



A Cato Institute Financial Regulation Proposal Progressives Could Get Behind

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Here's an interesting idea from Cato's Mark Calabria, impose de facto curbs on bank size by [curtailing access to FDIC deposit insurance](#).

He wants to do this in two different ways. One is by simply reducing the current \$250,000 cap on insurable deposits and eliminating the loophole whereby a person can have multiple different insured accounts. The second is to limit the total quantity of insured deposits any bank can hold to 5 percent of the FDIC's total deposit insurance fund. Once a bank reaches that cap, it can continue to take deposits but they'd have to be uninsured. That ought to create a financial disincentive toward becoming very large, and especially make it difficult to combine extremely large size with large-scale risk-taking.