assets-to-deposits ratio. *The Journal of Finance*, Vol. 44, No. 5 (December 1989), pp. 1313-33. (Reprinted with permission of *The Journal of Finance*).

Changing Incentives Facing Financial-Services Regulators, by Edward J. Kane (The Ohio State University).

This article analyzes incentive conflicts that government officials face in operating a deposit insurance fund. Unresolved principal-agent problems exist between fund managers, the politicians to whom they report, and the taxpayers who constitute the enterprise's ultimate stockholders. Managers' ability to conceal implicit losses creates a conflict between maximizing the present value of the fund's future cash flows and protecting their own reputations and future job prospects. These conflicts move regulators through incentive cross-over points that mark off three behavioral regimes: (1) slow but open adaptation to client innovations; (2) denial of reputation-threatening problem situations; and (3) grudging truth-admittance about long-deferred problems. *Journal of Financial Services Research*, Vol. 2, No. 3 (September 1989), pp. 265-74. (Reprinted with permission of Kluwer Academic Publishers).

The Federal "Safety Net" and the Repeal of the Glass-Steagall Act's Separation of Commercial and Investment Banking, by George J. Benston (Emory University).

If banks were allowed to engage in securities activities, it is feared that the federal "safety net" - deposit insurance, the Fed's role as lender-of-last resort, and government intervention to prevent financial crises - might be strained and possibly broken as banks' risk taking increased. An analysis of methods of controlling risk taking and bankers' present ability and propensity to take risks leads to a contrary conclusion. Nevertheless, the concern has given rise to a considerable body of empirical work. Studies on bank failures, risk-return profiles, cash flows, and profits and losses from underwriting are reviewed critically. On the whole, both the empirical and theoretical analyses provide little reason for concern about the federal safety net. *Journal of Financial Services Research*, Vol. 2, No. 4 (October 1989), pp. 287-305. (Reprinted with permission of Kluwer Academic Publishers).

SOCIAL INSURANCE

Social Security Financing in North America, by Harry C. Ballantyne (Social Security Administration).

This article presents an overview of social security financing in the United States and Canada. The systems of financing social security, recent financial operations and trends, and the current financing issues are described for both countries. Due largely to past and projected birth rates and mortality rates, the