

# The High Costs of Collective Bargaining

**Rent-Seeking through Collective Bargaining: Teachers Unions and Education Production** (Research Briefs in Economic Policy no. 305) provides the most direct test of rent-seeking theory as it relates to collective bargaining over teacher compensation and its impact on student achievement. Jason Cook (University of Utah), Stéphane Lavertu (Ohio State University), and Corbin Miller (Office of Tax Analysis, U.S. Department of the Treasury) found that additional revenue did not lead to student achievement gains among districts that allocated these new funds while amid collective bargaining.

## CAN WE STOP DRUNK DRIVING?

In 2016, alcohol use was the leading global risk factor for both deaths and disability for those between ages 15 and 49. Scotland introduced a minimum unit price (MUP) on alcohol purchases in 2018, and **Alcohol Price Floors and Externalities: The Case of Fatal Road Crashes** (Research Briefs in Economic Policy no. 306) analyzed the impact of the Scottish MUP on fatal road accidents. Marco Francesconi and Jonathan James did not find that the MUP influenced fatal road crashes or had an impact on drunk-driving accidents. Its success might be realized only with the introduction of other policies.

## IMMIGRATION AND ELDERCARE

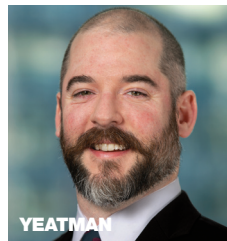
**Immigrant Labor and the Institutionalization of the U.S.-Born Elderly** (Research Briefs in Economic Policy no. 307) provides evidence that the availability of immigrant labor can reduce the likelihood of elderly individuals being placed in nursing homes or other institutions. The brief by Kristin F. Butcher, Kelsey Moran, and Tara Watson cites research showing that states with

higher levels of immigrant labor have lower rates of institutionalization among the elderly and suggests that this may be due to immigrant caregivers providing informal care to elderly individuals in their homes.

## TAXES COST TOO MUCH

Governments around the world are struggling with expanding debt levels and are facing increasing pressure to generate more revenue through tax hikes. However, **Downward Revision of Investment Decisions after Corporate Tax Hikes** (Research Briefs in Economic Policy no. 308) found a clear negative effect of increases in corporate tax rates on investment responses. The brief further shows it would be especially costly if corporate tax rates were increased to stabilize revenues in economically turbulent times.

## PRESIDENTIAL POWER



There can be no meaningful limits on executive power if presidents are allowed unfettered discretion to interpret the extent of their own power. William Yeatman, former research fellow at the Cato Institute, shows how recent presidents have been making ever greater use of their interpretive leeway in exercising their regulatory power to achieve their policy agendas in **Reining in the Unreasonable Executive** (Policy Analysis no. 935). No individual should be left at the mercy of unreviewable abuses of discretion backed by the state's power.

## GOT MILK?

**Safeguarding Consumers through Minimum Quality Standards: Milk Inspections and Urban Mortality, 1880–1910** (Research

Briefs in Economic Policy no. 309) examined the effects of milk inspections in the 1880s and 1890s on two health-related outcomes: infant mortality and mortality from waterborne and foodborne diseases. The study found inspections may have improved health outcomes by reducing the presence of contaminants in the milk supply; however, little support was found for the hypothesis that they reduced infant mortality.

## COPS PRACTICING MEDICINE

Why do people with alcohol-use disorder get treatment while heroin users get put in

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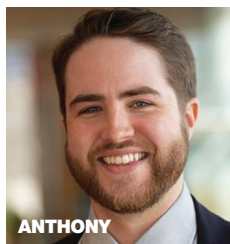
prison? **Cops Practicing Medicine** (White Paper) examines the history of the dehumanization of opioid users and the medical meddling surrounding opioids as drugs that doctors use to treat various ailments. Cato Senior Fellow Jeffrey A. Singer and former research fellow Trevor Burrus recommend that policymakers avoid passing or repealing any laws that cast in stone prescribing guidelines.

## RESTORING AMERICANS' FINANCIAL PRIVACY

Nicholas Anthony, policy analyst for the Center for Monetary and Financial Alternatives, says the right to financial privacy is under threat. **The Right to Financial Privacy** (Working Paper no. 69) argues that current laws and regulations do not adequately protect individuals' financial privacy. Anthony suggests that a new framework is required to better balance the need for financial privacy with the need for financial regulation and anti-money laundering efforts.

**Restoring Financial Privacy** (Study) by Norbert Michel and Jennifer J. Schulp further explains the Bank Secrecy Act (BSA), which requires financial institutions to help federal agencies detect and prevent money laundering and other crimes. This essentially forces private financial companies to act as law enforcement agents. Michel and Schulp determine that Congress should amend the BSA so that financial institutions are no longer forced to act as law enforcement agents.

## FEDERAL CRYPTO BRO?

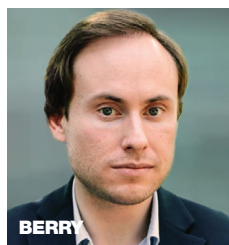


Government officials, in the United States and abroad, are actively working to implement central bank digital currencies (CBDCs) and solidify government control over payments systems. But Nicholas Anthony and Norbert Michel say CBDCs ultimately usurp the pri-

vate sector and endanger Americans' core freedoms. **Central Bank Digital Currency: Assessing the Risks and Dispelling the Myths** (Working Paper no. 70) finds all arguments for a U.S. CBDC fail to stand up to scrutiny. CBDCs have the potential to radically transform the American financial system to the detriment of the American people.

## CANCELED!

In August, President Biden announced a plan to cancel \$10,000–\$20,000 in federal student loans for all borrowers below an income cutoff. **The Illegality of Biden's Debt Cancellation Plan** (Briefing Paper no. 143) by research



fellow and managing editor of the *Cato Supreme Court Review*, Thomas Berry, focuses on one question: Is the plan legal? The Department of Justice concluded that student loan forgiveness can be implemented through the HEROES Act. Berry lays out how a careful examination of the act's text reveals no clear congressional intent to authorize such a sweeping plan and if challenged by a plaintiff with standing, the act is likely to fall.

## PSYCHIATRISTS VS. PSYCHOLOGISTS

Mental illness is a significant issue in the United States, with nearly one in five Americans living with mental illness. Jeffrey A. Singer's study, **Expand Access to Mental Health Care: Remove Barriers to Psychologists Prescribing Medications** (Briefing Paper no. 142) finds that expanding the scope of practice for competent clinical psychologists to include prescribing could help address the mental health crisis in the United States.

## PPP GETS AN F

The primary goal of the Paycheck Protection Program (PPP) was to support small

businesses affected by the COVID-19 pandemic to maintain employment at pre-pandemic levels. **An Evaluation of the Paycheck Protection Program Using Administrative Payroll Microdata** (Research Briefs in Economic Policy no. 310) found that the PPP boosted employment, but these effects faded by the end of 2020. The cost per job retained by the PPP was estimated to be \$258,000 in the baseline scenario, or \$169,000 in a more generous scenario. These high costs per job retained likely reflect the fact that the PPP program was designed to provide maximum flexibility to recipient firms in how they used the funds, rather than targeting the funds to firms with the greatest need or the greatest potential to maintain employment.

## ARMY BENEFITS

**Army Service in the All-Volunteer Era** (Research Briefs in Economic Policy no. 311) finds that enlisting in the army increases average annual earnings by over \$4,000 in the 19 years after application. The study concludes that the army plays a significant role in generating economic opportunity and reducing racial inequality for service members.

## CALIFORNIA DREAMING



In the year since the Cato Project on Poverty and Inequality in California released its final report along with 24 recommendations, Michael D. Tanner finds that California has made progress on some issues but made serious missteps as well. As a result, the **One-Year Anniversary Report Card of Cato's Project on Poverty and Inequality** (Study) determines that California continues to fail to lift millions of its citizens out of poverty or to enable every Californian to fully participate in the state's economy. ■