



From the Editor

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It was not surprising that the current banking crisis and recession held center stage at NABE's 25th annual Washington Economic Policy Conference, held in March. We do, indeed, "live in interesting times." The contents of this issue of *Business Economics* largely reflect the interests of these times by publishing several of the policy conference presentations concerning fiscal, monetary, and trade policy.

The first article, by Christina D. Romer, the Chair of President Obama's Council of Economic Advisers, examines the impact of the fiscal stimulus package and finds reasons for being optimistic regarding its effectiveness, citing factors that cannot be easily captured through conventional econometric models. The second article, by Jeffrey M. Lacker, the President of the Fifth District Federal Reserve Bank (Richmond), looks at dangers of the targeted lending initiatives of the Federal Reserve, calls for regulation commensurate with the assistance given, and raises the question of whether targeted lending is an appropriate activity for the Federal Reserve in the first place.

Alan D. Viard foresees the emergence of four long-term fiscal realities that will shape policy for years to come. These are revenue rising as a share of GDP, reduced entitlement spending, the increased fiscal burden borne by the middle class, and the likely introduction of a consumption tax. In his article, Jeffrey J. Schott contends that trade policy in the Obama administration will focus more on enforcement of existing agreements rather than protectionist initiatives. Multilateral approaches will be preferred to bilateral, and climate change will emerge as an important issue. The next article, by Thomas A. Hemphill, examines a particular trade-related issue—how to ensure the safety of food imports as they increase as a consequence of multilateral and bilateral trade agreements. Given

the budgetary constraints on the agencies responsible for monitoring food safety, he finds that increased responsibility will have to be borne by the private sector.

In "Focus on Industries and Markets," Michael A. Deneen and Andrew C. Gross examine the world mining machinery industry, examining the prospects for growth and the changing structure of the industry. This article was originally supposed to be in the April issue. I apologise for our mishandling it. In "Economics at Work," Keith Burbank describes the factors governing benefit-cost analysis in the Federal Emergency Management Agency (FEMA) in its efforts to mitigate the effects of prospective natural disasters. There is no Focus on Statistics article in this issue.

In the first book reviewed in this issue, *Getting Off Track: How Government Actions and Interventions Caused, Prolonged, and Worsened the Financial Crisis*, John B. Taylor contends that governmental action and inaction were largely responsible for the current economic and financial crisis and is skeptical that government can provide effective remedies. The reviewer, Jerry Tempelman, finds it to be a valuable contribution to the analysis of the current situation, one that may help to avoid policy mistakes in the future. The second book review is of *Capital Ideas Evolving* by Peter L. Bernstein, who died recently at the age of 90. The reviewer, Robert A. McLean, finds that together with his *Capital Ideas*, Bernstein has provided a comprehensive treatment of modern financial economics that is readable and comprehensive, and rich in interesting, illustrative anecdotes.

Finally, In Memoriam for Edmund A. Mennis was supposed to appear in the April issue but did not. It is in this issue, and I apologise for its omission in April.

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