

PAYING FOR MIRACLES

Despite the enormous potential of biomedical research to increase both the quality and length of life, public and private funding has declined as the cost and perceived risks have risen. Hence the significance of a new report from the Milken Institute, offering insights into how the funding gap can be closed using innovative financial tools.

The findings can be found in the report “Financial Innovations for Accelerating Medical Solutions,” which is based on a pair of workshops hosted by the Milken Institute. The report offers six new approaches to maximizing bang per research buck, including the pooling of intellectual capital like patents and the use of non-profit foundation funds to enhance the credit quality of private investment offerings. The full report is available at www.milkeninstitute.org



EARLY BIRD

The Milken Institute’s annual Global Conference, which has become one of the most talked-about events of its kind, celebrates its 10th anniversary this year. The 2007 Conference, to be held April 23-25 in Los Angeles, will bring together attendees from 50 countries, including 400 speakers appearing in more than 100 sessions.

Some 2,500 of the world’s leading decision-makers and thought leaders, many of them senior executives from the world’s leading corporations and financial institutions, are expected to attend. With the venue of the three-day event, the Beverly Hilton Hotel, likely to be packed, we encourage you to register early to guarantee your space. For specifics, go to www.milkeninstitute.org.

EYES ON CHINA

Xinhua Finance Ltd. and the Milken Institute have released the first three of eight new



Experts gather at the Milken Institute to brainstorm ways to mobilize capital for medical research.

COURTESY OF THE MILKEN INSTITUTE

economic indicators tracking China's financial markets.

Renminbi Pressure Indicator: The monthly RPI, which measures the appreciation pressure on the renminbi, shows that upward pressure on China's currency increased 14.6 percent from July 2004 to July 2005, when the currency was revalued. In the 12 months since the revaluation, the pressure has been reduced by 9.4 percent.

Chinese Initial Public Offering Indicator: The monthly IPO Indicator offers a summary of composition and performance changes in the Chinese IPO market, as measured by market capitalization. The indicator, composed of a monthly average of 102 companies, shows an 80 percent price appreciation in new issues from December 1997 to August 2006.

Market-Adjusted Debt Indicator: The quarterly MAD indicator measures the capital structure of Chinese companies, using a long-term debt-to-equity ratio based on market value instead of book value. It shows that, from 2001 to the first quarter of 2006, the amount of market debt outstanding increased from 6.6 cents to 22.2 cents for each dollar of equity capital, a 236 percent increase.

SAVING PITTSBURGH

If the economy of Pittsburgh, Pennsylvania is to grow and remain competitive with other industrial centers, it must create more technology-based startup companies, according to two new reports – one from the Milken Institute and the other from the Battelle Memorial Institute.

Together, the reports offer a clear picture of metropolitan Pittsburgh's competitive position and lay the foundation for a focused strategy to keep what was once called the Iron City at the leading edge of American technology.

The Milken Institute's report, "Pittsburgh Technology Strategy," concludes that the metro is not reaching its development potential for several reasons, among them high corporate taxes, a lackluster environment for entrepreneurship, and a paucity of anchor firms.

The study is available online at www.milkeninstitute.org.

HELPING ISRAEL

The Milken Institute has received a \$270,000 grant from the Jewish Community Foundation of Los Angeles to foster knowledge of new ways to finance Israel's economic development. The grant money was awarded to the Institute's Israel Center, which works to accelerate capital-market development and job creation with the goal of ensuring Israel's prosperity.

The award to the Institute is one of several grants totaling \$1 million to Israel-based initiatives recently announced by the Jewish Community Foundation, the largest manager of charitable assets and the leader in planned giving solutions for Jewish philanthropists in Greater Los Angeles.

REFLECTED GLORY

Two esteemed contributors to the *Milken Institute Review* have won the prestigious IZA Prize in Labor Economics, awarded by the non-partisan Institute for the Study of Labor in Bonn, Germany. David Card of the University of California (Berkeley) and Alan Krueger of Princeton were honored for their innovative empirical research – in particular, their use of "natural" experiments to gain insight into contentious questions in public policy. The two economists split a €50,000 honorarium. **M**