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## From the Editor

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*Business Economics* (2009) 44, 1–2.  
doi:10.1057/be.2008.10

Well, gentle readers, you will have undoubtedly noted the new look of *Business Economics*. Beginning with this issue, we will be printed, published, and distributed by Palgrave Macmillan, joining their already extensive family of journals. Although the appearance of *Business Economics* is now different, nothing has changed with respect to content and editorial policy. The many important changes that will result from our new relationship with Palgrave Macmillan (other than appearance) will not affect the reader.

### In This Issue

Needless to say, in January of 2009 and for the last half of 2008, Topic A is the financial crisis and its spillover to the real economy in the United States and worldwide. Right now, it is not clear that there is a Topic B, although there are many candidates clamoring on the sidelines, waiting for the economy to right itself. This issue is mostly given over to Topic A.

Michael Mussa, the 2008 recipient of NABE's Adam Smith Award, examines Smith's contribution to our understanding of financial crises and finds that much of it is still relevant today: the same mistakes that have been made for centuries keep recurring. However, each crisis has its own characteristics, also; and Mussa examines the particular roles of moral hazard and immoral result in prescribing policies to be followed in the future.

Although Michael Mussa looks back over 200 years to Adam Smith, Ellen Hughes-Cromwick's presidential address is concerned with the growing complexity and imbalances that have emerged over the past 50 years, the period since NABE was founded. She finds that the increasing risk in the financial system has not been offset by gains in the real sector and calls for means of restraining the excesses of financial innovation.

The small business sector accounts for half of private U.S. GDP and over half of private sector employment. Thus, how it reacts to monetary policy is an important question for the entire economy. William C. Dunkelberg and Jonathan A. Scott find that small business does not react the way that conventional theory suggests and trace the reasons for this to be so.

William Poole, like Mussa and Hughes-Cromwick, investigates the financial crisis and its causes. He cautions against overreacting to the crisis by excessive and counterproductive regulation and urges that government policies be transparent and on-budget rather than unfunded mandates, which have had an important role in contributing to the current crisis. He also raises the question of whether government incentives to borrow contribute to financial instability.

Certainly one of the candidates for Topic B (or C, or....) will be to increase the efficiency of health care delivery. Information technology has not reached its potential, and Stephen T. Parente believes that much of this shortcoming is because it is not organized around the patient. He proposes a system of "medical banking" that will increase efficiency and acceptance for the patient and all other participants in medical information technology.

In this issue's Forum on Emerging Issues, Thomas A. Hemphill examines current and future developments in social regulatory policy—policy that is primarily designed to address issues related to health, safety, and the environment. He reviews what has been done over the past several years and what is likely in the incoming Obama Administration.

In the Book Reviews, Robert A. McLean finds Edward M. Gramlich's *Subprime Mortgages: America's Latest Boom and Bust* to be a valuable contribution to understand what went wrong and what can be done in the future to prevent recurrence. John C. Goodman reviews Robert J. Samuelson's *The Great Inflation and Its Aftermath: The Past and Future of American Affluence*. The "Great Inflation" covers basically the 1970s, culminating in the serious recession of 1981–82. Samuelson traces the mistaken beliefs and policies that contributed to the Great Inflation and the

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corrections that led to the “great stability” that followed and persisted until the current crisis. Goodman finds that it is important to heed the lessons of the Great Inflation, lest attempts at recovery from the current crisis recreate its conditions.

This issue does not include Focus on Statistics, Focus on Industries and Markets, or Economics at

Work. They do, however, remain as important elements of *Business Economics* and will appear in subsequent issues.

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