

Dear Readers,

We hereby commend the latest issue of *Argumenta Oeconomica Cracoviensia* to you. The current issue reflects the profile of the journal, which publishes original contributions in the field of economics and finance. This approach is a response to the noticeable trend, especially pronounced since the last financial crisis, to integrate financial disciplines with the economic sciences. Experience shows that detaching finance from its economic content can be dangerous for the economy and society alike. Therefore, in recent decades, these relationships have been continually examined and verified, both in terms of theory, and as a result of empirical analyses, which are very useful for economic policy. A distinctive feature of our journal, therefore, is that we mainly publish papers that incorporate the achievements of economics and finance as two sub-disciplines. This is reflected in the present issue, which contains articles dealing with economic phenomena and processes considered both from the perspective of the economic and financial sciences. The topics (categories) covered include: economic growth, inflation, foreign exchange reserves, the open economy, fiscal policy, the shadow economy, and the tax gap. In addition to these topics, one important contribution examines the verification of research methods used in microeconomic research.

The current issue of the journal opens with a paper by Tariq Nawab, Ali Zeb, Sajid Gul, Zahid Nawab, and Obaid Ullah entitled “Trade Openness and Economic Growth: Estimating the Inflation Threshold for Pakistan’s Economy”. The paper is devoted to verifying the relationship between inflation and economic growth. This issue is constantly researched by economists in relation to specific countries and economic groupings as well as across different time periods. The research presented in this paper is concerned with determining the nature of the relationship between these macroeconomic variables, i.e., whether they are linear or non-linear. Hence, the empirical results for Pakistan’s economy cover a relatively long period

(1985–2015) and will certainly be of interest to researchers of this important macroeconomic relationship. An additional dimension to the findings is that, due to the pandemic and other events in the world economy, we have witnessed both elevated inflation and a slowdown in economic growth. The results obtained by the authors revealed the importance of the openness of the economy for economic processes (GDP growth), and in the case of Pakistan these two factors confirmed a positive relationship during the period under analysis, with a moderate level of inflation.

The authors' conclusions, which recommend a greater degree of openness of the economy (international trade), are closely related to other important macroeconomic relationships, namely, the relationship between the openness of the economy and the accumulation of foreign exchange reserves. This issue is addressed by Asad Karim, Sajid Gul, Ali Zeb, and Obaid Ullah in their paper entitled "A Comparative Analysis of the Effectiveness of Precautionary and Mercantilist Approaches to Accumulation of Foreign Exchange Reserves in Pakistan". The obtained results indicate that the decisive motive for accumulating foreign exchange reserves was the precautionary motive, and not the mercantilist one. The deliberations and analyses contained in this work, which is co-authored by some of the economists who contributed to the first paper discussed above, are part of a complementary approach to the studied macroeconomic processes in Pakistan. Although the period of analysis is somewhat shorter (1990–2015), the research included quarterly data series, which helped to objectify the results obtained. The authors correctly point to the importance of foreign exchange reserves in macroeconomic policy, in maintaining the adopted exchange rate regime, in export promotion, and in servicing foreign debt. The results obtained for the economy of Pakistan, a country classified as a developing country, may be of interest to researchers on economies with a similar degree of openness and a similar level of development.

Economic growth is influenced by many factors, including those shaped by the state's fiscal policy, namely, tax and spending. An attempt to evaluate the state's approach to supporting economic growth is presented in the paper by Jana Kušnírová, Juraj Válek, and Marcel Novák entitled "Tax Instruments Supporting Science and Research as a Factor of Economic Growth – Evidence from the Slovak Republic". In economic thought, the idea that a friendly state policy towards enterprises implementing innovative solutions promotes economic growth is not disputed. The same goes for policies supporting

research and development. On the basis of a case study of the Slovak Republic, the authors attempt to show that the state's misguided policy of no tax breaks for innovative companies and weak fiscal incentives, characteristic of the country before 2015, had a negative impact on the economy. Positive changes have taken place in the last seven years, with incentives being introduced in Slovakia's tax system, including the provision of tax relief in the form of a deduction of research and development costs and a tax breaks for new investments. The paper outlines the financial implications of the state's new approach to the use of fiscal instruments to stimulate economic growth. The latest solutions (2018) concern tax relief related to patents (patent box). A critical analysis of the Slovak case should be of interest to both specialists and economic policymakers.

In a developed market economy, insurance plays an important role for business entities and citizens alike. In countries that underwent systemic transformation, it was necessary to build a market-based insurance sector. It is worth noting that this sector makes a significant contribution to economic growth, job creation, etc. However, its most important role is to create institutional conditions for reducing the risks associated with business activities as well as to compensate for the material (financial) consequences of random events. In this regard, the article by Erika Pastoráková and Tomáš Ondruška, "The Origin of the Modern Insurance Industry in Slovakia and the Contribution of Dr Ján Alojz Wagner to its Development", is of relevance. The authors consider the role and function of insurance institutions and describe the contribution to the development of insurance made by the economist mentioned in the title. The historical perspective of the analysis is interesting. It begins with the Austro-Hungarian Empire before moving on to Czechoslovakia between the wars, that country during communist times, and finally the period after the establishment of the Slovak Republic. All of this is discussed from the point of view of the development of insurance – an economically and socially important institution.

In research on economic and social phenomena and processes that focuses on cause and effect, selecting the optimal research method is important for the results obtained. Wioletta Grzenda's paper, "Modelling the Opinions of Poles about Key Aspects of Professional Work Using a Nested Logit Model", addresses questions of a methodological nature with elements of verification of the method used. The aim of the paper is to examine the opinions of Poles about what they think is important in

their professional work. The author notes that when examining respondents' stated preferences using descriptive statistics or standard multinomial logit models, the conclusions drawn may be flawed. A better approach, according to the author, is to use the nested logit model as it reduces arbitrariness when combining different respondent preferences. The results of the research on employee preferences revealed the high importance of factors related to broadly-defined occupational hygiene. Due to the fact that the surveyed group of respondents was characterized according to various features (gender, age, education, place of residence, etc.), the author managed to objectify the results obtained. In addition, the author identified a shift in traditional preferences (stable employment, interesting work) in favour of preferences related to occupational hygiene. The obtained results can be of interest to managers when hiring employees and also when providing valuable existing staff with preferred working conditions, thus contributing to the development of the company.

One of the challenges of the state and its administration is to reduce the shadow economy. The shadow economy distorts key economic indicators, such as the level and dynamics of GDP, inflation, employment, and unemployment. It also violates the foundations of the market economy, i.e. the principle of fair competition, and reduces state budget revenues. All this makes it more difficult to pursue rational macroeconomic policies. Using Poland as an example, these issues are presented by Anna Gołdyn in her paper entitled "The Impact of the Grey Zone on the Economy in Poland". The author's main focus is on the budgetary effects of the grey zone in Poland and the systemic causes of this phenomenon, which can result in the formation of a shadow tax economy. One of these causes is the overly complicated tax system. The latter has made it difficult for the tax administration to recover tax that is owed. In her findings, the author correctly draws attention to the fact that state has been sluggish in raising public awareness about the negative consequences of the grey zone, both for the economy and for the state budget (honest taxpayers). The growth of the grey zone reduces public confidence in the state, forces it to increase expenditure on social programmes (the bogus unemployed), and increases the deficit and public debt. The paper reveals the scale of the grey zone in Poland and its main directions of change during the period under study. Because many countries (governments) face the problem of the shadow economy, the Polish case as described here should be of great interest to readers.

While commending the present issue to our readers, we would also like to invite contributions in the form of original texts, information about important academic events, and reviews of outstanding books. Texts in the field of economics and finance will be treated as most relevant to the journal's profile.

Prof. Stanisław Owsiak

Editor-in-chief