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EDITORIAL

Issue 2 of Volume 16, Year 2014 of the *Economic Horizons* scientific journal contains three original scientific papers, two review papers, a book review, two viewpoints and the acknowledgements to the reviewers of the manuscripts submitted to the Editorial Board of the Journal, in 2013.

In the 21st century, the economically developed European and American countries – as a response to the requirements of energy security, climate changes and the financial crisis – assign a significant role in the national economic development and energy policy to the development of the so-called smart grids. Relying on the large sample of the relevant data from the 1953-2012 period and by using the ADF test, the Granger test, the VAR model, the IRF (Impulse Response Function) model and the VEC model, *Fan Yuxian*, *Yuan Xiaoling* and *He Songke* comprehensively explore the complex dynamic influence of electricity investment on China's economic growth. The obtained results have been used for the scenarios forecasts of economic growth for different electricity investment projects. The results have indicated that electricity investment can strengthen economic growth in a short term when there is a steady equilibrium relationship in the long term. Also, it has been established that the positive response of economic growth to electricity investment will last for four years, and simultaneously the contribution of electricity investment to economic development increases from year to year. In addition to the foregoing, the scenarios analysis has shown that the choice of investment projects will influence the stimulating effect of electricity investment on economic growth and that the S-type of an investment project can be more effective in improving economic growth compared to others.

Relying on the precise determination of the translation accounting concept, *J. P. Singh* explores in detail and critically the three commonly adopted approaches: the Current Value (CV) (Purchasing Power Parity) (PPP) Approach, the Current Rate (CR) Approach and the Temporal Approach. The strength and limitations of the temporal method have been identified through the comparison of the reported effects of exchange rate changes in the current value method and the temporal method. Given the fact that the two main issues in the context of the translation of accounts from one currency into another refer to a translation method that is to be used and in a particular manner, the efficacy of FAS 52 of the Financial Accounting Standards Board (FASB) that governs the translation of accounts in the United States and the related functional currency concept have been examined. Also, the important point of the resemblance and differences between FAS 52 and IAS 21 have been identified. Besides the theoretical underpinnings of the PPP, several of its practical impediments have been particularly pointed out. The proposed algorithm attempting to identify the translation and gains and losses translation disposition methods is thought to constitute a more rational and logical framework for accounting translation than the provisions of the extant FAS 52 and the related functional currency concept in spite of the existence of these operational issues.

In the context of industrialization and urbanization and the resulting, increasing land loss in certain developing countries and, particularly, in Vietnam, *Tran Quang Tuyen* comprehensively reassesses the relevant aspects of the complex relationship between non-farm employment, land and rural livelihoods. Besides the established different importance of land for certain developing countries, it has been indicated that land shortage can be a positive factor in the encouragement of rural households' participation in non-farm activities and the enhancement of their

well-being in those countries in which non-farm job opportunities are available for a large part of the population. At the same time, the negative influences of the respective processes on rural household livelihoods in those countries lacking such non-farm jobs have been considered. Additionally, it has been found that in Vietnam, in the areas with the increasing land loss due to their rapid urbanization and industrialization, non-farm employment helps households to reduce their dependence on farmland and enhance their well-being.

After determining the concept of economic growth and singling out the key limitations of economic growth rates as a necessary but insufficient indicator of economic growth, *Nada Trivic* and *Viktorija Petrov* explore certain aspects of temporal interdependence between the growth rates, particularly pointing out the following mechanisms of the temporal interdependence between the growth rates: foreign borrowing, import dependency, changes in the investment structure, the erosion of capital in inflationary conditions, the costs of the exploitation of natural resources and depletion and the interdependence of institutional solutions. With the confirmation of the hypothesis that the convergence of growth rates exists in the conditions of extensive growth, it is particularly indicated that the pace of growth can significantly be increased at the expense of its quality and that the growth characterized by an inappropriate quality, in turn, implies a slowdown of economic growth.

Signifying the reform of the public sector as one of the relevant reforms required by the successful implementation of the transition processes, *Petar Veselinovic* analyzes the situation in the public sector of the Republic of Serbia (RS) through focusing on the important dimensions of creating real grounds for its conceived and sustainable reform. The necessity of the reform of the public sector in RS has been identified after the consideration of its main features. Respecting the significant fact that changes in the public sector have their own institutional, economic, social, political and psychological aspects, the following key segments

of the public sector reform in RS have been elaborated: restructuring public enterprises, the pension system reform, the health care system reform and the social protection system reform.

This issue of the Journal also contains a book review: Nakajima, M. (2011). *Payment System Technologies and Functions – Innovations and Development*. Hershey, USA: Business Science Reference, written by *Nenad Tomic*.

In accordance with the Editorial Policy of the Journal, the provisions of the Publication Ethics and Malpractice Statement (The Statement has been adopted by SCOPUS) and the key principles of COPE (Committee of Publication Ethics), *Slavica Jovetic*'s remarks and comments on the paper: Vukovic, D.B. (2013). A Correlation Analysis of the Indicators of Regional Competitiveness – The Case of the Republic of Serbia. *Economic Horizons*. Vol. 15, No 3, pp. 201-215, doi. 10.5937/ekonhor1303197, as well as Darko B. Vukovic' s response – corrections and comments – to the related remarks and comments have been included in this issue of the Journal, within the Viewpoints. Hereby, the respective discussion should be considered as completed.

On behalf of the Editorial Board and my own behalf, I would, first of all, like to thank the authors of the contributions published in this issue. At the same time, we owe special gratitude to the reviewers for their efforts and constructive and critical comments and guidelines for the authors of the submitted manuscripts.

Acknowledgements to the reviewers of the manuscripts submitted to the Editorial Board of the Journal in 2013 – of which those positively double-blind reviewed manuscripts were published (as the original scientific and review papers and book reviews) in Issues 1, 2, and 3, Volume 15, in 2013 – is a special allowance in Issue 2, Volume 16 of the Journal.

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