



From the Editor

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The decline in inflation over the past year has been larger than most have expected. In our first article, based on a panel at October's NABE annual meeting, two experienced economists and policymakers—Catherine Mann and Christina Romer—discuss the dynamics of inflation. They are concerned that the fall-off in inflation may reverse itself after Central Banks ease policy, raising the risk of inflation expectations ramping up, and boosting the cost of ultimately driving inflation back down to target.

The Paycheck Protection Program (PPP) was arguably one of the most controversial policies adopted to deal with the economic fallout of the COVID pandemic. Mark Schweitzer and Angel Guo's extensive examination of the PPP contends that the program—which was modified over the course of its existence—reached an extraordinarily large share of US smaller businesses, including many in minority and lower-income communities.

Is the human element important in housing transactions? Jason Beck and Yassaman Saadatmand use data from home sales in Chatham County (Savannah and suburbs) Georgia to see whether characteristics such as the gender of selling agents, their recent sales record, and the size of the listing firm enable homeowners to sell their homes at higher prices. These characteristics are positives (female agents are pluses), most importantly when the overall market is soft.

In a second paper on housing, Daniel Lindberg quantifies the impact of interest rates on the transition of the older population to senior independent living units. Like other segments of the housing market, higher rates do reduce this activity, but apparently the effect is lagged. Lindberg notes the rapid growth of people who may desire to make this transition, and speculates that this factor may result in their influencing policy in ways to ease the frictions created by rate moves.

Macau (often also referred to as Macao) is a special administrative district of China, located like Hong Kong in the Pearl River delta. It was formerly a colony of Portugal, and has long been known as a center for gaming. In early 2022, a conference was held there to discuss strategies for the city-state's development after the pandemic. Mike Luca, a Harvard Business School professor and former member of NABE's board, arranged for us to have two papers summarizing presentations from the conference. Christine Loh's piece notes the multiple changes that are needed to achieve sustainable growth, with emphasis on the need for fundamental rethinking across many dimensions by many institutions. Macau may be in a good position to be an example of how these challenges could be met. The paper by Chengkun Lin and Yongjia Lin discusses how Macau might diversify its economy away from gaming, keeping in mind the desire to be on a sustainable growth path.

David Dodge, a former Governor of the Bank of Canada, reviews Stephen Poloz's *The New Age of Uncertainty*. Poloz outlines the tectonic forces that are transforming the world's economies and environment and how policy may address them. Dodge salutes the work, particularly its emphasis on getting the private sector involved, but, possibly reflecting on his own background, notes the difficulties of how public agencies can get ahead of the curve on these problems.

Leveraged: The New Economics of Debt and Financial Rigidity is a collection of papers from a conference on credit cycles. Joseph Haubrich finds it “accessible, but serious.”

Martin Bailey and Benjamin Harris, two former senior federal officials, have written *The Retirement Challenge: What's Wrong with America's System and a Sensible Way to Fix It*. Abigail Hurwitz sees it delivering, in a lucid and convincing matter, what its title promises.

Accompanying the huge fiscal response to the pandemic (including, of course, the PPP analyzed in this issue) were comparably gigantic—and earlier—monetary policy moves. Jeanna Smialek (who is the Federal Reserve correspondent for the *New York Times*; she poses a question to Chair Powell at every press conference) has written *Limitless: The Federal Reserve Takes on a New Age of Crisis*, which is a day-by-day,

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blow-by-blow account of how the Fed acted in early 2020. Jeffrey Lacker, former president of the Federal Reserve Bank of Richmond, entitles his review “Crossing Red Lines” (keying off a phrase Smialek uses). While he appreciated the colorful stories told (personal note: both Lacker and I know and have worked with—though for both of us, some years ago—numbers of the persons featured in the book), he poses the question of whether the Fed’s actions, both in 2020 and in the wake of the 2007–2008 financial crisis, have entangled the institution too deeply into fiscal policy deliberation and execution.

Douglas Lamdin reviews George Serafim’s *Purpose + Profit: How Business Can Lift Up the World*. Serafim beats back against the view, best known in association with Milton Friedman (and also advocated by former GOP candidate Vivek Ramaswamy), that the job of a corporation is to make money for its shareholders, and outlines many ways the activities of corporations can have wider benefits. In his review Lamdin, after noting Serafim’s arguments, brings up many of the skeptics about the wisdom of this view of corporations.

I cannot close without noting the passage, at the remarkable age of 99, of Robert Solow, who, among his many remarkable achievements and honors, was one of NABE’s

first Adam Smith Award winners. I had the extreme privilege of acquaintance with Bob over many decades, and even had the chance to talk to him last year about something I was writing—he was as sharp as ever. As to his academic stature, the last word should go to his dear colleague and friend, Paul Samuelson (1989): “The great Cambridge mathematician G.H. Hardy summed up his scholarly worth with the assertion ‘I collaborated with Littlewood.’ When I meet up with St. Peter in heaven it will be my boast, ‘I collaborated with Bob Solow.’”.

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Reference

Samuelson, Paul A. 1989. Robert Solow: An affectionate portrait. *Journal of Economic Perspectives* 2(3): 91–97.

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