

Not too many years ago, it seemed that the outlook for every year was popularly characterized by “unprecedented and growing uncertainty.” This concern with uncertainty seemed to die out in the late 1990s and for most of 2000, but as we enter 2001 it is back with a vengeance. Opinions/forecasts seem to form a rectangular distribution encompassing a range of views from Chicken Little to Pollyanna. However, accompanying this uncertainty is the fact that the U.S. has achieved—in the aggregate—a remarkable level of affluence, which has created its own challenges that are unlikely to disappear.

These challenges, of course, were the theme of NABE’s annual meeting last September. Alice Rivlin expressed her view of the two principal challenges in her Adam Smith address. One is keeping the affluence going, and the second is using it well by enhancing the opportunities for the individuals and communities that might otherwise be left behind. Her thought-provoking observations and prescriptions comprise the lead article in this issue.

Of course, uncertainty increases the premium on reducing it by peering into the future, and no institution has more influence on the future course of the U.S. economy than the Federal Reserve Board. Thus, it is noteworthy that the Edmund A. Mennis Contributed Paper Award (won by William Gavin and Rachel Mandal) and the NABE Contributed Paper Award (won by David Payne) both focused on understanding and anticipating the Fed’s policy actions. Although, the methods and input are quite different, both papers used quantification of variations of the “Taylor Rule” as the focus of their analysis. Thus, the arsenal of those whose responsibilities include short-run forecasts of monetary policy should be enhanced significantly.

It has been no secret to the economics profession that the system of social security in the U.S. may run into financial trouble at some time in the future and might be restructured to better serve its objectives while retaining its financial integrity. The presidential campaign of 2000 highlighted this and has brought it to public and legislative attention. A number of other countries have already undertaken such restructuring, and Estelle James provides some insights on what the U.S. can learn from them. Her article is an extension of the remarks she made at NABE’s

Washington Policy Conference last year.

The Microsoft antitrust case has long-run implications for how antitrust issues can be handled in a rapidly changing economic environment. Dennis Carlton explores how the network environment in which Microsoft operates enabled it to maintain its monopoly position in the face of rapid technological change. He also considers whether the remedy might be worse than the injury and the degree to which general lessons can be learned from this specific case.

Andrew Gross, the editor of *Focus on Industries and Markets*, arranged for a “Focus” article to be written on the future of electricity in the U.S. However, the resulting article by Ahmad Faruqi and Ken Seiden developed into a full feature article on the strategic choices that face companies that distribute electricity. I would like to express my appreciation for Andy’s arranging for this comprehensive treatment of strategic considerations of an industry that is once again in the spotlight of all business.

Securitization of financial assets has attracted attention and caused concern over the possibility of generating excessive risk in financial markets. Alan Murray explores this issue and concludes that the true sources of risk are different than commonly believed.

The April 2000 issue of *Business Economics* included a survey form for readers to express their views on the journal. The responses have been tabulated, and I have written my interpretation of them. For those of you who have not responded, we continue to be interested in your feedback—both with the survey and on my interpretation of the results.

Retirement of Leonard Forman from the Editorial Board

Leonard Forman has retired from the Editorial Board. I would like to take this opportunity to thank him for his many years of service.

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