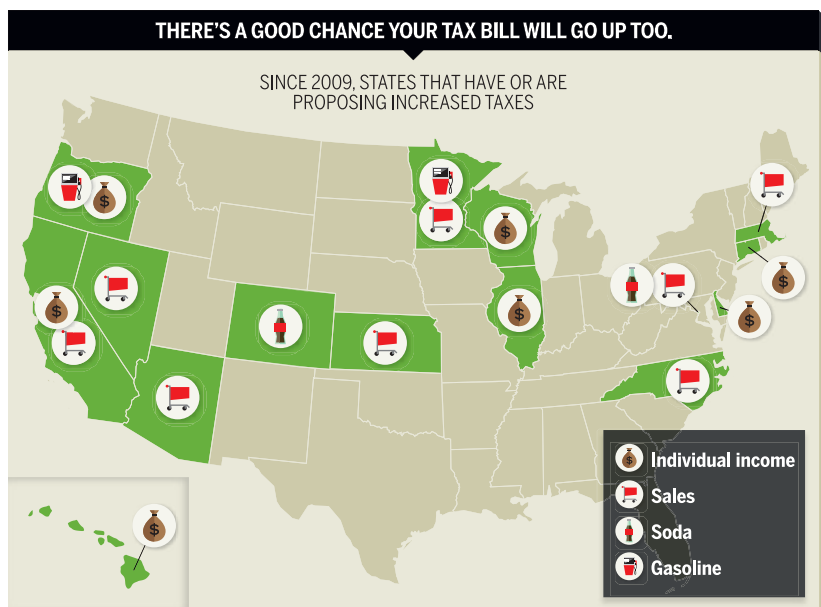
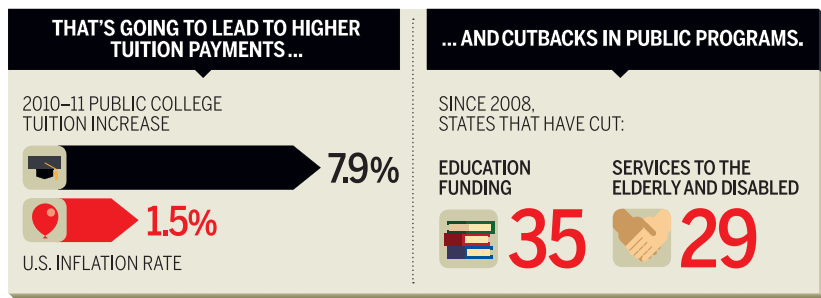
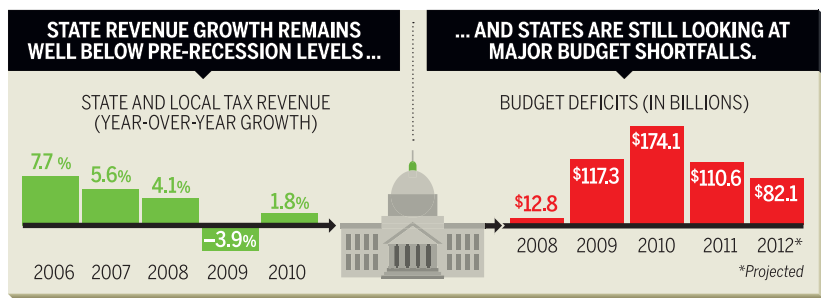


By the Numbers

## THE REAL BUDGET MESS: YOUR STATE

The economy is digging out of recession, but many states are still in a very deep hole. How will you pay the price? By SAMANTHA LEAR



NOTES: Tuition rates are for in-state students; public cutbacks includes states and Washington, D.C.; tax increases for California were enacted in 2009 and are proposed to be extended through 2011; income tax increase in Illinois is proposed. SOURCES: National Association of State Budget Officers, College Board, Tax Foundation



The Big Idea

## BRING BACK OLD-FASHIONED BANKING

AMAR BHIDE, professor at Tufts University's Fletcher School and author of *A Call for Judgment*

Before the financial crisis, robo-lending had replaced human judgment when it came to loan decisions, with disastrous consequences. Big banks relied on statistical models, which made unrealistic assumptions or were misused and hard to understand, and gave loans to reckless borrowers.

I propose reinstating a tougher version of the Glass-Steagall Act, a Depression-era law which said that commercial banks couldn't also be investment banks. Banks should do little besides make loans to individuals and nonfinancial businesses, and they should make personal, case-by-case evaluations of the applicants. This would change banking from a high-tech business that is boom and bust to one earning steady but not spectacular returns. It would also help prevent future meltdowns.

—As told to Donna Rosato