

EDITORIAL

We hereby inform the domestic and foreign academic community that the *Economic Horizons* scientific journal, which is published by the Faculty of Economics of the University of Kragujevac, has been ranked into the Q3 Category on the *SJR* (SCImago Journal Rank) List for the year 2022. The Journal has been referenced in the Scopus Base since October 2020.

After the double-blind peer review process was carried out, Issue 2 Volume 25 Year 23 of the *Economic Horizons* scientific journal contains four original scientific papers, two review papers and Acknowledgement to the reviewers of the manuscripts submitted to the Editorial Board of the Journal in the year 2022.

Starting from the fact that a large number of the states in the Sub-Saharan African region have been faced with extremely high inequality in income distribution, the author *Ibrahim Abidemi Odusanya* applies the Generalized Method of Moments so as to examine the way in which economic growth exerts an influence on income distribution in these economies. The results obtained in the research study are indicative of the fact that there is an inverted-U relationship between economic growth and income inequality. Apart from said, the results also confirm the interplay of growth and inequality, which can be presented using the S-shaped curve. The author concludes that in no way does the pronounced acceleration (spurts) in some years bring about diminution in income distribution disproportion in Sub-Saharan Africa.

Appreciating the attitude that the public governance quality is of a key importance to boosting economic growth, the coauthors *Nabil Alimi* and *Lassad Ben Dhiab* investigate the effects of governance performances, both taken together and as per individual components (corruption control, government efficiency, political stability) on economic growth in 48 developing countries

during the period from 2002 to 2020. The conducted empirical analysis based upon the panel threshold regression model indicates the fact that the quality of public governance has an asymmetric (nonlinear) effect on economic growth. The direction of this influence, however, is all but expected: the results of the analysis show that the improvement of public governance in the developing countries obstructs economic growth, which is explained by the fact that, in order to raise the quality of governance, numerous resources otherwise capable of directly supporting faster economic growth need to be engaged.

Doing research in the effects of changes in income tax on the unemployment rate in the United States of America, the coauthors *Tuan Viet Le* and *Kyle Elliott* apply different panel regression models to indicate the presence of the positive dependence of these variables. To be more precise, an increase in natural persons' income tax, as well as an increase in corporation profit tax in the 50 American states during the period from 2006 to 2022, leads to a rise in the unemployment rate, whereas a decrease in income tax correlates with a fall in the unemployment rate. The key implication of the obtained research results reflects in the presence of a tradeoff which economic policymakers are being faced with. Namely, an increase in income tax brings about greater public income for funding different programs, but simultaneously increases unemployment. On the other hand, a reduction in the unemployment rate under the given conditions requires a reduction in income tax, thus reducing public income at the same time. The paper ends with a conclusion that directing tax income towards improving education and the infrastructure, which may attract new companies and provide support to the development of local enterprises and simultaneously also increase employment opportunities, is of key significance.

Endeavoring to investigate the connection between interest rate dynamics and the foreign exchange rate in China at the time of the breakout and expansion of the influence of the COVID-19 pandemics, the coauthors

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Muntazir Hussain, Irfan Saleem and Usman Bashir apply detrended cross-correlation to carry out an analysis of the data on a daily basis during the period from early 2019 to mid-2021. The results of the econometric analysis point to the presence of a positive cross-correlation between the interest rate and the foreign exchange rate in China, which was extremely weak at the beginning of the period of observation, only to be growing stronger and stronger over time. The growth of the interest rates is interpreted as the response made by the monetary authorities to the growth of the foreign exchange rate. Further analysis made in the paper, however, leads to the conclusion that the conventional approach to the monetary policy, according to which higher interest rates are established with the aim of defending the foreign exchange rate, can prove to be as an insufficiently good solution during pandemic-induced crises.

The coauthors *Edvard Jakopin and Aleksandar Gračanac* used a detailed overview of the structural performances of the economy of the Republic of Serbia, with the focus on the period after the COVID-19 pandemic-induced global recession of 2020, to point to a series of the structural issues that have remained "in the shadow" of the relatively high economic growth in the post-crisis year 2021. Having compared the macroeconomic indicators in the Republic of Serbia with the selected developed and transition economies during a longer period of time, the coauthors came to the following conclusions: every recession has the growth of the public debt as a consequence; productivity convergence in transition economies towards average productivity in the European Union's economies was faster in the years when the gross domestic product growth exceeded employment growth; investments had the key influence on economic growth in the Republic of Serbia during the periods from 2001 to 2005 and from 2015 to 2021. Supplementing the analysis with the presentation and interpretation of the indicators of the sectoral structure and the business operations of enterprises, the coauthors emphasize the fact that the sectors of the future are one of the main drivers of economic growth and that foreign

companies in the Republic of Serbia have significantly contributed to the improvement of the qualitative performances of the economy. The general conclusion implies that sustainable economic growth in the Republic of Serbia is not possible without an accelerated implementation of structural reforms.

Examining the influence of the COVID-19 pandemic on the household savings volume in Republic of Slovenia's banks, the coauthors *Malči Grivec and Srečko Devjak* identify the macroeconomic variables whose effect on the savings dynamics is statistically significant. Among the considered variables, the EONIA reference interest rate and the price of the Bitcoin as the indicator of return on alternative investment forms had a statistically significant influence on savings during the period from June 2018 to December 2021. The coauthors came to the conclusion that the COVID-19 pandemic had led to a significant increase in the deposit volume in Slovenian banks and that the trend was present throughout the period of observation as well.

On behalf of the Editorial Board of the Journal and on my own behalf, I hereby express my gratitude to the authors of the contributions published in this Issue of the Journal. At the same time, my special gratitude goes to the reviewers whose constructive and critical comments and suggestions given to the authors of the submitted contributions have contributed to raising the level of the quality of the published papers.

Issue 2 Volume 25 Year 2023 contains the Acknowledgement to the reviewers of the manuscripts submitted to the Editorial Board of the Journal in the year 2022, of which those positively reviewed in the double-blind review process were published as the original scientific and review papers in the issues 1, 2 and 3, Volume 24, Year 2022 of the Journal.

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