

SIZE MATTERS?

“Just How Big Is the Too-Big-to-Fail Problem?,” a white paper authored by Jim Barth, Apanard (Penny) Prabha and Phillip Swagel, examines the relationship between the size of financial institutions and the risks they pose to the commanding heights of the economy. Among other matters, our authors compare the size of banks in the U.S. with their counterparts in other countries. Which raises a vexing problem: can American banks reach to the scale that allows them to compete effectively on the world stage without becoming too big to fail? Download the paper free from the Institute’s Web site (www.milkeninstitute.org).

RETURN OF THE DUELING METROS

Each year, the Institute ranks America’s Best Performing Cities, and each year communities scramble for bragging rights. Our rankings are unrivalled in their completeness (360 metros, from Maine to Florida to Hawaii to Alaska) and laser-like focus on the factors that really count in making local economies hum. Once again, Texas dominates the top of the pops, with four cities among the top-five: San Antonio, El Paso, Austin and Killeen-Temple-Fort Hood. (Fort Collins, Colorado, filled slot no. 3.) Check out the dedicated section for Best Performing Cities on the Institute’s Web site, where you can browse wide or dig deep into the data to see how your favorites have fared over the past decade.

BOOK SMARTS

Fixing the Housing Market: Financial Innovations for the Future, authored by the Milken Institute’s James Barth and Glenn Yago along

with Franklin Allen of the Wharton School, is the latest volume in the Wharton School Publishing/Milken Institute Series on Financial Innovations. Published by the FT Press, the book charts the history of housing finance from the “mortgage stones” of ancient Greece to the mortgage-backed securities of today. Among its conclusions: innovative finance is key to reviving the housing market and keeping it healthy.

The Institute’s Jim Barth was also one of three authors of a recent book from MIT Press, *Guardians of Finance: Making Regulators Work for Us*. Barth, writing with Ross Levine of Brown University and Gerard Caprio of Williams College, argue that the standard prescription for financial regulation, layering on more regulations and more regulators to enforce them, won’t cure what ails. What’s needed, they say, is an independent inspection agency free of the conflicts of interests inherent in regulation-as-usual.

