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EDITORIAL

From the Editor

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Mario Draghi stands with Ben Bernanke as likely the most outstanding central banker of the past several decades and was an obvious recipient of NABE's Paul Volcker award. In his address accepting the award, Draghi discussed why the risks and costs of globalization turned out to be much higher than expected, and why in a world that seems likely to experience more supply shocks better-focused fiscal policy, coordinated with monetary policy keyed to inflation expectations, is essential.

The Drucker Index—compiled by the institute named for Peter Drucker—ranks corporations by a number of metrics, mainly "soft" rather than financial ones. Its annual appearance has been the focus of some publicity. David Ratigan and Peter Zaleski analyze the connections between the index and corporate financial performance. Their analysis finds no simple clear relationship between components of the Drucker Index, or the overall index, and corporate financial results, though more detailed results suggests that more complex connections are evident.

The Drucker Index is heavily weighted to "soft" or "social" measures of corporate performance. One might view the diversity of a corporation's board as another soft metric. Neji Al-Eid Omri and Abdulhameed Mohanna Alfaleh examine the connections between the gender diversity of European boards and firm performance. They find a firm positive connection between the female share of board members and earnings and valuation, with the effect stronger once a critical mass of 3 female board members is reached.

Tourism is sometimes considered a problematic tool for development. The desire to attract tourists may inhibit modernization, since travelers often appreciate and value the old and exotic. Obed Ojonta and Jonathan Ogbuabor look at the connections between tourism and infrastructure improvement in African nations, and finds that increases in tourism spur greater development of infrastructure. Looking further at other possible drivers of infrastructure improvement, the quality of local institutions stands out; foreign direct investment, on the other hand, seems to have a negative impact.

The first book review in this issue is Duncan Meldrum's discussion of Chris Miller's history of the semiconductor industry, entitled *CHIP WAR…* While the work isn't oriented to issues of most interest to economists, its discussion of the development of technology, and the individuals and firms in the industry, recommends it to anyone interested in this critical sector.

Semiconductors are essential to AI. Ajay Agrawal, Joshua Gans, and Avi *Goldfarb's Power and Prediction: The Disruptive Economics of Artificial Intelligence* argue that in many business applications, AI essentially replaces hard rules with more informed decision-making processes, and this perspective should guide managers. Timothy Bresnahan is broadly sympathetic with this perspective but suggests that the costs of switching to AI systems needs to be more carefully considered, and notes that the book predates the appearance of Generative AI technologies.

Richard Levich reviews the *Research Handbook of Financial Markets.* The work is quite comprehensive, going into depth about the major financial products and markets, including their institutional niceties and histories.

Olivier Blanchard (an MIT graduate school compatriot of both Bernanke and Draghi) has published *Fiscal Policy Under Low Interest Rates*, defending his argument that "*r-g*" is likely to remain negative or very low, and the implications of that for policy. In his review, Burton Abrams is somewhat dubious about such a projection and argues that it may result in excessive fine-tuning of policy, heavy levels of spending on projects of problematic long-run value, and neglect of beneficial supply-side policies.

Milton Friedman contended that his monetarism was an organic outgrowth of an interwar "Chicago Oral Tradition," while others also present on the Midway at that time (perhaps most notably, Donald Patinkin and Paul Samuelson) disputed that there was such a tradition, at least as described by Friedman. George Tavlas's *The Monetarists: The Making of the Chicago Monetarist Tradition: 1927–1960*, takes a

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detailed look at what the Chicago faculty was up to in that era. In his review, Ronnie Phillips notes the policy proposals of what is called "The Group," and many of them appear to reflect some of the views later advocated by Friedman and other monetarists. Perhaps most interesting to Phillips is that "The Group" did not take a position on open market operations or cite Fed policy errors as the cause of the Great Depression.