EDITORIAL: Public and private finance and financial markets during the second wave of the Covid-19 pandemic

Dear readers!

The third issue of the journal provides contributions to the exploration of subjects related to public and private finance and the functioning and investment techniques of financial markets. These are all topical issues that may give rise to further research in order to understand better how countries, markets and companies are facing the challenges due to the Covid-19.

The second wave of the pandemic, which is currently affecting most countries in the Northern Hemisphere of the Globe, is resulting in an increase in national public debt necessary to support the health system, economy, workers and families. As a result, there will be an issue of sustainability over time of debts regarding many countries. Hence, the importance of streams of study that investigate, not only the fiscal sustainability of the new public debts and their impact on the national or world economy, but also the relationship between the quality of institutional governance and the current public support of national economies. Governance, seen as “the traditions and institutions by which authority in a country is exercised” (Kraay, Zoido-Lobaton, & Kaufmann, 1999), is currently playing a key role in deciding where to allocate national or supranational resources (e.g., the resources provided for in the European Recovery Plan). The ability to direct these resources to appropriate activities can facilitate the recovery of the national economy and sustained growth in GDP. An effective allocation of these resources ought to contribute, in the future, to the reduction of the accumulated public debt.

From this viewpoint, the 2020 pandemic is peculiar turbulence providing researchers with a unique occasion to explore these fields of study in an unprecedented setting and numerous researchers have already contributed with the scholarly research (Anh & Gan, 2020; Atici & Gursoy, 2020; Fu & Shen, 2020; Shen, Fu, Pan, Yu, & Chen, 2020).

On the company side, there is an issue regarding the company’s going concern and the availability of liquidity to meet its obligations. On this subject, there is room for academic investigations in order to evaluate the company’s resilience and the ability of the banking system and other organisations (e.g., mutual guarantee institutions) to support businesses in addressing current turbulence. It would be also important to analyse the ability of company’s corporate governance to manage and respond promptly to the disruptions caused by the pandemic contributing to the previous literature cemented corporate governance system pillars by Rossi, Nerino, and Capasso (2015), Arouri, Hossain, and Muttakin (2011), Boubaker (2007), Huse (2005), and more recently by dela Rama and Kostyuk (2019), Grove and Clouse (2018), Kostyuk and Barros (2018) and with a focus of sustainability and financial performance issues (Guedes, 2020; Gouiaa & Kostyuk 2020; Tommaso, 2020; Grove & Clouse, 2017; Braendle, 2013).

With regard to the functioning of financial markets, currently, there is particular attention in the world on monetary policies of Central Banks and their effects that is confirmed by the previous literature by Lopes (2018), Basu, Ananthakrishnan, and Rodriguez (2018), Pichet (2013), Szunke (2013). As a result of the Covid-19 crises, a research path on the role of monetary policies in relation to market shocks and the increase in global public and private debt is strengthened.
From the investor’s point of view, it will be interesting to verify the results of sophisticated mathematical models aimed at limiting the risk of suffering losses when investing in the stock markets and there is a strong world economic and political uncertainty.

The articles published in this issue therefore represent a good starting point for further insights into these subjects in the time of Covid-19.

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REFERENCES


