

\$14.95 FOR A CHEESEBURGER?

In large part due to high electricity and labor costs, Hawaii, New York and Alaska are the most expensive states in which to operate businesses, according to the latest update to the Milken Institute Cost-of-Doing-Business Index. South Dakota, Iowa and North Dakota offer the best bargains.

The biggest mover in this year's index was Maine, rising 11 spots to 17th-most expensive, thanks to ballooning electricity prices. Of the states that moved down the rankings most, hard-pressed Michigan led the pack. It moved from 13th place in the 2005 rankings to 20th.

The Cost-of-Doing-Business Index includes wage costs, taxes, electricity costs and real estate costs for industrial and office space. The index, which was sponsored by the California Manufacturers and Technology Association, is available on the Milken Institute Web site: www.milkeninstitute.org.

CALIFORNIA SCHEMING

The Milken Institute's annual State of the State Conference, which brings together California's leading lawmakers, senior business executives, investors and a variety of other movers and shakers for an extraordinary day of give-and-take over the state's future, takes place on October 29, 2007, at the Beverly Hilton Hotel in Los Angeles.

Be a part of this important decision-making process as we focus on some of the state's

most pressing challenges, including the growing costs of health care and the economic crunch between California's new carbon emissions goals and rising energy demand.

To register, or simply to obtain more information, go to www.milkeninstitute.org/sos2007.

UNSHACKLING THE SHEKEL

Two years after the passage of the Bachar Reforms – landmark legislation that sought to bring greater competition to Israel's financial markets – only half of the recommendations have been implemented. That's the conclusion of a new policy brief issued by the Institute and the Koret Fellows Program.

While there has been progress in reducing conflicts of interest and decreasing the banking industry's dominance in capital markets, some of the most important reform recommendations have yet to be implemented. One consequence: slower economic growth.

The report, "Beyond Bachar: Next Steps for Financial Reform," is available in both English and Hebrew at www.milkeninstitute.org.

GETTING FROM HERE TO THERE

Florida's growing life sciences industry has the potential to develop a robust innovation pipeline linking universities and research institutions to private business incubators, intellectual property firms and venture capitalists. But the devil, as they say, is in the details.

Just how to craft those details, guiding

Florida toward a future as a major player in this knowledge-based industry, was the task of the Milken Institute. “Florida Life Sciences Road Map,” recently released by the Institute, offers a close look at the industry’s strengths and weaknesses, benchmarked against 10 other states. It also provides a series of recommendations on how the state can develop the sector.

The report, which was sponsored by Enterprise Florida Inc., the Florida High Tech Corridor Council Inc., and Workforce Florida Inc., is available for viewing at www.milkeninstitute.org.

CHECK OUT THE BLING

We invite you to visit the Milken Institute’s redesigned Web site, which makes it easier and faster to find what you’re looking for. Months in the making, the remodeled site offers visitors a simpler way to view upcoming events, our latest publications, areas of research, staff and news. It also highlights the Institute’s vast library of videos, audio recordings, presentations and photographs from all of past our conferences and forums.

The URL hasn’t changed (www.milkeninstitute.org), but we’re proud of the new duds.

And the man on the spine is...

James Tobin (1918-2002) is remembered as the last great Keynesian – the economist who integrated financial market analysis into a macroeconomic framework that countered recessions by stimulating demand instead of merely easing credit. But he left his fingerprints all over modern economics, notably in portfolio theory (how individuals maximize the value of the assets). And he never hesitated to challenge received wisdom. For example, late in his career he argued that, paradoxically, trading costs were too low in stocks and foreign currency, reducing efficiency by increasing price volatility. Hence, the logic of a “Tobin tax” on transactions.

As the grand old man of the Yale economics department (teaching there for a half-century), he influenced generations of academic economists in much the way Milton Friedman did at the University of Chicago and Paul Samuelson did at MIT. Surely, though, his most important student was President John F. Kennedy. As a member of the President’s Council of Economic Advisers, he provided a private tutorial in Keynesian economics to Kennedy that led to the big tax cut, passed in 1964 after JFK’s assassination. (Kennedy is claimed as the patron saint of supply-side economics because he emphasized the impact on lower marginal tax rates on growth. But this is a false dichotomy: Keynesians’ real quarrel was with monetarists, not with people who argued that tax incentives could greatly influence investment and growth.)

