

**You may have** the leisure this summer to sample the new vintage in Montalcino or to social climb in Aspen. But here at the Milken Institute sweatshop we've been working 24/7 to pack the *Review* with brilliant articles. Well, make that 8/5, with frequent breaks for frappuccinos.

**Robert Litan**, director of economic studies at the Brookings Institution, examines proposed post-Enron fixes of financial accounting standards and finds them lacking. "A central problem with any monopoly standard-setter is that it has no incentive to respond quickly to market forces, let alone to resist political influence," he writes. "As in private markets, the solution to monopoly is competition."

**David Levine**, formerly chief economist at Sanford Bernstein, sees efforts to add a private component to Social Security as a diversion from the core issue of how to pay for the retirement of the big, baby boom generation.

"By delaying retirement commensurate with gains in longevity," he argues, "benefits could be maintained without raising taxes because the ratio of workers to retirees would remain high enough to cover the bill." Readers craving more on this subject may wish to listen to the proceedings of a 2002 Global Conference panel, "Pensions: Financing Retirement Across Longer Lifespans," found with a couple of clicks on the Institute's Web site ([www.milkeninstitute.org](http://www.milkeninstitute.org)).

**Gavin Buckley**, a specialist in international finance at the U.S. Treasury, takes a close look at the agency in charge of cleaning up Japan's monumental banking mess. "While

the Resolution and Collection Corporation has often been likened to America's Resolution Trust Corporation, which was instrumental in resolving the savings and loan crisis in the United States," he writes, "neither the RCC's bureaucracy nor the government defines its mandate in a way that offers much hope of a fix anytime soon."

For other views, check out the audio recording of this year's Global Conference panel, "Can Japan Compete in the 21st Century" on the Institute's Web site.

Now for dessert – not one, but two book excerpts. **George Soros's** modestly titled *On Globalization* is anything but modest in conception. The billionaire currency-speculator-turned-philanthropist outlines a plan for dramatically increasing both the quality and efficacy of foreign economic aid.

In *Globalization and Its Discontents*, Nobel Prize-winner **Joseph Stiglitz**, does not mince words about his least-favorite international organization. Thanks to the IMF's handling of the Asian financial crisis, he writes, "capital markets will work less efficiently and the growth of living standards will be slowed. Indeed, the IMF policies in East Asia had exactly the consequences that have brought globalization under attack." – *Peter Passell*

BY WILLIAM H. FREY

## According to census

figures released in June, one-quarter of Americans now have college degrees – an all-time high. During the 1990s, the number of people with a sheepskin increased by well over a third, while high-school dropouts declined. But the bounty of the educated is not evenly distributed across the country.

States and local communities wishing to improve their tax bases, and cash in on the knowledge economy, have done their best to lure the best and the brightest. At the same

time, new immigrants with below-average education are locating in gateway regions where affluence has driven demand for low-skill services – restaurant workers, office

### LARGE METROS WITH HIGHEST “BRAINS TO BRAWN” RATIOS

Metro areas over one million population with highest ratios of college graduates to high school dropouts\*

1. Minneapolis-St. Paul, MN-WI (3.53)
2. Seattle-Tacoma-Bremerton, WA (3.04)
3. Raleigh-Durham-Chapel Hill, NC (2.66)
4. Denver-Boulder-Greeley, CO (2.66)
5. Washington-Baltimore, DC-MD-VA-WV (2.46)
6. Austin-San Marcos, TX (2.41)
7. San Francisco-Oakland-San Jose, CA (2.32)

### LARGE METROS WITH LOWEST “BRAINS TO BRAWN” RATIOS

Metro areas over one million population with lowest ratios of college graduates to high school dropouts\*

1. Las Vegas, NV-AZ (0.79)
2. Miami-Fort Lauderdale, FL (0.88)
3. Los Angeles-Riverside-Orange County, CA (0.90)
4. San Antonio, TX (0.99)
5. New Orleans, LA (1.01)
6. Greensboro-Winston-Salem-High Point, NC (1.07)
7. Houston-Galveston-Brazoria, TX (1.12)

\*Persons age 25 and above who graduated from college, divided by persons aged 25 and above who did not complete high school