



### Our Mission

The Milken Institute's Capital Studies group seeks to maximize job creation and wealth formation through the democratization of capital — financing ideas that make capital accessible to all segments of society throughout the world.

### Our Vision

The broad-based use of innovative financial technologies that leverage the full spectrum of capital — social, human, environmental and financial — is the key to unlocking hidden value and financing the future.

### Why Now?

We live in a time of great opportunity. Yet widening gaps in income, education, health, wealth and employment threaten global growth, peace and prosperity. Our work helps visionary leaders apply market-based solutions to public policy challenges. These leaders come from foundations; financial institutions; state, local, national and international governments; multilateral international organizations; trade associations and labor unions; business; policy centers; academia; and the media.

**"The opening of America's capital markets over the past 30 years has given people with a dream a chance to test themselves in the marketplace and helped create 62 million new jobs in small and medium-sized businesses. That has strengthened our economy, to be sure. Equally as important, it has strengthened our democracy."**

— Michael Milken

## The Opportunity

We offer new directions in problem-solving policy initiatives, institutional investing and strategic philanthropy. By participating, you can take part in creating financial innovations that promote economic independence and sustainability worldwide.



To participate, please contact Jared Carney, Director of Marketing and Program Development: [jcarney@milkeninstitute.org](mailto:jcarney@milkeninstitute.org) or (310) 570-4676

The Capital Studies group incorporates the Center for Global Capital Markets, the Center for Emerging Domestic Markets, the Israel Center, the Center for the Middle East and the Strategic Action Volunteer Effort (SAVE).

## Highlights

### FINANCIAL INNOVATIONS LABS

Financial Innovations Labs bring together researchers, policy-makers and business, financial and professional practitioners to create market-based solutions to business and public policy challenges. Using real and simulated case studies, Lab participants consider and design alternative capital structures and then apply appropriate financial technologies to them.

Recent Financial Innovations Labs have generated proposals on:

- alternative energy development
- accelerated medical solutions
- facilitating capital access to small and medium-sized businesses in emerging domestic markets and developing countries
- catastrophic risk
- building Israel's biotech sector
- post-conflict economic recovery and development in northern Israel
- archaeological conservation and discovery

### CENTER FOR EMERGING DOMESTIC MARKETS

The Center for Emerging Domestic Markets supports the expansion of investment and entrepreneurial activity in undervalued and undercapitalized markets and communities. These include women- and ethnic-owned businesses, urban and rural areas, and low-income communities. They represent fast-growing segments of the U.S. economy and are important driving forces behind growth and prosperity.

### RISK-MANAGEMENT TOOLS

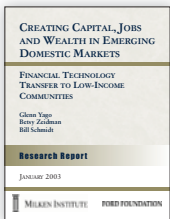
The Milken Institute identifies and quantifies sources of global country risk to facilitate better business and public policy decisions in risk management. Institute researchers have developed a variety of analytic tools relevant to international portfolio management and expanding capital markets.

- **Capital Access Index:** an annual index scoring the ability of entrepreneurs to gain access to financial capital in countries around the world. The index measures the vitality of individual capital markets and is an indicator of democratization of capital globally.
- **Opacity Index:** a measure of the low-impact, high-frequency risks of opacity that companies and investors face in a global marketplace. Lack of transparency in banking, judicial, regulatory and other institutions is one of the most costly risks of doing business abroad.
- **Financial Reform Index:** an indicator tracking the progress of various countries in developing their financial-sector policies and regulatory reforms.
- **Banking Crisis Likelihood Index:** applied research in banking crisis early warning systems that provides risk managers a critical extension to value at risk.

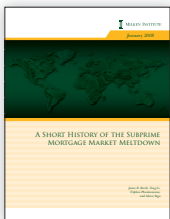
## Recent Publications



**Emerging Domestic Markets: Increasing Capital by Improving Data:** a comprehensive review of current data sources on emerging domestic markets and a proposed approach for data sharing — a “data consortium” — that leverages existing resources and provides opportunities for improved analysis, policy-making and product development.



**Creating Capital, Jobs and Wealth in Emerging Domestic Markets: Financial Technology Transfer to Low-Income Communities:** an examination of the capital gaps in emerging domestic markets, investment opportunities and impact on national economic growth, and a compendium of innovative strategies, financial technologies and market-based public policy innovations that could facilitate capital allocation.



**Perspectives on the Subprime Market:** a review of the subprime mortgage market meltdown, concluding that despite foreclosures, subprime lending is not necessarily the problem and, in fact, increases homeownership.



**Xinhua Finance/Milken Institute China Indicators:** a series of standardized measurements gauging the risks and returns in China’s financial markets. The indicators measure banking strength, renmimbi pressure, public offerings, mergers and acquisitions, and corporate governance, among others.



**Transatlantic Innovations in Affordable Capital for Small- and Medium-Sized Enterprises: Prospects for Market-Based Development Finance:** a study of the barriers and innovative approaches to capitalizing emerging-market SMEs.



**Milken Institute Series on Financial Innovation and Economic Growth:** an ongoing book series that brings current information to practitioners, researchers and policy-makers. Recent titles include: *Entrepreneurship in Emerging Domestic Markets: Barriers and Innovation*, *The Savings and Loan Crisis: Lessons From a Regulatory Failure* and *Asia’s Debt Capital Markets: Prospects and Strategies for Development*.

## Events

The Milken Institute’s Capital Studies group hosts forums and presentations throughout the year. In addition to our Financial Innovations Labs, recent events include:

### **Economic Forum on Early Childhood Investment**

Co-sponsored with the Partnership for America’s Economic Success, this research and policy discussion addressed strategies for the United States to build the human capital necessary to support a 21st-century work force by investing in the nation’s youngest children.

### **AB32 and Beyond: Next Steps in California’s Policy on Global Warming**

Corporate, financial and public policy leaders explored the implications of and options for implementation of California’s groundbreaking legislation requiring reductions in carbon emissions.

### **Market-Based Solutions to Climate Change Through Environmental Finance**

This research roundtable highlighted the work of Milken Institute Senior Fellow Richard Sandor, founder of the Chicago Climate Exchange, a self-regulatory exchange that administers a voluntary, binding program in greenhouse-gas-emissions reduction and trading.

### **Asian Bond Market Forum**

This forum, in Hong Kong, brought together research, government and private-sector organizations to address the opportunities and challenges for developing bond markets in the Asia-Pacific region.

## Some of Our Partners

Allstate	Koret Foundation
Bioaccelerate	Latino Community Foundation
California Hydrogen Association	Loan Syndication and Trading Association
CalPERS	Minority Business Development Agency
CalSTRS	National Women’s Business Council
Chicago Climate Exchange	Nature Conservancy
City of Los Angeles	New America Alliance
Council on Foreign Relations	Pew Charitable Trusts
David and Lucile Packard Foundation	PricewaterhouseCoopers
Ewing Marion Kauffman Foundation	Saban Family Foundation
F.B. Heron Foundation	San Francisco Hispanic Chamber of Commerce
Federal Reserve Banks	State of California
Ford Foundation	State of Maryland
Rosalinde and Arthur Gilbert Foundation	United Nations Foundation
German Marshall Fund of the United States	U.S. Department of State
Government of Israel	U.S. Department of Treasury
Hebrew University of Jerusalem	U.S. Small Business Administration
Hong Kong University	World Bank
Initiative for a Competitive Inner City	Xinhua Finance
Jewish Community Foundation of Los Angeles	