

## FOREWORD

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According to the OECD Economic Outlook from the 21<sup>st</sup> of November 2018, the global expansion has peaked. Global GDP growth is projected to ease gradually from 3.7% in 2018, to around 3½ per cent in 2019 and 2020, broadly in line with underlying global potential output growth. In the near term, policy support and strong job growth continue to underpin domestic demand. However, macro-economic policies are projected to become less accommodative over time, and headwinds from trade tensions, tighter financial conditions and higher oil prices are set to continue.

Growth in the OECD area is set to slow gradually, from around 2½ per cent in 2017-18 to just under 2% by 2020. Wage and price inflation are projected to rise, but only moderately. Considerable uncertainty remains about the strength of the relationship between capacity and inflation, and there are risks that a sharper inflation upturn could occur. The rise in oil prices this year has pushed up headline inflation, and import tariffs have begun to raise prices in a few countries.

Global trade has already started to ease, with trade restrictions having adverse effects on confidence and investment plans, and global trade growth appears set to remain at under 4% per annum on average over 2018-20. Outcomes could be weaker still if downside risks materialise. Further moves by the United States and China to raise barriers on bilateral trade would hit output in these economies, with adverse effects on global growth and trade. A supply-driven disruption in oil markets would place upward pressure on inflation, at least temporarily, around the world and slow growth. Financial market pressures on emerging-market economies could intensify, particularly if an upside surprise in inflation in the advanced economies were to trigger a further rise in policy interest rates and a new round of asset repricing.

A decade after the financial crisis, vulnerabilities also persist in many economies from elevated asset prices and high debt levels. On the upside, a quick resolution of trade tensions, or stronger structural policy ambition around the world could improve confidence and limit the drag on investment from high uncertainty. Recent developments and the projected outlook pose considerable challenges for

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policymakers. An immediate need is to reduce policy-related uncertainty by arresting the slide towards protectionism and reinforcing the global rules-based international trade system through multilateral dialogue.

Macroeconomic policy requirements differ across countries, reflecting the diverging challenges they face. In the main advanced economies, monetary policy accommodation can be reduced gradually, albeit at a differing pace. Fiscal policy is projected to turn broadly neutral in most OECD countries in 2019-20, after the notable easing in recent years. The planned neutral fiscal stance is generally appropriate, given the economic outlook; the further easing announced in a few countries with already high public debt could lead to adverse reactions in financial markets. In emerging-market economies, careful choices are required to maintain policy credibility.

Those economies with a robust macroeconomic policy framework and flexible exchange rate may need only a modest tightening of monetary policy in line with ongoing asset repricing, and solid fiscal positions provide scope to ease policy if necessary to support demand. There is less scope for such support in emerging-market economies where there are concerns about the sustainability of fiscal or external positions.

Other priorities for policy in all countries are to enhance resilience against risks, particularly continued financial vulnerabilities from high debt, and to strengthen reform efforts to improve prospects for longer-term growth that is sustainable and provides opportunities for all. An interaction of the major downside risks would weaken global output and trade growth substantially, with the possibility that the level of global output could be over ½ per cent weaker than projected by 2020. If downside risks were to produce a sharper global downturn than currently projected, co-ordinated policy action across countries would provide the most effective counterweight. With limited scope to use monetary policy in some areas in the near term and the need to use instruments that have swift effects on growth, fiscal policy easing will be likely to have an important role in restoring growth, even if the room for manoeuvre has diminished with high public debt. Preparing for such an eventuality now by planning projects that can be rolled out rapidly would increase the effectiveness of a co-ordinated fiscal response.

Given these vulnerabilities that also persist in many economies, the academic papers appearing in this issue of the journal try to respond to some of the dilemmas of the present moment.

In the first article of this issue, entitled **Corruption and Stock Market Performance in Nigeria**, the authors – *Cordelia Onyinyechi Omodero* and professor

*Kabiru I. Dandago* – say that the study examines the effect of corruption (using corruption perception index and Nigeria corruption ranking as proxies) on the stock market performance (proxied with share price index) in Nigeria. The study employed time series data spanning twenty years (1996-2016). Data availability especially on corruption indices was the major reason underlying the choice of period. The data were obtained from CBN Statistical Bulletin and Transparency International website. With the aid of SPSS version 20, the study used Multi-regression analysis and student t-test for the test of hypotheses. The study finds a significant positive correlation between corruption and stock market performance in Nigeria. The result reveals robust positive and significant relationships between Nigeria corruption ranking, corruption perception index and share price index. The result of the study explains the integration of graft into the Nigerian economic system. Therefore, adoption of a strong form of stock market efficiency by the Security and Exchange Commission (SEC) and Nigerian Stock Exchange (NSE) for actualization by all listed firms in Nigeria is recommended in the article. In addition, the authors recommend that the Federal and State governments should formulate more result-oriented policies and rules that could help combat corruption more effectively.

The paper called **Implementation of Ethics Management Nowadays in the Romanian University Environment** by *Elena Gurgu* shows that, at the present moment, the management of ethics in the academic environment represents the coordination of all elements related to the moral life of a university. The last decades have insistently imposed on public awareness the importance of taking into account the ethical dimension of the life of universities. Ethical codes, ethics committees and commissions, ethical audits, ethical education of staff, techniques to create an institutional culture of a moral nature have all become increasingly widespread. The University respects the dignity of each of its members and promotes academic integrity on ethical principles. Its members are committed to contributing to the democratic development and prosperity of the society. The University is an institution whose goals, valid for each of its members, include development and professional affirmation, the evolution of knowledge and research while respecting the rule of law and the human rights. The author thinks the values and principles that universities have to promote in particular, and whose actual achievement is sought to ensure, are: academic freedom, personal autonomy, justice and equity, merit, professionalism, honesty and intellectual integrity, transparency, respect and tolerance, responsibility, goodwill and care. Elena Gurgu also thinks that “institutionalization of ethics” in academia is a new reality for which we all must be prepared.

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The paper called **A Comparison and Integration between Private and Public Sector through Sustainable Economical Development of the Romanian Rural Areas Using Bee Algorithm**, written by *George Gruia* and *George Cristian Gruia*, is focused on presenting a comparison of the public sector with its public administration policies and private sector with its economical strategies, with the purpose of the better integration between the two, with case study on the European funds in beekeeping and how, by studying the bee behaviour, we too can develop our society to achieve better results. The scope of the article is to show an overview of the European policies into state members with focus on sustainable economic development of Romanian rural areas. This is part of the authors' research from the last 10 years, with focus on public, economic and social development and represents the initial results of their yet not published work.

The academic paper entitled **Natural Resources and Sustainable Development in a Mountain Economy**, by *Viorica Jelev*, presents the existing situation at national and world level, considering the available water resources, their vulnerability especially in the mountains areas, the impact of climate changes, and the possible conflicts regarding the intensification of water shortage in some regions of the world. I also present a case study on forests in Romania. Beginning with the general data mentioned above, we point out the specific peculiarities of the mountain area hydrology for identifying some aspects which are specific to the mountain water relationship. The analysis is necessary as no specifications regarding the mountain hilly or plain areas are made in the activity regarding waters management. Waters are managed unitary on river basins considering some general principles, unanimously recognized, well reflected into the national and international regulations. As a first stage, traditional economic activities are identified in the relationship of the mountain areas inhabitants with water but also some present approaches. The way the mountain areas inhabitants knew how to live together and capitalize water resources represents a model and impulse for returning to such sustainable solutions, but capitalizing the advantages of modern technologies. Each of these activities referring to waters which take place in the mountains area can represent ways for the research activity and future thorough studies from the technical, economic, social, cultural-traditional point of view and also for environment protection. A main preoccupation might have connection with the evolution of agricultural activities in the mountains area considering the climate changes and a possible "migration" towards higher areas of some agricultural practices specific to lower areas. The paper also shows a small example of the regaining, by the locals of a community, of an important resource for their lives from the hands of corporations: the forests defaced by HOLZINDUSTRIE SCHWEIGHOFER and stop flooding villages.

In the paper entitled **Nigeria's Revenue Allocation and Sustainable Economic Development**, the authors, *Cordelia Onyinyechi Omodero*, *Joseph Uche Belonwu Azubike* and *Michael Chidiebere Ekwe*, say that sustainability of economic development in Nigeria has been a serious challenge despite the huge revenue allocated to the three tiers of the government on a monthly basis from the federation account. This recurring decimal has left the country in a pitiable condition with inadequate infrastructures to carry on the economic activities. The study examines the extent to which revenue allocation enhances economic development using time series data obtained from CBN Statistical Bulletin, which covered a period from 1981 to 2016. Ordinary Least Squares technique was employed and the findings revealed that FASG and NDSG have significant negative impact on PCI while FAFG has insignificant negative impact on PCI. On the contrast, the result shows that FALG has a robust significant positive impact on PCI. The study attributes this poor performance to misuse of resources and suggests that more stringent measures be employed by the government to fight graft in the public sector and among government officials. This will help to curb corrupt practices and ensure efficient and effective use of resources to boost economic development.

The purpose of the paper entitled **Implementation of Corporate Governance Mechanisms in Tourism**, by *Fuad Jabbarov*, is devoted to forming of effective mechanisms that regulate economic activity of subjects. The economic state affects activity of companies, especially in tourism. The aim of this paper is to show how implementation of corporate governance mechanisms provides greater transparency in the tourism sector, as well as a higher level of alignment of the domestic regulatory framework with the principles applied in the developed economies in this industry; different internal and external factors affecting the steady evolution and development of companies; currency parity and increase of bank interest rates and their influence on a tourist stream; forming of steady mechanisms by means of implementation of elements and principles of corporate management, possibilities of adaptation and implementation of mechanisms of corporate management.

The aim of the paper called **The Development of the Travel and Tourism Industry in the World**, by the author *Bogdan Sofronov*, is to see how the travel and tourism industry is changing and its development in the world. Travel and tourism industry is one of the world's greatest industrial sectors. It drives economic growth, creates jobs, improves social development and promotes peace. Hundreds of millions of people around the world are dependent on the sector for their employment. In some island economies, travel and tourism industry is not just the



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biggest employer; it is effectively the only employer. The role is to contribute to the creation of sustainable economies. Travel and tourism industry is a diverse sector consisting of millions of companies and employers, from the biggest global travel brands to the smallest tour operators or hostel owners. The author believes that together, we form a formidable force with a voice to be heard at the highest levels of society and government.

As we have seen, all the articles are interesting and deserve to be appropriated by those who are interested in understanding the specific issues of the economy.

If you liked our articles please visit our website. If you want to write an article in our journal, we are inviting you to expose your ideas in new studies published by us.

Finally, hoping that you found interesting Issue 4/2018, I strongly invite you to address your comments and suggestions at [ashues@spiruharet.ro](mailto:ashues@spiruharet.ro) and, of course, to submit your own paper via the online submission system.

*Research is the breath of the future. Let's shape the world together!*

***Associate Professor Elena GURGU, Ph.D.  
Deputy Chief Editor***

# **ACADEMIA PAPERS**

