From the Editor

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In the first article of this issue, Lord Adair Turner describes how monetary theory and central bank policy and practice have had to change in the wake of the 2008 financial crisis. Low and stable inflation is no longer sufficient to ensure macroeconomic and financial stability. The details of the financial system and balance sheet aggregates are also important, and monetary and macroprudential policy must control both the quantity and allocation of credit.

In the second article, Rudolph G. Penner observes that while low interest rates and slowly growing health costs have helped ease the burden of federal debt, these conditions are not expected to continue for very long. Penner analyzes which expenditures do and do not cause a significant long-run increase in the federal debt burden and describes how a remedy implies difficult choices that require leaders of all political persuasions “to join hands and jump off the cliff together.”

In the third article, Mark A. Johnson and Douglas J. Lamdin observe that lack of financial understanding on the part of households was a contributing factor to the 2008 financial crisis. They then use survey data to explore the state of financial and economic knowledge of the general American public. Their analysis confirms expectations concerning the role of demographic influences, and they find that there are important shortcomings in financial knowledge of many Americans. They offer recommendations on how these shortcomings can be mitigated.

In this issue’s Focus on Industries and Markets, Leah Goddard analyzes the American solar panel manufacturing industry. Although solar energy from photovoltaic panels has grown rapidly, the American solar panel manufacturing industry has been volatile. Goddard analyzes this business environment, especially the role of government assistance and foreign competition, and develops an outlook for solar panel manufacturing.

In the first of this issue’s two book reviews, Jesse S. Hixon considers *The Frackers: the Outrageous Inside Story of the New Billionaire Wildcatters* by Gregory Zuckerman. The book describes the combination of entrepreneurship, serendipity, and technological ingenuity that has characterized the development of the current natural gas and petroleum boom in the United States. Hixon finds that the book reads almost like a novel, with its colorful characters and anecdotes—case studies about how fortunes can still be made and lost outside Silicon Valley.

Gerald L. Musgrave reviews *Free Market Environmentalism for the Next Generation* by Terry L. Anderson and Donald R. Leal. The core of the book is the contention that environmental problems are issues of market failure, mostly due to nonexistent or clouded property rights. The focus of the book is finding “win-win results where the resource rivalry is channeled into cost-and-externality-minimizing activities or internalized so that those who make the decisions receive the benefits and bear the costs.” The book describes a number of instances in which resource users and environment protectors find such win-win solutions by the use of sound economic principles and good sense. Musgrave concludes that business economists will find that reading this book will be an “exciting and illuminating adventure.”

C. Mark Dadd

Mark Dadd, a past president of NABE in 1996–97 and a long-time member of the *Business Economics* Editorial Board, has died after a long illness. Those who knew Mark will remember his warmth and good humor as well as his thoughtfulness and capability as an economist. He was a willing and productive member of the Editorial Board until his illness prevented him from continuing. Those who knew him are saddened by his loss.

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