply to everyone? In particular, should it apply to younger workers? In “Do Lower Minimum Wages for Young Workers Raise Their Employment? Evidence from a Danish Discontinuity” (Research Brief in Economic Policy no. 169), Claus Thustrup Kreiner, Daniel Reck, and Peer Ebbesen Skov examine a natural experiment in Denmark, where there is a large discontinuity in minimum wage rates when workers hit age 18. They demonstrate substantial negative employment effects associated with this age limit.

PATENT PENDING

Patents aim to stimulate the development of new products and processes. But do they work as intended? Do the benefits outweigh the costs? In “A Survey of Empirical Evidence on Patents and Innovation” (Research Brief in Economic Policy no. 170), Bhaven N. Sampat reviews the literature and finds that the results are mixed and highly dependent on which sec-

tor is examined. In some fields, they are important to firms appropriating returns from research and development. In others, they are less important for this purpose but are used for other strategic purposes.

HOUSING MALINVESTMENT

The Community Reinvestment Act (CRA) requires banks to lend to low- and moderate-income households in the areas where they take deposits. Mounting evidence suggests the CRA is either ineffective at helping these



ZULUAGA

communities, or worse, is damaging to them. In “The Community Reinvestment Act in the Age of Fintech and Bank Competition” (Policy Analysis no. 875), Diego Zuluaga

lays out the case for repealing the CRA in favor of alternative policies that better achieve its goals.

ACCOUNTABILITY AND POLICE UNIONS

Police unions sometimes successfully resist the imposition of discipline on officers who commit misconduct. But does this result in higher rates of misconduct? In “Collective Bargaining and Police Misconduct: Evidence from Florida” (Research Brief in Economic Policy no. 171), Dhammika Dharmapala, Richard H. McAdams, and John Rappaport examine a change in labor law in Florida as a result of a 2003 court decision. They find that the right to bargain collectively led to an increase of about 40 percent in violent incidents at affected sheriffs’ offices.

KIDNEY COMPENSATION

Currently, about 95,000 patients are waiting for a kidney, the most commonly transplanted organ. The average wait is around 4.5 years while receiving dialysis, and several thousand people die every year because they cannot find a donor. In “The Eco-

nomics and Moral Foundations of Americans’ Attitudes toward Paying Kidney Donors” (Research Brief in Economic Policy no. 172), Julio Elias, Nicola Lacetera, and Mario Macis study the underlying assumptions and attitudes behind American public opinion on compensating kidney donors.

SEEN AND UNSEEN

Although free trade has gained increasing acceptance among policymakers over time, challenges to it have remained common. In “Debunking Protectionist Myths: Free Trade, the Developing World, and Prosperity” (Economic Development Bulletin no. 31), Arvind Panagariya builds on the principles of Frédéric Bastiat and Adam Smith, as well as decades of empirical data, to disprove many of the common arguments for protectionism, including the so-called infant-industry argument. ■

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