

## From the Editor

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In a sign of the growing importance of world-wide developments to business economics, every article and review in this issue centers on topics of international concern, not those parochial to the United States.

The first piece is a speech given at NABE's annual meeting last September, by Tao Zhang, Deputy Manager of the IMF. Zhang discussed global developments, noting the pickup in growth. However, this improvement is also occurring in a low-productivity growth environment, and one in which income polarization appears to be ongoing. Tight labor markets do not appear to be generating robust wage growth. Zhang further noted the need for global cooperation in an environment of synchronized cyclical activity. One should observe, though, that his late-September vision of an Indians-Nationals World Series did not come to pass...

In another annual meeting talk, Adair Turner summarized and updated the findings of his book, *Between Debt and the Devil*. Turner emphasized the risks inherent in recent monetary and fiscal policy. Central Banks around the globe have been expanding their balance sheets, while fiscal debt has been growing rapidly. The expanded monetary bases have largely stimulated activity not by directly financing private activity, but indirectly by boosting asset prices, along with reducing the cost of government finance. Surging asset prices can go into reverse, bringing down demand, and swollen government debt may put pressure on Central Banks to accommodate higher inflation in order to cushion government finances.

In his paper, John O'Trakoun discusses China's Belt and Road initiative—the nation's highly ambitious investments in infrastructure across a wide scope of nations in Asia and Europe. Do the program's investments in a nation improve local perceptions of China? Do any improvement in views of China result in lower perceptions of the U.S.? O'Trakoun addresses these questions using detailed survey information. Perhaps unsurprisingly, Chinese investment is associated with better perceptions of China. Interestingly, higher Chinese investment does not appear to be associated with any poorer views of the U.S.—indeed, it's possible that improved views of China are linked to improved views of the U.S.

Africa is the second-largest continent, both in land mass and population, but receives limited analysis in Western publications. We are quite pleased to publish a study of the drivers of African tourism, written by Professors Ogechi Adeola, Nathaniel Boso, and Olaniyi Evans. The authors' analysis suggests that major attractors of tourists for African nations include taste formation (proxied by a number of variables, such as lagged numbers of tourists), exchange rates, incomes of tourists, and the extent of infrastructure and political stability.

In a Focus on Industry and Markets piece, Andrew Gross and Emily Park describe the water and wastewater treatment sector. As human populations and incomes increase, the demand for pure water grows. The sector is in flux, with firms across the globe restructuring and new products and technologies continuing to be introduced, and demand growth is anticipated to be strongest in Asia-Pacific and Africa–Middle East.

Gene Huang reviews Michael Auslin's *The End of the Asian Century*. As the title suggests, the book does not see the inevitability of Asian dominance of the world economy,

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and Huang finds considerable value in Auslin's description of the risks the region faces, and potential remedies.

Paul Thomas reviews Richard Baldwin's *The Great Convergence: Information Technology and the New Globalization*. Baldwin documents how the G-7's share of

world output has fallen markedly since 1990; his contention is that the remarkable growth of information technology has led to a diffusion of activity and income to other regions. In Thomas' view, while suggestive, that hypothesis is not fully satisfactory.

