From the Editor

Business Economics (2015) **50**, 49–50.
doi:10.1057/be.2015.18

Upon receiving the Paul A. Volcker Lifetime Achievement Award for Economic Policy at the NABE Economic Policy Conference in March 2015, Alice M. Rivlin presented an address that questioned whether inflation is overrated as an economic policy concern for the indefinite future. Instead of inflation being a primary concern, monetary policy should emphasize financial stability; and fiscal policy should be focused on sustainable economic growth. This address is the first article of this issue.

The second article of this issue also investigates the inflationary environment. John C. Williams, the President and CEO of the San Francisco Federal Reserve Bank, uses a Kalman filter approach to investigate whether there is a “new normal” for the natural rate of interest. He finds that the natural rate of interest is not fixed, as has been widely believed. Rather, it has been declining since 1980. Continuation of this trend will have important implications for monetary policy and private decision-making.

The third article is by Nathan Sheets, the U.S. Department of the Treasury’s Under Secretary for International Affairs, and Michael Pisa. It points out that while financial markets are global, financial regulation is national. This situation sows the seeds for international financial crisis unless the major countries coordinate their financial regulation. The paper presents the objectives of such global cooperation and describes current efforts.

Continuing with the theme of global finance, Philipp A. Hildebrand documents the increased complexity facing central banks in the wake of the global financial crisis of 2008 and discusses the “hard truths” that they must address in a world of new types of financial risks.

Transfer pricing is a growth industry for business economists, but its what and why are mysteries for many, if not most, who are not directly involved in it. Thus, Constance L. Hunter, Thomas Herr, and Marcus

Heyland discuss what transfer pricing is and why it is important for efficient resource allocation and tax policy for multinational firms.

Trading strategies are often at the center of stock market speculation, which in turn contributes to financial instability. Gagari Chakrabarti explores the extent to which there have been profitable time-series momentum trading strategies in global stock markets over the periods before, during, and after the financial crisis.

In this issue’s Focus on Statistics, Erica L. Groshen, the Commissioner of Labor Statistics, describes the Bureau of Labor Statistics’ efforts to produce new products and enhance the quality and accessibility of existing ones.

In Focus on Industries and Markets, Emil B. Berendt describes the importance of the home improvement, repair and maintenance industry in the U.S. economy, how it is organized, and how it affects other sectors.

David P. Teolis describes work in international economics for General Motors in this issue’s Economics at Work. Although requests are many and varied, at the core of the work is an intense concentration on the economic fundamentals of vehicle sales. The article describes the role of economic analysis at GM and the author’s own career path to date.

As is *Business Economics*’ standard practice, this issue has two book reviews. The first is Erin Arvedlund’s *Open Secret: The Global Banking Conspiracy That Swindled Investors Out of Billions*, reviewed by William C. Dunkelberg. It is an account of how major banks conspired to fix LIBOR—the international interest rate benchmark—for their own profit and to make their liquidity positions look better than they actually were. The consequences of misallocation were enormous, and the fines and penalties in the LIBOR manipulation’s wake did not begin to compensate those who were victims. Dunkelberg finds *Open Secret* to be a fascinating read and observes: “Certainly the reader will not be left feeling more confident about the honesty and integrity of the managers of our major financial institutions and the ability of our regulators to protect the public from their avarice.”

The second book reviewed is about *us*, dear readers! It is Robert E. Litan's *Trillion Dollar Economists: How Economists and Their Ideas have Transformed Business*. It is reviewed by Douglas J. Lamdin. Lamdin describes the contents of the book, which comprises three parts: economists' influence on business practice, economists' influence on business through public policy, and new directions for economics and economists. He notes the numerous specific examples that Litan presents of economic analysis having an important impact and finds the book to be engagingly written, albeit with a tendency to "accentuate the positive." Although Lamdin is somewhat unhappy with the book's focus exclusively on the U.S. domestic economy, his overall view is quite positive.

***Business Economics'* 50th Anniversary**

As noted in the January issue, *Business Economics* is celebrating its 50th anniversary this year and will have a few special features in upcoming issues to commemorate the occasion. A new development is that Palgrave Macmillan, who publishes *Business Economics* on NABE's behalf, will publish a special commemorative book on the best articles of *Business Economics'* first 50 years. The Editorial Board has been engaged in the daunting task of making these selections. It is an exciting project, and I look forward to the finished product.

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