



From the Editor

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Most of the contents of this issue came from the NABE Annual Meeting of October 11-13, 2015. This was not planned: it is simply the way things have worked out. The issue starts out with a paper by Douglas W. Elmendorf on five ways that federal budget policy can be employed to foster economic growth that is particularly targeted at the lower part of the income distribution.

The second paper is NABE President John Silvia's presidential address. In it, he describes what he has learned about how to cope with understanding and forecasting an economy that often departs from standard assumptions and models. This departure puts a premium on explicit recognition of the problems posed by a "less-than-perfect economy" and how to cope with them.

The third paper is by James A. Wilcox, this year's winner of the Edmund A. Mennis Contributed Paper Award. It describes the construction and testing of an index of home purchasing sentiments. This index holds great promise in the analysis of residential mortgage originations, house prices, sales, and starts.

The next two papers concern setting and executing central bank policy. James Bullard and Kevin L. Kliesen describe three major policy approaches that differ from the orthodox approach being pursued by the Federal Reserve. They analyze how the competing approaches would have fared had they been implemented consistently over the past few decades. Steven A. Poloz, the Governor of the Bank of Canada, describes the complexities of integrating financial stability objectives and monetary policy. He describes why the Bank of Canada regards itself as the last line of defense

regarding financial stability and why risk management rather than policy optimization is the Bank's appropriate role.

As observed previously, 2015 marks the 50th anniversary of *Business Economics*. To mark this milestone, yours truly has tried to document this journey in the final general article of this issue.

In this issue's Focus on Industries and Markets, Jennifer Mapes-Christ and Andrew C. Gross examine the market for light sources, including the regional composition of the size and growth of the market, its structure, and the impact of technological change.

In the first of this issue's two book reviews, Charles Steindel reviews *Boss Life: Surviving My Own Small Business* by Paul Downs. It is an account of how the owner of a small business coped with the challenges he faced in 2012. It holds a number of lessons for economists. Steindel finds that, "The book is a remarkable look at the realities of operating a small business, and well worth reading."

In the second book review, Jan Kmenta reviews *Mastering 'Metrics: The Path from Cause to Effect* by Joshua D. Angrist and Jorn-Steffen Pischke. He finds that, "*Mastering 'Metrics* is unique among the books on econometrics, not only because of its downplaying of statistical theory and standard econometric terminology, but also by its whimsical humor." The book has a number of weaknesses as well as significant strengths, and Kmenta recommends it "for amusement as well as enlightenment" for those who are already familiar with basic econometrics.

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