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Highlights

- Sustainable Economic Growth
- Multicentric Approach Mechanisms
- Identifying the Presence of Gharar
- Money Demand Function Currency

Discovering Thoughts, Inventing Future

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Contents of the Issue

i. Copyright Notice
ii. Editorial Board Members
iii. Chief Author and Dean
iv. Contents of the Issue

1. Multicentric Approach Mechanisms as a Strategy for the Implementation of Public Policies - Reflections in the Context of the Creative Economy. *1-6*
2. Régime de Change et Croissance Économique: Une Investigation Empirique à Partir du Rôle de la Qualité Des Institutions. *7-18*
3. Financial Innovation, Money Demand Function and Currency Substitution in Africa. *19-26*
4. "Sustainable Economic Growth: A Challenge to Embrace for Bangladesh". *27-36*
5. Identifying the Presence of *Gharar* in Buying and Selling Mechanism Under Different Kinds of the Market Structure. *37-42*

v. Fellows
vi. Auxiliary Memberships
vii. Preferred Author Guidelines
viii. Index

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Multicentric Approach Mechanisms as a Strategy for the Implementation of Public Policies - Reflections in the Context of the Creative Economy

By Adriano Pereira de Castro Pacheco

Abstract- This essay aimed to identify central elements in the field of public policies to allow the proposals of guidelines for the improvement and effectiveness of their designs in the context of Creative Economy aiming at the contribution to the theoretical discussions of the theme. From the literary review, it was possible to list feasible strategies for sustaining such policies, based on the multicentric approach, which can strengthen governance processes by making them more participatory and democratic.

Keywords: public policies, multicentric approach, polycentric systems, creative economics.

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Multicentric Approach Mechanisms as a Strategy for the Implementation of Public Policies - Reflections in the Context of the Creative Economy

Adriano Pereira de Castro Pacheco

Abstract- **This essay aimed to identify central elements in the field of public policies to allow the proposals of guidelines for the improvement and effectiveness of their designs in the context of Creative Economy aiming at the contribution to the theoretical discussions of the theme. From the literary review, it was possible to list feasible strategies for sustaining such policies, based on the multicentric approach, which can strengthen governance processes by making them more participatory and democratic.**

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I. Introdução

A Economia Criativa - conceito ajustado ao delicado equilíbrio entre imperativos econômicos e o patrimônio de uma nação – despontou como a estratégia de desenvolvimento econômico mais significativa das últimas décadas, sobretudo, pela capilaridade dos setores que a constituem.

Sob essa constatação, compreender o cenário no qual a EC avança como um modelo favorecedor do desenvolvimento sustentável - a partir de organizações que empreendem ações em diferentes setores da Indústria Criativa - tem sido tarefa recorrente na discussão de novas estratégias para o desenvolvimento econômico mundial (UNCTAD, 2010).

No Brasil, a Economia Criativa (EC) notabilizou-se com a implantação da Secretaria da Economia Criativa (SEC), no âmbito do Ministério da Cultura, em 2011. O advento de uma unidade específica para a área contribuiu significativamente para o processo de institucionalização do tema, na agenda pública brasileira de políticas públicas.

O legado mais representativo da SEC refere-se ao Plano da Secretaria da Economia Criativa, elaborado na tentativa de se pactuar uma política estatal para ossetores da EC, aderente à multiplicidade de atividades culturais com potencialidades econômicas e que considerasse elementos exclusivos na territorialidade do país, ampliando, epistemologicamente, o próprio sentido da economia como motor de desenvolvimento inclusivo e sustentável.

Entretanto, parece haver, ainda, um espaço fulcral a ser descortinado pela academia, sobretudo, porque os estudos realizados até então tendem a privilegiar em suas análises apenas as relações mercantis, de fontes de inovação, de mercados, de tendências à integração vertical e horizontal e desempenho de aglomerados produtivos (APL, Clusters, Redes etc.), o que exclui, dentre outros, as relações imbricadas – e por vezes não captadas – entre indivíduos e conhecimentos de comunidades atuantes em organizações distintas; interdependência entre atores e suas ações; conteúdos transacionados entre atores (materiais e imateriais); e, principalmente, oportunidades ou limitações provenientes do ambiente estrutural para a ação de atores movidos por interesses econômicos eivados de solidariedade, colaboratividade, afetos, tradições, autogestão, dentre outros (CASSIOLATO *et al*., 2014; WASSERMAN e FAUST, 2007; CASSIOLATO e LASTRES, 2003).

Especificamente, são escassos os estudo que versam sobre os mecanismos de incentivo para o desenvolvimento de novas economias junto aos sistemas produtivos locais/territoriais, notabilizados por meio das políticas públicas. Nessa esteira, há que se registrar que a exclusividade estatal na implementação de políticas deu lugar a outras formas de planejamento dos recursos comuns à sociedade, conferindo à outros atores (ONGs, organismos multilaterais etc.) posição angular no que toca à proposição de políticas públicas, o que vem sendo chamado de abordagem multicêntrica (SECCHI, 2013).

À despeito, alguns autores (SECCHI, 2013) advogam que a abordagem multicêntrica tomou de inspiração a contribuição teórica de filósofos – à exemplo de Karl Polanyi (1957), e cientistas políticos - à exemplo de ElinorOstrom (1990)-, que colocaram em marcha o papel dos diferentes atores da sociedade no centro da tomada de decisão, papel antes polarizado entre estatização e privatização.

Author: Pesquisador em Economia Criativa e Doutorando em Administração na Escola de Administração e Negócios (ESAN), da Universidade Federal de Mato Grosso do Sul, Brasil.
e-mail: adrianopcastro@gmail.com

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Sob esse mote, notabiliza-se a importância de criação de instrumentos que abarquem, também, a gestão de recursos comuns, uma vez que o compartilhamento de saberes, conhecimentos e estratégias em direção ao fortalecimento institucional da EC deve ser o objetivo recíproco entre as organizações que fazem parte de um determinado sistema produtivo, nesse caso, intensivo em bens e serviços simbólicos e criativos. De igual modo, a relação entre essas organizações constitui iniciativa que antecipa um campo de experimentação promissor em termos de interação entre a ação coletiva privada e a ação pública (OSTROM, 2005, 2003, 1990; OLSON, 2011).

Para isso, o presente ensaio coloca em marcha o desafio de se construir bases teóricas e metodológicas para as políticas públicas endereçadas à EC sob a perspectiva da abordagem multicêntrica. Inicialmente, contextualiza o debate em inflexão caracterizando as políticas culturais e de EC. Após, explana as contribuições teóricas da governança policêntrica, associada aos pressupostos da ação coletiva. Propõe, enfim, diretrizes para a tomada de decisão no contexto de estabelecimento dessas políticas públicas, especificamente no caso brasileiro.

Nessa toada, considerando a importância das políticas públicas – enquanto instrumento de enfrentamento de um problema público – no desenvolvimento de um determinado setor da economia-, o presente ensaio focaliza a abordagem multicêntrica como estratégia alternativa à abordagem tradicional (estadocêntrica) de políticas públicas.

Para isso, parte-se do entendimento de que - para que uma política pública responda efetivamente à um problema público -, é fundamental a existência de múltiplos centros de tomadas de decisão: organizações privadas, organizações não-governamentais, organismos multilaterais, redes de políticas públicas, atuando coletivamente, em busca de um interesse comum (SECCHI, 2013; OLSON, 2011, OSTROM, 2005).

Adicionalmente, um dos pressupostos da problemática em curso, assume que as políticas públicas estadocêntricas (ou estatistas), já não são capazes de atingir seus objetivos de maneira efetiva e continuada, configurando-se meramente transitórias, de governo, elaboradas dentro de um aparato institucional-legal do Estado enquanto único tomador de decisão, num contexto de informação assimétricas e ineficiência na provisão de recursos (OSTROM, 2005).

Além da reconhecida necessidade de realização de pesquisas sistemáticas sobre os modelos alternativos de governança, faz-se necessário, ainda, partir do pressuposto de que os modelos multicêntricos possuem significativa capacidade de acomodar inovações institucionais e políticas. Assim, ampliar a compreensão sobre os desafios, limitações e possibilidades do campo discursivo da abordagem multicêntrica de políticas torna-se agenda inevitável.

a) Políticas Públicas, Políticas Culturais e Criativas

Norberto Bobbio et al (1998) notabilizaram-se ao definir o termo política (grifo meu) como derivativo do grego *politikós*, ou seja, que diz respeito àquilo que é da cidade, da pólis (Grécia Antiga); da sociedade e, logo, que é de interesse do homem enquanto cidadão. Da particularidade da expressão "política" derivam-se as demais categorias, estas sim, de interesse comum: poder, dominação, direitos, deveres, etc.

O trabalho da cientista política Celina Souza (2006) traz algumas das principais definições lançadas sobre a temática: "política pública é a soma das atividades dos governos que agem diretamente ou através de delegação, e que influenciam a vida dos cidadãos"; "o que o governo escolhe fazer ou não fazer" e "quem ganha o quê, por quê e que diferença faz" (SOUZA, 2006, p.24).

Adensando o teor da discussão, é oportuno mencionar o que diz Arretch (2003, p. 2) quanto ao objeto de análise das políticas públicas apresentando-o como "estudo de programas governamentais, particularmente suas condições de emergência, seus mecanismos de operação e seus prováveis impactos sobre a ordem social e econômica".

Direcionando os desdobramentos da política pública para as particularidades das políticas culturais, é imperioso compartilhar os elementos que estão no alicerce de sua constituição. Isaura Botelho (2001) acrescenta que as políticas culturais precisam ser pensadas em um contexto minimamente planejado, contemplando fontes e mecanismos de financiamento e, ainda, observando todos os elos da cadeia: criação, formação, difusão e consumo.

Como desdobramento institucional, intensificou-se o exercício do papel do Estado brasileiro quando da tentativa de implementação de uma agenda políticas públicas endereçadas ao fortalecimento de iniciativas de fomento ao processo produtivo da EC, à exemplo da formação de uma rede de Arranjos Produtivos Locais - APLs criativos, realizado em parceria com o Ministério do Desenvolvimento, Indústria e Comércio Exterior (MDIC), sendo estes considerados como aglomerações territoriais de agentes econômicos, políticos e sociais, com o foco em um conjunto de atividades correlacionadas aos setores culturais e criativos, além de vínculos produtivos e institucionais (LIMA, 2017).

Essa iniciativa, à exemplo de inúmeras outras, colocou em perspectiva a importância das economias de transição, à exemplo da criativa, solidária, colaborativa, ecológica etc., estabelecendo em seu bojo novos paradigmas relacionados à sistemas produtivos locais, inovativos e de desenvolvimento territorial (OLIVEIRA *et al.*, 2013; HOWKINS, 2013).

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Mais especificamente, ao tratar as políticas presentes no universo discursivo da EC, é imperioso destacar que "a economia criativa é, portanto, a economia do intangível, do simbólico. Ela se alimenta dos talentos criativos, que se organizam individual ou coletivamente para produzir bens e serviços criativos"(BRASIL, 2012, p. 24), cuja dinâmica de existência é dada a partir de uma cadeia de geração de riqueza compreendendo o retromencionado ciclo produtivo.

Traçado este breve cenário de compreensão das políticas públicas e, em particular, as culturais e criativas – notadamente vinculadas à noção de bens públicos e simbólicos - passemos ao constructo teórico adotado de modo a possibilitar a melhor interpretação acerca do formulação das recentes políticas difundidas para a EC.

Logo, em que pese as interligações e implicações trazidas pelo corpo teórico exposto ao longo deste ensaio não torne possível esgotarmos as possibilidades de análise e interpretação que o estudo desta temática suscita, a narrativa laudatória aqui proposta visa contribuir, em paralelo, com os demais esforços teórico-metodológicos propalados por aqueles que se lançam ao estudo de políticas públicas e, em especial e particularmente, na singularidade das políticas culturais e de EC.

De outro norte, o papel dos estudos endereçados a qualquer política pública deve, necessariamente, analisar o processo de estruturação, a partir dos mecanismos e incentivos capazes de mediar sua implementação. Mais do que isso, deve identificar, também, os atores, espaços decisórios e mecanismos de decisão (governança) que contribuem para a formação de redes estruturantes, além de analisar as estratégias e instrumentos de implementação utilizados, considerando as formas de controle, informação e coordenação.

b) A produção de conhecimento no contexto discursivo dos sistemas policêntricos

Como já mencionado anteriormente, o estabelecimento da EC como objeto de estudo está, ainda, em disputa. Nessa toada, a partir de elementos teóricos já experimentados é possível avançar em constructos que possibilitem maior compreensão do tema, especialmente no contexto acadêmico. Vale lembrar, assim, que a criação de conhecimento é impulsionada pela recombinação com outras experiências teóricas, à exemplo da própria abordagem multicêntrica, tornando-se essencial desenvolver mecanismos que favoreçam a disseminação e o compartilhamento dessas informações.

De tal modo, dada a capilaridade da EC, e da forma com que os diferentes discursos institucionais a tem privilegiado, tem sido comum observar algumas práticas de políticas envolvendo não apenas setores tradicionais do contexto cultural (artes performáticas, patrimônio cultural etc), mas, sobretudo, valiosas discussões em torno de direitos autorais, novas mídias e tecnologia da informação e comunicação, sendo apoiadas não apenas por Governos, mas organizações multilaterais, não-governamentais e comunidades acadêmicas, como as que operam nas indústrias criativa e de copyright.

Para além da importância da construção e disseminação de conhecimento, uma etapa fundamental consiste em uma análise sistemática das políticas existentes e, identificadas limitações e potencialidades, alterá-las se necessário. Complementarmente, é de fundamental importância o compartilhamento dos resultados dessas avaliações visando estabelecer parâmetros comuns de comparação com outras políticas, além da própria capacitação dos *stakeholders* envolvidos no processo de tomada de decisão, de maneira que estejam habilitados a participar do processo, sobretudo, quando da necessidade de reformulação da política.

Insta ressaltar, contudo, que a resolução de problemas públicos, comuns, não devem conter unicamente a atenção das comunidades de pesquisa: o processo deve ser participativo e compreender os mais diferentes setores da sociedade civil organizada, de maneira que se obtenha a proposta mais adequada que beneficiem a totalidade dos envolvidos, elementos que exigem constante reflexão e experimentação em matéria de mecanismos de decisão coletiva.

Uma prática de governança que tem sido sistematicamente empregada sugere a cooperação entre o universo acadêmico e o político. Ou seja, ainda que tradicionalmente o *stakeholder* mais poderoso deste processo decisório seja a elite política, a descentralização do poder de decisão pode encontrar nas comunidades de pesquisa uma valiosa e estratégica parceria.

Mas não apenas, o processo decisório no campo das políticas públicas - em especial aquelas espelhadas na abordagem multicêntrica - deve estar aberto às diferentes possibilidades de mediação e ganhos, espelhados em adequados mecanismos coletivos de decisão que consigam superar as crises de democracias representativas atuais. Esse processo decisório, fatalmente, será caracterizado por negociações permanentes e cooperação entre grupos construídos de acordo com diferentes lógicas.

Ainda no exercício ontológico que circunscreve a abordagem multicêntrica, as políticas públicas e a EC, insta frisar que os aspectos sociais devem ser minuciosamente observados, porquanto eventuais conflitos relacionados ao estabelecimento da governança possam ser resolvidos apoiados, por exemplo, em crenças e culturas comuns, favorecendo debates mais democráticos e a disseminação de práticas sociais inovadoras.

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Por fim, os sistemas policêntricos ou multicêntricos, notabilizam-se na discussão em marcha por abordarem claramente a questão do debate democrático em torno do processo decisório de políticas públicas. Ou seja, as decisões devem ser acordadas por uma ampla variedade de partes interessadas, o que exige troca de informações, compartilhamento de conhecimento e a vontade de chegar a um acordo. Assim, os líderes dos vários grupos sociais envolvidos em formas policêntricas de governança têm não apenas incentivos internos (como emponderamento e legitimidade), mas também incentivos externos (capacidade de convencer os outros nas decisões coletivas) para promover o envolvimento de partes interessadas na tomada de decisões e execução, o que pode ser representativo para os recentes estudos da EC.

c) *Abordagem multicêntrica, políticas públicas e EC: diretrizes e possibilidades de convergência.*

Uma vez lançadas as bases para a compreensão da EC e das políticas públicas culturais e criativasé seminal estabelecermos aqui os transbordamentos, relacionamentos e interações multiconceituais que podem ser afeitas à sua estruturação e implementação, à exemplo dos mecanismos de governança multicêntrica, também chamados de policêntricos.

Analogamente ao trabalho estabelecido por ElinorOstrom (2005), quando o problema público a ser enfrentado envolve a gestão de recursos comuns, há os que defendam maior regulação do estado; há os que defendam as privatizações. Porém, nem Estado, nem mercado têm sido bem-sucedido no propósito de alocação eficiente desses recursos e seus respectivos direitos de propriedade.

De um lado, o papel do Estado - uma organização que, comumente, lança mão de elementos ideológicos, a exemplo do patriotismo, da orientação política, cultura etc – para estabelecer seus princípios norteadores. Contudo, apenas o aspecto ideológico não é suficiente. O Estado precisa lançar mão de impostos para se sustentar (também chamados pagamentos compulsórios), o que pode caracterizar a ineficiência na provisão de bens. De outro, o mercado, cujo objetivo é essencialmente vinculado ao lucro e a eficiência da produção em detrimento de aspectos sustentáveis do desenvolvimento econômico.

De tal modo, fatalmente notabiliza-se o exercício de projeção de arranjos alternativosde governança, que considerem a heterogeneidade da oferta de bens culturais e criativos, uma vez que a provisão dos recursos não ocorre da mesma maneira para os diferentes indivíduos, face às clássicas incompatibilidades que circunscrevem à economia dos bens simbólicos, à exemplo daquelas apontadas pela Escola de Frankfurt (ADORNO; HORKHEIMER, 1985).

Assim, pelo fato de as economia de transição, como a EC, estarem em disputa nos mais diferentes espaços teórico-institucionais, o desafio que se apresenta reside em como realizar o desenho de políticas eficientes que respeitem e expliquem a interação entre motivações e incentivos nos diferentes setores. Com efeito, o desenho de políticas públicas endereçadas à EC deve, portanto, ser baseado em cuidadosos estudos *ex-ante* que examinem as motivações das várias partes interessadas e incluam análises de custo-benefício de cada diretriz proposta.

Uma importante contextualização, que merece destaque nas discussões sobre os arranjos de governança, em especial os que apoiam a implementação de políticas, refere-se à necessidade de compreensão do patrimônio social presentes na diversidade cultural do país; da formação coletiva de crenças e dos processos de transformação; da construção e desconstrução dos aspectos de legitimidade, além da liderança política e moral como orientações indutoras de pesquisas que visam influenciar a geração de novas ferramentas políticas (BROUSSEAU *et al*., 2011).

Dessa perspectiva, depreende-se a possibilidade de aproximação entre a elaboração de políticas públicas e a abordagem multicêntrica, de maneira que se viabilize um constructo teórico-metodológico que compreenda a diversidade de organizações em diferentes níveis de governança (OSTROM, 2005). Essa abordagem promissora (multi/policêntrica) pode oferecer uma maneira eficiente de combinar os modelos e o estilo de governança com os tipos de problemas de ação coletiva e, portanto, dos interesses que motivam as diferentes escolhas dos indivíduos.

A despeito, a literatura especializada relata inúmeras experiências envolvendo comunidades locais, redes internacionais de ativistas, organizações não-governamentais, além de governos e corporações, cujos resultados geraram uma extensa gama de práticas inovadoras de governança em todos os níveis - não apenas organizacional, mas também no contexto da sociedadeda informação, direitos humanos e proteção dos bens culturais.

Adicionalmente, algumas diretrizes já propostas no campo discursivo da abordagem multicêntrica, sustentam que as políticas devem se basear:

– em uma compressão completa dos desafios socioculturais e ambientais;
– em uma compreensão das propriedades dos mecanismos de governança;
– na sistematização da "reflexividade";
– na capacidade de avaliar as consequências reais práticas das estratégias de governança adotadas.

De tal modo, cabe destacar que a implementação de políticas sem o devido exercício de

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avaliação e monitoramento corrobora para o fracasso de sua permanência, o que comumente ocorre nas políticas de governo. Assim, torna-se igualmente necessário compreender os mecanismos alternativos de governança em sua dimensão global, abrangendo aspectos de cooperação entre os diferente indivíduos, sejam eles formais ou não.

Muito embora os mecanismos que sustentem a abordagem multicêntrica sejam os mais variados, o recorte específico focalizado neste ensaio recaí sobre os aspectos que tangenciam a governança, uma vez que esta surge como solução complementar de adequado provisionamento de recursos, ainda que os desafios para sua efetiva implementação sofra impedimentos decorrentes de conflitos em torno da alocação de direitos.

Em tom propositivo, ao se valer dos pressupostos da governança policêntrica, alguns objetivos-chave devem ser considerados: redução da incerteza; estimulo à produção e difusão do conhecimento entre os stakeholders eper mitir que decisão sejam tomadas de maneira mais eficiente pelos agentes. Adicionalmente, Brousseau et al (2011) advogam que essa abordagem de governança deve caracterizar-se pela capacidade reflexiva, acompanhada de mecanismos que permitam a avaliação de cenários, competências, metas e indicadores visando sua constante melhoria.

II. Conclusão

O trabalho propôs-se a identificar de que maneira a abordagem multicêntrica, associada aos mecanismos de governança e ação coletiva, pode contribuir para a obtenção de ganhos recíprocos dadas as especificidades da economia dos bens simbólicos, a partir da adoção de arranjos alternativos de governança, uma vez que aqueles tradicionais parecem não responder de forma eficiente aos diferentes interesses em jogo.

Nesse contexto, a abordagem multicêntrica emerge como resposta promissora às diretrizes de elaboração de políticas, notadamente porque um sistema policêntrico comumente supera as estruturas governança hierárquicas tradicionais; gerenciam melhor a heterogeneidade de incentivos e a adaptação de soluções para o problema específico, além de envolver diferentes atores no processo de decisão.

Dessa perspectiva, importa destacar que as diretrizes mencionadas ao longo deste trabalho são de grande valor e potencial de aplicação prática, sobretudo nas políticaspúblicas em torno da EC, com destaque para componentes principais capazes de compreender a canalização das forças sociais; o avanço dacapacidade associativa e colaborativa; além do incentivo à inventividade, em um processo apenas arcilarmente econômico, e essencialmente social e cultural.

Por fim, o papel acadêmico de produção e disseminação de conhecimentos na formulação de arranjos alternativos de governança – à exemplo da abordagem multicêntrica – deve somar-se às contribuições da economia política estruturalista ao abordar a importância da coletivização dos meios de produção e da tomada de decisões– no nível das unidades produtivas e em nível nacional – inaugurando um padrão de organização coletiva capaz de solapar as estruturas tradicionais dos mercados, que contribuem fortemente para a escassez de recursos.

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Régime de Change et Croissance Économique: Une Investigation Empirique à Partir du Rôle de la Qualité Des Institutions

By Alhadj Malloum Sali, Abessolo Yves André & Nemb Pierre Samuel

Abstract- The purpose of this work is to study the roleplayed by the quality of institutions in the growth performance and resilience to crises of the nature of the exchange rate regime. Based on data from 134 IMF member countries during the period 1984-2013 and based on IMF and Reinhart and Rogoff classifications. The results of the econometric estimations obtainedwith the less square generalized (LSG) methods show that, whatever the classification used, the quality of the institutions has a positive influence on the growth performance of the extreme exchange rate regimes (fixed and floating). However, it has been foundthat flexible exchange rate regimes are superior to fixed exchange rate regimes in terms of per capita real GDP growthusing the IMF classification. On the other hand, using the de facto classification of RR, itisrather the superiority of the fixed exchange rate regimesthat has been confirmed.

Keywords: *exchange rate regime, GDP growth, quality of institutions.*

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Régime de Change et Croissance Économique: Une Investigation Empirique à Partir du Rôle de la Qualité Des Institutions

Alhadj Malloum Sali [α], Abessolo Yves André [σ] & Nemb Pierre Samuel [ρ]

Resume- L'objet de ce travail est d'étudier le rôle joué par la qualité des institutions dans la performance de croissance et de résilience aux crises de la nature du régime de change. A partir des données de 134 pays membres du FMI, durant la période 1984-2013 et, en se basant sur les classifications du FMI et de Reinhart et Rogoff. Les résultats des estimations économétriques obtenus avec les méthodes de MCG montrent que, peu importe la classification utilisée, la qualité des institutions à une influence positive sur la performance de croissance des régimes de change extrêmes (fixe et flottant). Toutefois, il a été constaté une supériorité des régimes de change flexible par rapport aux régimes de change fixes en termes de croissance du PIB réel par tète en utilisant la classification du FMI. Par contre, en utilisant la classification de facto de RR, c'est plutôt la supériorité des régimes de change fixes qui a été confirmé.

Motsclés: régime de change, croissance du PIB, qualité des institutions.

Abstract- The purpose of this work is to study the roleplayed by the quality of institutions in the growth performance and resilience to crises of the nature of the exchange rate regime. Based on data from 134 IMF member countries during the period 1984-2013 and based on IMF and Reinhart and Rogoff classifications. The results of the econometric estimations obtainedwith the less square generalized (LSG) methods show that, whatever the classification used, the quality of the institutions has a positive influence on the growth performance of the extreme exchange rate regimes (fixed and floating). However, it has been foundthat flexible exchange rate regimes are superior to fixed exchange rate regimes in terms of per capita real GDP growthusing the IMF classification. On the other hand, using the de facto classification of RR, itisrather the superiority of the fixed exchange rate regimesthat has been confirmed.

Keywords: exchange rate regime, GDP growth, quality of institutions.

I. Introduction

Les débats sur les choix du régime de change optimal est ancien, mais des séries de faits nouveaux sont venus remettre cette question à l'ordre du jour. Il en ressort, globalement, que la question de supériorité d'un type de régime de change par rapport aux autres ne fait aucun consensus pérenne dans le temps et généralisable à tous les pays (Anas et al. 2018). Dès les premiers travaux, cette question a été abordée de façon à ce que le choix optimal soit conditionné tantôt par les caractéristiques structurelles internes des économies (Agnor, 2004; Sfia, 2007), tantôt par les changements majeurs affectant l'économie international (par exemple : l'intégration financière globale et les crises des années 1990). Par ailleurs, le consensus qui émerge par moment autour du choix d'un régime de change en particulier, est aussi le résultat direct des mutations majeures que connait l'environnement international (Frenkel, 2017).

La question du choix du régime de change reste d'actualité en particulier pour les pays qui cherchent à consolider et à renforcer leurs impulsions économiques (Yacgi, 2008 ; Tsangarides et al. 2012). Deux séries de faits nouveaux sont venu remettre à jour cette question du choix du régime de change optimal : Premièrement, l'adoption de régimes de change intenables a été largement perçue comme l'une des causes de la succession récente de crises de change, dont la crise du mécanisme de change Européen de 1992, celle du Peso Mexicaine 1994-1995, et la crise Asiatique de 1997 (Aliou et al. 2005 ; Bailliu et al. 2003 ; Esaka, 2010) et prévenir les crises financières en générales est devenu une des priorités des décideurs politiques dans beaucoup de pays (Nakatani, 2017). Deuxièmement, les effets du régime de change sur la tenue de l'économie ont aussi remis à l'ordre du jour ce débat. Même, si la plupart des travaux réalisés jusqu'ici se sont intéressés aux répercussions potentielles des choix du régime de change sur l'inflation et la variabilité de la production.

Malgré cette diversité de classifications, les résultats du lien entre le régime de change et la croissance économique restent plus ambigus les uns que les autres. Ce sujet, fait l'objet d'une plus grande controverse en macroéconomie internationale. Car, les études empiriques fournissent des résultats mitigés. D'abord, plusieurs études font état d'effets de croissance insignifiant des régimes de change (Ghosh et al. 1997; Edwards et Magendzo, 2006; De Grauwe et Schnabl, 2008; Klein et Shambaugh, 2010). Par la suite, un volet de la littérature montre que les régimes flottant

Author α: Doctorant au Département d'Analyse et Politique Economiques à la Faculté des Sciences Economiques et de Gestion de l'Université de Maroua. e-mail: alhadj.godigong@yahoo.fr
Author σ ρ : Doctorant Maitre de conférences; Département d'Analyse et Politique Economiques à la Faculté des Sciences Economiques et de Gestion de l'Université de Maroua.

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sont associés à une croissance plus élevées (Eichengreen et Leblang, 2003 ; Levy-Yeyati et Sturzenegger, 2003 ; Hussain et al. 2005 ; Miles, 2006 ; Fristedt, 2016 ; Oleka et al, 2016 ;). Pour d'autres auteurs (Ghosh et al. (2003); Reinhart et Rogoff (2004) ; Gahaz et al. 2018), les pays à régimes de change intermédiaire croissent plus vite. Pendant que, (pour Bailliu et al. (2003), Guellil et al. 2017), les régimes de change fixes sont associés à une croissance plus élevée.

Cependant, l'analyse de ces résultats mitigés débouche sur un autre constat: deux pays appartenant à une même zone ou non, utilisant le même type de régime de change, peuvent avoir des taux de croissance qui diffèrent sur les mêmes périodes. En effet, en utilisant la classification des régimes de change de Reinhart et Rogoff (2016), les pays de l'Afrique de L'Ouest comme le Burkina, la côte d'ivoire et le mali ont respectivement des taux de croissance moyen sur la période 2002 à 2012 respectivement de 3,38% ; -0,04% et 1,33%. Dans le même sens, en utilisant un régime de change intermédiaire identique, le taux de croissance moyen sur la même période du Japon et de L'Australie est respectivement de 0,85% et 1,58%. Ces illustrations démontrent l'existence d'un très grand écart de taux de croissance entre les pays qui utilisent le même type de régime de change. Cet écart encourage certains pays à modifier de leur plein gré leur régime de change (Masson, 2000).

Cette réflexion a incité les économistes à se tourner vers les variables institutionnelles pour tenter de trouver une justification aux écarts entre pays inexpliqués par les seules données économiques. D'autant plus que, les économistes s'accordent de plus en plus à reconnaitre que les différences dans les institutions, ont un effet de premier ordre dans le développement économique à long terme (Knack et Keefer, 1995 ; Hall et Jones, 1999 ; Acemoglu et al. 2002). C'est ainsi que Fazio et al. (2017), démontrent que les pays dotés d'institutions de bonnes qualités devraient être en mesure de formuler des politiques permettant de faire face plus efficacement aux chocs défavorables par rapport aux pays qui ont une qualité institutionnelle faible.

D'où la question de recherche: Quel est l'influence de la qualité des institutions dans la performance des régimes de change en termes de croissance économique?

Répondre à cette question nécessite au préalable de définir des objectifs clairs et précis. Ainsi, nous avons deux objectifs:

- évaluer l'impact du régime de change sur la croissance
- déterminer l'impact interactif de la qualité des institutions et du régime de change sur la croissance économique.

Pour atteindre cet objectif, nous posons deux hypothèses:

- les régimes de change ont un impact positif sur la croissance économique
- la nature du régime de change influence positivement la croissance économique pour les économiques qui ont des institutions de bonnes qualités.

II. Revue de la Litterature

Aujourd'hui, la hausse considérable dans les mouvements et la volatilité des capitaux et les récentes et successives crises de change qui ont eu lieu, et qui ont surtout menacé par plusieurs virulences et leurs envergures d'engloutir le système monétaire international, ont relancé les débats de l'influence des régimes de change sur la croissance et sur les moyens d'éviter de telles crises. C'est ainsi que, les effets du régime de change sur la performance économique a été étudié par plusieurs recherches, aussi bien sur le plan théorique qu'empirique.

a) Cadre Theorique De L'etude

La théorie de la croissance et la littérature sur les régimes de change suggèrent que la nature du régime de change adopté par un pays donné peut avoir des conséquences sur sa croissance à moyen terme et ce, de deux (02) manières : soit directement à travers ses effets sur les ajustements aux chocs, soit indirectement via son impact sur d'autres déterminants importants de la croissance tels que : l'investissement, le commerce extérieur et le développement du secteur financier (Bailliu et al. 2005).

De ce fait, si la théorie économique a permis d'éclairer les esprits sur les éventuelles avantages et inconvénients des différents régimes de change, elle a été prouvée insuffisante de générer un guide universel sur le lien entre régime et croissance. En effet, la plupart des théories économiques considèrent que le régime de change flexible peut immuniser l'économie en absorbant les chocs extérieurs, mais peut aussi réduire le commerce, elles considèrent aussi que le régime de change fixe peut améliorer le commerce et la croissance par une réduction des couts de transactions, et au même temps il permet de promouvoir l'investissement en réduisant et en stabilisant le taux d'intérêt. Par contre, elles considèrent que le régime de change intermédiaire permet d'améliorer et de stabiliser la croissance et la compétitivité de l'économie, et de jouer le rôle d'absorbeur de chocs et de stabilisateur de cycle économique.

Toutefois, selon cette même théorie économique, le type de régime de change ne devrait pas avoir d'incidence sur les valeurs d'équilibre à long terme des variables réelles. Mais pourrait influer sur le processus d'ajustement. Ainsi, le taux de change réel devrait revenir à sa valeur d'équilibre à long terme après

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un choc économique, quel que soit le régime de change. Le processus dynamique de transition peut cependant varier selon le type de régime de change.

Certains auteurs, comme Mundell (1968), ont souligné que, même si la situation d'équilibre à long terme est la même dans les deux (02) cas, le processus d'ajustement sera différent selon que le taux de change est fixe ou flottant. Et pour, Aizenman (1994), une économie qui s'ajuste plus facilement aux chocs devrait jouir d'une croissance de la productivité plus élevé, compte tenu du fait qu'elle tourne en moyenne plus près des limites de sa capacité.

La diversité des régimes de change de l'après Bretton Woods a relancé le débat sur l'optimalité du régime de change. Levy-Yeyati, Sturzenegger et Regio (2002), regroupent la littérature sur le choix du régime de change optimal en cinq grandes théories:

La théorie des zones monétaires optimale (Mundell, 1961; Mc Kinnon, 1963 et Kenen, 1969) qui stipule que l'optimalité des régimes de change fixe croit avec l'intégration commerciale et la concentration géographiques du commerce. Elle diminue avec la taille du pays parce que, plus un pays est petit, plus il est ouvert au commerce et plus il bénéficiera d'une stabilité de son taux de change nominal.

Le second courant théorique met l'accent sur l'ajustement aux chocs et montre qu'un régime de change flexible (fixe) permet un meilleur ajustement aux chocs réels (monétaires). L'attractivité des régimes de change flexibles croit alors avec l'importance des chocs réels relativement aux chocs monétaires.

La crédibilité des politiques monétaires et budgétaires constitue le principal argument de la troisième théorie du choix du régime de change. Selon cette théorie, les pays qui souffrent de problèmes de crédibilité tendront à adopter des systèmes de change fixe. Les autres pays pour lesquels la flexibilité de l'économie et la stabilisation du cycle économique sont plus importantes préféreront des régimes de change plus flexibles.

La quatrième théorie est celle de la trinité impossible qui stipule que, lorsque les capitaux sont très mobiles, l'adoption d'un système de change fixe entraine l'abandon de l'autonomie de la politique monétaire. Cela s'explique par la mobilité des capitaux induite par l'arbitrage international des taux d'intérêts. Ainsi, un des grands défenseurs de la libre fluctuation aujourd'hui est Barry Eichengreen (2000) qui base ses recommandations sur le principe du « *théorème de l'impossible* ». Suivant les enseignements du modèle Mundell-Fleming, ce principe met en avant l'impossibilité de l'obtention simultanée de trois objectifs de politique économique à savoir: la libre circulation du capital, un régime de change fixe et l'autonomie de la politique monétaire. L'idée serait qu'un pays doit élire seulement deux des trois objectifs.

La cinquième théorie se base sur l'approche des vulnérabilités structurelles. Cette approche présente le choix du régime de change pour les économies émergents comme fonction des caractéristiques des systèmes financiers et des effets pass-through. Elle inspire fortement les travaux mise aux points dernièrement et qui vise à identifier les causses et l'ampleur de la peur du flottement.

L'économie mondiale est actuellement caractérisée par un mouvement de globalisation financière grandissant de manière continue. Ainsi, la libéralisation des mouvements de capitaux présente non seulement les avantages favorisant la croissance économique, elle présente aussi des effets néfastes pour les économies nationales et internationales. A l'échelle internationale, la plus importante des dangers liés à la libéralisation des mouvements des capitaux est l'accroissement du risque systémique, synonyme d'instabilité excessive des marchés financiers et des changes, ainsi que des effets de propagation des turbulences qui en découlent, généralement dites crises financières et/ou de change (Aglietta, 1998).

b) Cadre Empirique De L'etude

Le problème de l'arbitrage entre régime de change fixe et régime de change flottant s'est posé relativement tôt dans la littérature. Plusieurs études ont essayé d'analyser la relation entre la nature du régime de change et la croissance, en proposant des mécanismes variés par lesquels le type de régime de change influe sur la croissance. En effet, on a pu démontrer dans la littérature que le régime de change importe en matière d'investissement (Aizenman, 1994; Bénassi-Quéré, Fontagné et Lahrèche-Révil, 2001), d'ouverture à l'égard du commerce international (Clark, 1973; Franke, 1991 ; Frankel et Rose, 2002) et du développement financier (Aizenman et Hausmann, 2000 ; Chang et Velasco, 2000). Mais, très peu d'études ont essayé d'analyser les effets de la qualité des institutions sur la performance des different régimes de change, en matière de croissance économique et de vulnérabilité aux crises.

c) Revue des liens entre régimes de change et croissance économique.

D'une part, nous observons des études menées dans la littérature en matière de performance de croissance des différents régimes de change, deux tendances ou résultats.

D'abord, une absence de lien entre nature du régime de change et croissance économique. En effet, contrairement aux prédictions de nombreux modèles théoriques des taux de change, certaines études appliquées ont même réfuté l'existence d'effets systématiques du régime de change sur l'économie réelle. Car, pour ces études, en tant que variable nominale, le régime de change pourrait ne pas affecter la croissance économique à long terme.

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Ainsi, dans leur étude de 1989, Baxter et Stockman, ont utilisé un échantillon de 49 pays pour analyser l'impact de la politique de change adoptée sur la croissance économique, pour la période allant de 1946 à 1986. Cette étude, abouti à la conclusion que, les régimes de change adoptés n'ont pas d'effet sur la croissance économique, car ils n'ont pas trouvé de différences systématiques dans le comportement des agrégats économiques clés. Ils ont seulement trouvé que la volatilité du taux de change était différente dans les deux cas de régimes de change (fixes et flexibles). Egalement, l'étude de Mills et Wood (1993), qui est fondé sur l'expérience du Royaume-Uni entre 1955 et 1990, a abouti au constat d'absence d'effet de régime de change sur la croissance. Rose (1994), arrive aux mêmes conclusions en étudiant le cas d'Allemagne.

Cependant, il est nécessaire de signaler que toutes ces études empiriques ont été basées sur la classification officielle des régimes de change publiée par le FMI. Or, dans la plupart des cas, les pays n'adoptent pas les régimes qu'ils déclarent au niveau du FMI, ce qui fausse les résultats des recherches effectuées. Pour remédier à ce problème, certains auteurs ont développé d'autres types de classifications des régimes de change.

Par la suite, l'existence de liens mais parfois contradictoire. Ainsi, nous constatons que le régime de change à des impacts sur le taux de croissance et le bien-être des populations voire même, la stabilité du système monétaire international. Entre 1999, 2003 et 2009, le FMI a produit trois grandes études analytiques sur les régimes choisis par les pays. Ces études s'inspirent des ouvrages empiriques publiés sur le sujet tant par l'institution qu'à l'extérieur (Ghosh et al. 1997; Ghosh, Gulde et Wolf, 2002; Levy-Yeyati et Sturzenegger. 2003; Reinhart et Rogoff, 2004).

La littérature empirique nous montre, qu'il a été toujours difficile d'identifier une corrélation directe entre les régimes de taux de change et la croissance économique. L'un des problèmes les plus importants qui reste sans réponse dans la finance internationale est le débat sur le type de régime de change qui peut stimuler la croissance économique.

C'est dans l'optique de trouver une réponse à ce débat que Levy-Yeyati et Sturzenegger (2002), étudient la relation entre régime de change et croissance sur un échantillon de 183 pays au cours de la période post Bretton Woods, en utilisant une nouvelle classification de facto fondée sur le comportement réel des variables macroéconomiques pertinentes. Ils constatent que pour les PED les régimes de change moins flexibles sont associés à une croissance plus faible, ainsi qu'une plus grande volatilité de la production. Plus récemment, Edward et Levy-Yeyati (2003), ont confirmé ces résultats et ont souligné l'incapacité des régimes de change fixes à absorber les chocs sur les termes d'échanges, ce qui se traduit par un ralentissement de la croissance économique.

Jean-Marc Rizzo (1999) a utilisé les données de 29 pays pour la période de 1980-1995. Il a conclu au terme des résultats d'estimation de ce modèle que le degré d'ouverture sur l'extérieur constitue bien le canal par lequel le régime de change influe sur la croissance. Si le régime de change ne parait exercer qu'un effet limité sur la croissance économique, il joue par contre de façonsignificative un effet sur sa volatilité. Par conséquent, il n'existe manifestement aucune évidence selon laquelle les changes flexibles seraient plus favorables à la croissance que les changes fixes.

Dans le même sens, afin de trouver l'existence d'un lien robuste entre le régime de change et la croissance. Bailliu, Lafrance et Perrault (2002), ont analysé cette relation sur 25 pays émergents sur la période 1973-1998. Ils montrent d'abord, qu'un changement de régime de change s'accompagne d'une baisse de la croissance à moyen terme, ainsi la variable muette relative aux changements de régime de change dans leur étude est négative et statistiquement significative peu importe la typologie retenue. Ensuite, ils trouvent qu'un régime de change flottant, entrainerait donc une forte croissance seulement pour les pays ouvert au commerce et au flux de capitaux internationaux. Dans le cas des autres pays, un régime de change flottant réduirait la croissance. Enfin, ils trouvent que pour bien favoriser la croissance à travers l'adoption d'un régime de change flottant, les pays doivent être dotés des marchés financiers bien développés. En effet, même dans le cas d'un régime de change fixe, un pays possédant un secteur financier sain et développé favorise aussi la croissance.

Sassi et Aliou (2005), ont étudié les répercussions potentielles du choix du régime de change sur la croissance économique sur un échantillon de 53 pays, pour la période 1973 à 1998. Ils ont trouvé que les régimes de change assortis d'un point d'ancrage aux fins de la conduite de la politique monétaire, qu'il s'agisse de régimes de change fixes, ou flexibles, ou intermédiaire, exercent une influence positive sur le croissance.

Yougbaré (2009), quant à lui analyse l'effet du régime de change sur la volatilité de la croissance en prenant en compte d'autres déterminants de la volatilité identifiés dans la littérature. Les résultats de cette étude montrent que les régimes de change fixes accroissent la volatilité de la croissance. Cet impact défavorable de la fixité du taux de change est atténué par le développement du système financier et par le développement économique. Cela suggère, que favoriser le développement du système financier peut constituer un moyen pour les pays qui choisissent un régime de change fixe, de réduire la volatilité du taux de croissance de leur produit.

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Plus récemment, Adama DIAW et Bamba KA (2012), font une tentative d'analyse des effets du régime de change sur la croissance économique réalisés par les pays de la CEDEAO, sur un panel de 14 pays couvrant la période 1970-2009. Ils montrent que l'effet du régime de change flexible sur la croissance est plus important que celui du régime de change fixe. Ainsi, une certaine dose de flexibilité est nécessaire pour permettre aux pays à régimes de change fixes de la CEDEAO de réaliser des taux de croissance plus élevé.

Stotsky et al. (2012) ont quant à eux, étudié l'incidence du régime de change sur la croissance économique au moyen des données longitudinales relatives à 7 pays africains sur la période 1990-2010. Ils ont constaté que plutôt que le régime de change, c'est le cadre de politique monétaire solide qui importe pour la croissance économique. Les résultats obtenus permettent de nettement différencier les pays émergents d'un côté et les PED de l'autre. En effet, les performances des différents régimes de change appréhendées au niveau global sont entièrement expliquées par les résultats obtenus pour les PED. Plus précisément, un pays qui aurait choisi un régime de flottement à partir de 1973 aurait connu en fin 2000 une croissance du produit de 22 % supérieur à un pays ayant choisi le régime de change fixe.

Cette brève revue de la littérature montre toute l'importance de l'étude de l'impact du choix du régime de change sur la croissance économique. Toutefois cette revue de la littérature a été sélective, on s'est attardé sur les études qui ont dégagé des résultats significatives. Ainsi, qu'en est-il du rôle joué par la qualité institutionnelle et le contrôle des capitaux dans cette relation.

d) Nature du régime de change et croissance : le rôle de la qualité des institutions

Plusieurs études souligne que le régime de change fixe permet au gouvernement de mener une politique monétaire qui évite le problème d'incohérence temporelle, accroît la crédibilité et maintient un taux d'inflation faible ou modéré (Giavazzi et Pagano, 1988). Dans ce cas, le régime de change fixe peut être considéré comme une solution attrayante pour les pays dont la capacité institutionnelle est faible et qui cherchent à maintenir des taux d'inflation faibles. Drazen (2002) et Frieden (2002) affirment que le régime de taux de change fixe permet aux gouvernements des pays dont le cadre institutionnel est faible d'être moins vulnérables aux pressions des groupes d'intérêts. L'inconvénient de ce type de régime est qu'il limite la flexibilité de la politique monétaire et que, dans ce cas, le compromis est donc entre crédibilité et flexibilité. Cette dichotomie pourrait être remise en cause par le fait qu'il peut être difficile pour les gouvernements caractérisés par une fragilité institutionnelle de soutenir un régime fixe.

Dans le contexte de mauvaise qualité institutionnelle, les gouvernements soumis à la pression de groupes d'intérêts (ou en présence de guerres ou de troubles sociaux) peuvent ne pas être en mesure de soutenir un régime de taux de change fixe inversement à l'argument précédent. En fait, Edwards (1996) a analysé les conditions dans lesquelles la stabilité politique et la force du gouvernement influent sur le taux de change. Il en conclut que les gouvernements les plus faibles, confrontés à des environnements politiques instables, sont incapables de maintenir un régime fixe, ce qui réduit les chances d'adopter ce type de régime.

L'inflation et la politique budgétaire devraient influer sur le choix et la stabilité du régime de change (Tornell et Velasco, 2000). Ils ont également suggéré que le régime de taux de change fixe puisse protéger les pays contre les chocs budgétaires qui nécessitent une augmentation des dépenses. Au contraire, ils suggèrent que le régime de taux de change flexible impose une plus grande discipline budgétaire, arguant que les régimes de taux de change fixes rétablissent le coût des déficits au fil du temps et conduisent à des imprudences fiscales et politiques. Fraj et al. (2018) pensent donc qu'une bonne gouvernance peut réduire les effets néfastes liés à un régime fixe conduisant à une croissance économique améliorée.

De nombreux pays en transition et en développement ont un problème de corruption flagrant qui affecte les recettes fiscales, en particulier dans les pays riches en ressources (Rafael et Alberto, 1999). Une littérature étroitement liée traite de l'influence des groupes d'intérêt sur la politique fiscale, arguant que ces groupes ont tendance à gaspiller des revenus (Lane et Tornell, 1996). Cet effet provient du fait que les groupes d'intérêts non coordonnés ne prennent pas en compte les effets externes de leur comportement et que les ressources sont donc surexploitées. Sur la base de cette littérature, on peut se demander si un régime de taux de change donné pourrait encourager les gouvernements à être moins tolérants à l'égard de la corruption ou d'autres formes de corruption.

Une littérature abondante a étudié le lien entre politique monétaire et qualité des institutions (Rogoff, 2004). Cette littérature s'est concentrée sur l'indépendance institutionnelle de la banque centrale ou sur d'autres solutions institutionnelles conduisant à une faible inflation (Siklos, 2000). Là encore, il apparaît que les pays dont la qualité institutionnelle est médiocre, en particulier ceux où le niveau de corruption est élevé et où la recherche de rente est très répandue, ont souvent une politique monétaire inefficace.

Les théories de la croissance soutiennent que, de bonnes institutions aident à faciliter les affaires, à établir des règles de jeux équitables et à renforcer la concurrence. Ces dernières années de nombreuses recherches ont abordé cette question et ont contribué à briser la circularité, en isolant le rôle des institutions

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dans la génération d'une croissance plus forte (Gide, 2015). Les pionniers de cet effort étaient, Robert Hall et Charles Jones (1999) et Acemoglu et al. (2001).

La qualité des institutions gagne une importance significative en période de crises financières (Klomp et De Haan, 2014). Ainsi, très peu études ont tentés d'analyser l'impact de la qualité des institutions dans la relation entre régime de change et croissance économique. C'est dans ce sens que Ferto et Fogarasi (2012), ont mis en lumière l'importance de l'institution dans l'explication du commerce. Ils trouvent dans leur analysent que les institutions et la qualité institutionnelle sont un déterminant important des performances sectorielles à l'exportation (ce résultat a aussi été confirmé par les travaux de Blanchard et Kremer, 1997 ; Berkowitz et al. 2006 ; Levanko, 2007 ; Méon et Sekkat, 2008).

Kalyvitis et Skotida (2010), ont examiné si l'impact des régimes de change sur la croissance est lié à l'environnement politique national et en particulier au niveau de la concurrence politique. Ainsi, la concurrence politique est inévitablement liée à l'impact économique des régimes de change. Par exemple, sous un taux de change fixe, l'incapacité du gouvernement à recourir à une politique expansionniste pour satisfaire les électeurs favorise la croissance en éliminant le processus inflationniste. D'autres parts, les taux flottant et l'autonomie monétaire permettent un degré de liberté supplémentaire dans l'élaboration des politiques sous la pression de la distribution des ressources (Frieden et Stein, 2001).

La recherche empirique a confirmé que la concurrence politique à un impact substantiel sur les résultats économiques. Levitt et Poterba (1999), ont suggéré que les politiciens préfèrent canaliser les ressources vers les districts où la concurrence est forte afin de gagner la majorité.Certaines recherches, ont utilisé d'autres variables de la qualité institutionnelle. Ainsi, Hefeker (2010), a exploré le lien entre la qualité institutionnelle, le système budgétaire et le choix du régime de change. Il utilise comme variables de la qualité des institutions: la qualité du gouvernement, la qualité des lois. Et il démontre qu'un ancrage à une monnaie à faible inflation peut améliorer la qualité institutionnelle dans un pays.

III. Methodologie de L'etude

a) Spécification du modèle

Dans le but de mener à bien cette analyse empirique sur l'impact du régime de change sur la croissance, cette étude se base sur les études empiriques présentées plus haut dans la revue des modèles (modèle de Bailliu et al.2002 ; modèle Yougbaré, 2009). En premier lieu, le modèle de l'étude est linéaire et vise à évaluer l'impact de la croissance au choix du régime de change.

$$Yit = c + \alpha i + YERRit + \mu Zit + \varepsilon it \qquad (i)$$

OùYit, désigne le taux de croissance du PIB par habitant dans le pays i et à la date t. $ERRit$, est un vecteur ligne des variables d'intérêt, représentant la nature du régime de change. Le vecteur ligne des variables de contrôle Zit, regroupe l'ensemble des déterminants classique de la croissance ; αi est une composante aléatoire, représentant l'effet individuel spécifique à chaque pays ; εit est le terme d'erreur ; c est une constante commune à l'ensemble des individus de l'échantillon.

La variable d'intérêt de cette étude ($ERRit$), correspond à trois régimes de change qui, sont définis comme suit:

{Fixe = 1 Si le pays adopte un régime de change fixe
= 0 Si non
{Flottant=1 Si le pays adopte un régime de change flexible
=0 Si non

Deuxièmement le modèle final devient non linéaire, et introduit des variables croisées avec le régime de change, afin de pouvoir identifier lesquelles sont compatibles avec tel ou tel régime de change. Il s'écrit comme suit:

$$Yit = c + \alpha i + \gamma ERRit + \delta ERR * INSTQit + \mu Zit + \varepsilon it \qquad (ii)$$

$ERR * INSTQ$Est l'effet mutuelle du régime de change et de la qualité des institutions sur la croissance économique; les autres variables restent sans changement. Et $INSTQ$ représente la variable de la qualité des institutions, cette étude utilisera 12 variables de la qualité des institutions.

Il s'agit précisément d'estimer les modèles suivants:

$$Yit = c + \alpha i + \gamma FIXit + \delta FIXit * INSTQit + \mu Zit + \varepsilon it \qquad (eq\ 1)$$

$$Yit = c + \alpha i + \gamma FLOATit + \delta FLOAT * INSTQit + \mu Zit + \varepsilon it \qquad (eq\ 2)$$

$$Yit = c + \alpha i + \gamma FIXrrit + \delta FIXrrit * INSTQit + \mu Zit + \varepsilon it \qquad (eq\ 3)$$

$$Yit = c + \alpha i + \gamma FLOATrrit + \delta FLOATrrit * INSTQit + \mu Zit + \varepsilon it \qquad (eq\ 4)$$

Avec, $FIXit$ et $FLOATit$ sont des régimes de change fixes et flottant selon la classification du FMI ;

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$FIXrrit$ et $FLOATrrit$ représentent les régimes de change fixes et flottants selon la classification de Reinhart et Rogoff (2016) ; $\delta FIXit * INSTQit; FIXrrit * INSTQit; FLOAT * INSTQit; \delta FLOATrrit * INSTQit;$ ce sont les interactions qui permettent de préciser le rôle de la qualité des institutions.

b) Nature et sources des données

L'étude en question porte sur les données macroéconomiques, de source secondaire et couvrant la période 1984 à 2014. Les données qui serviront dans cette étude, sont issues de deux grandes bases : la base de données de la Banque Mondiale, où sont collectés la plupart des variables de contrôle de cette étude, et la base de données du FMI, plus précision son rapport annuel sur la classification des régimes de change publié dans : « exchange rate arrangements and exchange rate restriction ». Toutefois, pour la classification de facto, l'étude utilise la base de données de Reinhart et Rogoff (2016), qui présente une classification des régimes de change de 1975 à 2016. Les données de la qualité des institutions seront issues de la base de « International country risk group » (ICRP).

c) Présentation des variables et leurs descriptions

Le tableau présenté en annexe regroupe les variables d'intérêts et de contrôles introduites dans les différentes régressions et leurs descriptions. Les variables d'intérêts représentent les différents régimes de change et les variables de contrôle ont été choisies parmi les déterminants standards récurrents qu'on trouve dans la théorie de la croissance économique (Barro et Sala-i-Martin, 2004).

Plusieurs recherches ont évalué la robustesse des liens entre croissance et un grand nombre de variables de politiques économiques par l'analyse des bornes extrêmes. Sala-i-Martin (1997), considère que cette méthode est inappropriée à l'examen de la robustesse des déterminants de la croissance. Il propose de tester la robustesse en considérant la totalité de la distribution des coefficients à estimer plutôt que les bornes extrêmes.

IV. Resultats de L'etude

a) Les résultats du test de Hausman

Ce test permet de choisir le modèle approprié pour l'estimation de nos données. Il permet d'arbitrer entre le modèle à effet fixe et le modèle à effet aléatoire. Nous avons donc la situation suivante:

Comme présenté dans l'annexe, le test de Hausman permet de faire le choix entre le modèle à effet fixe et le modèle à effet aléatoire. Il est très important pour nous de préciser que ces modèles (modèle à effet fixe et modèle à effet aléatoire) intègrent l'hétérogénéité des données. Les résultatsdes équations *(1, 2, 3, et 4)* montrent que, nous sommes en présence d'un modèle à effet aléatoire, car Prob > chi2 égale à 0.0000 dans tous les cas est supérieur à 5%.

b) Les résultats des estimations en MCG

Les résultats relatifs au modèle à effet aléatoire fait l'objet de nos interprétations. Pour cela, nous nous attardons sur les signes et la significativité des coefficients (les coefficients qui sont associés à nos différentes variables explicatives).

L'analyse de la significativité du modèle se fera en deux étapes : l'analyse selon la classification des régimes de change du FMI et selon la classification de facto de Reinhart et Rogoff : (voir annexe).

Ainsi, dans la méthode des moindres carrés généralisés (MCG), en utilisant la classification du FMI, nous trouvons que la croissance du PIB réel par tète est plus élevée dans les pays qui utilisent le régime de change flottant que dans le régime fixe. Ce résultat confirme le volet de la littérature qui affirme la supériorité des régimes de change flottant en termes de croissance économique (Eichengreen et Leblang, 2003 ; Levy-Yeyati et Sturzenegger, 2003 ; Hussain et al. 2005 ; Miles, 2006 ; Fristedt, 2016 ; Oleka et al, 2016). Ainsi, à la question de savoir quel est le meilleur régime change en termes de croissance, la classification du FMI privilégie les régimes de change flexible. Toutefois, la qualité des institutions à une influence positive sur la croissance du PIB réel. Ceci confirma notre hypothèse *H1: la qualité des institutions influence positivement la performance des régimes de change en termes de croissance économique*. Mais seulement, pour les régimes de change fixe se sont les institutions: *(les conflits internes et externes, les tensions ethniques et l'implication des militaires et de la religion en politique)* et pour les régimes de change flexible se sont les institutions *(le climat des affaires, les conflits internes, le respect des engagements démocratiques et la qualité de l'ordre et la loi)* qui influencent positivement la performance de croissance des régimes de change.

Par contre, en utilisant la classification de facto de Reinhart et Rogoff (RR), c'est plutôt *la supériorité des régimes de change fixe* qui est mis en avant. Ce résultat confirme aussi, les résultats obtenus par (Bailliu et al. 2003 ; Guellil et al. 2017), qui trouvent que les régimes de change fixes sont associés à une croissance plus élevée. Ainsi, peu importe le type de régime de change (fixe ou flottant), *notre hypothèse se trouve encore vérifier.* Car, pour les régimes de change fixe de facto, les interactions avec la qualité des institutions: *(les conflits internes, l'impartialité de la justice, le respect des engagements démocratique, la qualité de la bureaucratie)* et pour les régimes de change flexible, les interactions avec les institutions: *(le climat des affaires, les conflits externes et l'implication de la religion en politique)* influence positivement la croissance du PIB réel par tête.

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Il était question dans cette étude d'analyser le rôle joué par la qualité des institutions dans la performance de croissance des différents régimes de change. Pour cela, afin d'arriver au bout de notre objectif, nous avons utilisé un certain nombre de modèles économétriques. Et deux types de classifications des régimes de change. Les résultats de nos estimations ont montré que, peu importe la classification utilisée, la qualité des institutions à une influence positive sur la performance de croissance des régimes de change extrêmes (fixe et flottant). Toutefois, il a été constaté une supériorité des régimes de change flexible par rapport aux régimes de change fixes en termes de croissance du PIB réel par tète en utilisant la classification du FMI. Par contre, en utilisant la classification de facto de RR, c'est plutôt la supériorité des régimes de change fixes qui a été confirmé. Les résultats montrent également, qu'il existe un certain nombre d'institutions, qui tirent vers le bas la croissance du PIB si, elles ne sont pas améliorées. Il s'agit de la qualité des institutions telles que : (la stabilité du gouvernement, les conditions socioéconomiques, de la corruption, l'implication des militaires et de la religion en politique et parfois la qualité de la bureaucratie).

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Annexe

Tableau: Les variables utilisées dans le modèle

	Variables	Description des variables	source de donnée
Variable dépendante	**lrgdppc**	logarithme en monnaie locale du PIB réel par téte	WDI
Variables d'inéret	**régime de change**	egale à 1 si le régime est fixe et 0 sinon	exchange rate arrangement and exchange restriction
		égale à 1 si le régime est flottant et 0 sinon	
	vlgdp	écart type de la croissance du PIB réel	calcul auteur
	ipc	l'indice des prrix à la consommation	WDI
	INFHIS	l'inflation historique: égale à l'inflation/(1+inflation)	calcul auteur
	SQINFHIS	le carré de l'inflation historique	calcul auteur
	TE	terme d'échange: rapport entre exportation et importation	WDI
	VLTE	volatilité des termes d'échange	calcul auteur
	VVAG	volatilité de la valeur ajoutée agricole	calcul auteur

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Variables de controle	**DF**	le développement financier:	WDI
	SQLDF	le carré du développement financier	WDI
	Lreser	logarithme des reserves de change en dollars	IFS
	POP	taux de croissance de la population	IFS
	OUVC	ouverture commerciale: somme des importation et exportations sur le PIB	WDI
	logg	logarithme de depenses publiques de consommation	WDI
	INV	Investissement en pourcentage du PIB	WDI
	M2PIB	masse monétaire en poucentage du PIB	WDI
	IDE	investissement direct étranger	WDI
	Régimei*Iqi	interaction entre régime de change et la qualité des institutions	calcul auteur

Source: réalisé à partir de la litterature

Tableau: Test d'hétéroscédasticité de l'équation 1 (eq 1): Test de Breush-Pagan

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity				
Ho: Constant variance Variables: fitted values of residus2				
Equations	Eq (1)	Eq (2)	Eq (3)	Eq (4)
Chi2(1)	12794.27	72444.34	52607.44	1775.37
Prob> chi2	0.0000	0.0000	0.0000	0.0000

*significatif à 1% ; ** significatif à 5% ; *** significatif 10%.

Source: nous-mêmes à partir de Stata 12

Tableau: Tableau du test d'autocorrélation

	Eq (1)	Eq (2)	Eq (3)	Eq (4)
Rho ar	0.85153916	0.86610858	0.84962602	0.97761892
D-W	0.5620976	1.0182666	0.9412366	0.23171662

Source: nous-mêmes à partir de Stata 12

Tableau: Test de Hausman du modèle

HAUSMAN TEST		
Ho: difference in coefficients not systematic		
Equations	Wald chi2= (b-B)' [(V_b-V_B) ^ (-1)] (b-B)	Prob > chi2
Eq (1)	Chi2(27) = 102.99	0.0000
Eq (2)	Chi2(26) = 94.94	0.0000
Eq (3)	Chi2(26) = 257.91	0.0000
Eq (4)	Chi2(27) = 259.89	0.0000

Source: nous-mêmes à partir de Stata 12

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Tableau: Résultat des estimations

Estimation MCG							
Variable à expliquer : lrgdppc							
Equation 1		Equation2		Equation 3		Equation 4	
Var	Coef Prob	Var	Coef Prob	Var	Coef Prob	Var	Coef Prob
Fix	-0.5493543* (0.000)	Flot	0.1255932* (0.003)	Fixrr	0.5402706* (0.000)	flotrr	-0.0013093** (0.014)
Vlrgdp	-0.063162* (0.000)	Vlrgdp	-1.345925* (0.000)	Vlrgdp	-1.257979* (0.000)	vlrgdp	0.0019992* (0.000)
Sqinfhis	0.0053479* (0.003)	Sqinfhis	0.0139109* (0.000)	Sqinfhis	0.0086646* (0.000)	sqinfhis	0.0007439 (0.313)
Vlte	-0.014225* (0.000)	Vlte	-0.0159304* (0.000)	Vlte	-0.0152195* (0.000)	vlte	-0.0005835* (0.001)
Infhis	-0.0014846* (0.000)	Infhis	-0.0004255* (0.000)	Infhis	-0.0005368* (0.000)	infhis	-6.70e-06 (0.993)
Ddf	-0.0168696* (0.000)	ddf	-0.0108155* (0.000)	Ddf	-0.0131974* (0.000)	ddf	-0.0009073* (0.000)
Dcpi	8.77e-06 (0.773)	dcpi	0.0000483*** (0.069)	Dcpi	0.0000529** (0.042)	dcpi	0.0000302* (0.000)
Dsqldf	-0.0104058* (0.000)	dsqldf	-0.0074749 (0.002) *	Dsqldf	-0.0130449* (0.000)	dsqldf	0.0001417* (0.001)
Dlreser	-0.0000719 (0.485)	dlreser	0.0000319 (0.719)	Dlreser	0.0000708 (0.416)	dlreser	0.0002272* (0.000)
Dpop	0.000343* (0.003)	dpop	0.0002372** (0.017)	Dpop	0.0002695* (0.006)	dpop	-5.06e-07* (0.000)
Vvag	-0.0000104 (0.367)	vvag	-6.89e-06 (0.487)	Vvag	-4.34e-06 (0.656)	vvag	0.0000492* (0.001)
Ouvc	0.0000185 (0.455)	ouvc	0.0000273 (0.201)	Ouvc	0.0000214 (0.308)	ouvc	-1.17e-08 (0.657)
Logg	0.0000155 (0.186)	logg	0.0000236** (0.033)	Logg	0.0000336* (0.002)	logg	-0.0003496* (0.000)
Inv	0.0001095 (0.547)	inv	0.0000571 (0.718)	Inv	0.000019 (0.902)	inv	-2.88e-07 (0.161)
M2pib	-0.0001276 (0.151)	M2pib	-0.0000961 (0.212)	M2pib	-0.0000961 (0.201)	M2pib	5.52e-08 (0.572)
Te	-0.0010257* (0.000)	Te	-0.0004791* (0.007)	Te	-0.000416** (0.015)	Te	0.0003761* (0.000)

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Ide	0.0086845* (0.008)	Ide	0.0141695* (0.000)	Ide	0.0154318* (0.000)	Ide	0.0000253* (0.000)
Fixgs	-0.0357712* (0.001)	flotgs	-0.0228078** (0.047)	Fixrrgs	-0.0198016* (0.000)	flotrrgs	0.0000417 (0.313)
Fixsc	-0.0379995* (0.000)	flotsc	-0.0131784 (0.278)	Fixrrsc	-0.0575323* (0.000)	flotrrsc	-0.0001123** (0.032)
Fixip	0.017131*** (0.099)	flotip	0.02768** (0.021)	Fixrrip	-0.00595 (0.526)	flotrrip	0.0001091** (0.026)
Fixic	0.0034935 (0.734)	flotic	0.0723396* (0.000)	Fixrric	0.0394681* (0.000)	flotrric	0.0000805 (0.127)
Fixec	0.0697388* (0.000)	flotec	0.0047373 (0.612)	Fixrrec	0.0012577 (0.911)	flotrrec	0.0001012* (0.003)
fixcorp	-0.0001746 (0.989)	flotcorp	-0.1197704* (0.000)	Fixrrcorp	-0.0432497* (0.000)	flotrrcorp	0.0000991 (0.261)
Fixmp	0.0321603** (0.029)	flotmp	-0.0844148* (0.000)	Fixrrmp	-0.0551999* (0.000)	flotrrmp	-0.000149* (0.009)
Fixrp	0.0458981* (0.005)	flotrp	-0.0502625* (0.010)	Fixrrrp	-0.0554199* (0.000)	flotrrrp	0.0001284*** (0.098)
Fixlo	0.0037405 (0.804)	flotlo	0.0490516* (0.005)	Fixrrlo	0.0262646*** (0.082)	flotrrlo	0.0000839 (0.396)
Fixet	0.0842657* (0.000)	flotet	-0.0123793 (0.407)	Fixrret	-0.0232416 (0.120)	flotrret	-0.0001464** (0.015)
Fixda	-0.0348465** (0.020)	flotda	0.033716** (0.011)	Fixrrda	0.0688285* (0.000)	flotrrda	-0.0000848 (0.184)
Fixbq	-0.0906082* (0.000)	flotbq	0.0107197 (0.222)	Fixrrbq	0.0701695* (0.000)	flotrrbq	-0.0001656*** (0.084)
_cons	3.093094* (0.000)	_cons	3.266806* (0.000)	_cons	3.25994* (0.000)	_cons	3.298281* (0.000)
R-sq Prob > F	0.3771 0.0000*	R-sq Prob > F	0.5637 0.0000*	R-sq Prob > F	0.5785 0.0000*	R-sq Prob > F	0.6709 0.0000*

*significatif à 1% ; ** significatif à 5% ; *** significatif 10%

Source: nous-mêmes à partir de stata 12

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Financial Innovation, Money Demand Function and Currency Substitution in Africa

By Ogunsakin Sanya
Ekiti State University

Abstract- This paper examined the relationship among money demand function, financial innovation and currency substitution in African countries between 1980q1 and 2016q2. Data for the study were sourced from International Financial Statistics (IFS), United Nation Statistical Bulletin, (2016) and Central Banks of various countries selected. The study employed panel ARDL as estimation technique. The result from the showed that there was long-run relationship among money demand, financial innovation and currency substitution in the selected African countries during the study period. The result further showed that income, effective exchange rate, foreign interest rate, savings deposit rate, inflation rate and dummy variables have significant impact on money balances. However, the significant value of exchange rate in the model implies the existence of currency substitution in the selected African countries during the study period. The value of dummy variable showed positive but insignificant. This shows that financial innovation has not really altered the stability of money demand function in the selected African countries. Based on these findings, the study therefore, recommends that monetary authorities in the selected countries should always ready to use active money balances as an effective instrument in designing monetary policy.

Keywords: *real money balance, currency substitution, financial innovation and ARDL.*

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Financial Innovation, Money Demand Function and Currency Substitution in Africa

Ogunsakin Sanya

Abstract- This paper examined the relationship among money demand function, financial innovation and currency substitution in African countries between 1980_{q1} and 2016_{q2}. Data for the study were sourced from International Financial Statistics (IFS), United Nation Statistical Bulletin, (2016) and Central Banks of various countries selected. The study employed panel ARDL as estimation technique. The result from the showed that there was long-run relationship among money demand, financial innovation and currency substitution in the selected African countries during the study period. The result further showed that income, effective exchange rate, foreign interest rate, savings deposit rate, inflation rate and dummy variables have significant impact on money balances. However, the significant value of exchange rate in the model implies the existence of currency substitution in the selected African countries during the study period. The value of dummy variable showed positive but insignificant. This shows that financial innovation has not really altered the stability of money demand function in the selected African countries. Based on these findings, the study therefore, recommends that monetary authorities in the selected countries should always ready to use active money balances as an effective instrument in designing monetary policy.

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I. Introduction

The efficacy of money demand function in the conduct of monetary policy depends on its stability. A stable money demand function is a prerequisite for the conduct and formulation of monetary policy. A stable money demand function is required for the proper understanding of monetary policy transmission mechanism. Money demand function links money and other real economic variables and it plays an important role in the decision making process of central Bank in dealing with monetary and other macro-economic policies.

In recent times, developing countries have introduces series of financial and economic reform particularly structural adjustment programme, financial deregulation, stock market deregulation, financial regulation etc. Besides these reforms, developing countries (particularly Africans countries) have equally moved from direct to indirect monetary policy instruments. The integration of these two issues has increased the volatility of monetary aggregates which might have affected their relationship with the final goals of monetary policy.

Furthermore, before economic deregulation policy in the 1980s which was adopted by most of African countries, it was assumed that money demand function was relatively stable. Thereafter, that is, during economic deregulation, it is equally assumed that new financial products (elements of financial deregulation) could caused instability in the underlying money demand relationship with important consequences for the conduct and efficacy of monetary policy. (Gurley and Shaw, 1995) and (Darrat, 2009).

Moreover, currency substitution occurs when foreign currencies are being substituted for domestic money in its three traditional roles such as medium of exchange, unit of account and store of values which may makes execution of monetary policy difficult. A large number of factors may make domestic residents substitute the domestic currency. Namely, the foreign trade transactions, the domestic transaction, the portfolio diversification and avoidance of excessive financial losses from inflationary taxation.

Financial innovation is to improve macroeconomic performance of a nation. The level to which financial sector performs in an economy is essential depends on the stage of economic growth and development. The financial innovation is closely and positively related to the real economy. However, financial innovation may impact national economy positively or negatively. Take for instance, financial development and the proliferation of financial product and deposit substitutes could cause instability in the underlying money demand relationship with important consequences for the conduct of monetary policy and financial innovation.

The remainder of the paper is structured as follows. This introductory section is follows by section two that presents empirical literature. Section three deals with methodology. Section four present results and its interpretation. Section five concludes the paper.

II. Empirical Literature

Studies have been carried out on the relationship among money demand, currency substitution and financial innovation both in developed and developing nations. However, some of these

Author: (Ph.D), Ekiti State University, Ado-Ekiti Department of Economics, Faculty of the Social Sciences.
e-mail: drogunsakinsanya18@gmail.com

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studies are presented here as empirical literature to guide and provide foundation for the model of this present study.

(Monday and Guevva, 2008) examined the effects of financial development on economic growth in developing countries. The study made used of structural measures of competition and industrial organization. Findings from the study revealed that financial development has marginal effects on economic development of selected countries. In the same line of study, (Pan Zar and Mosses, 2006), also studied the relationship between economic growth and financial sector development between 1993 and 2003 in some developing countries. Finding showed that financial sector development really stimulated the growth of economies of selected countries during the study period. To revalidate the previous two studies, (Zoedarmono, 2010) investigated the causal relationship between banking sector and output growth in some developing countries. The study employed dynamic panel as estimation techniques; Results from empirical analysis showed that banking sector development only had marginal impact on the output growth of selected countries. (Zewdie, 2013), studied the effects of financial innovation on the financial performance of commercial banks in Kenya. The study used both descriptive and inferential methods. Findings showed that financial innovation did not have significance impact on the bank performance in Kenya during the study periods. (Davde, 2011), investigated the relationship between financial innovation and bank performance in Nigeria. Fifteen selected commercial banks were considered. The study made used of pearson correlation co-efficient as estimation techniques; Findings showed that financial innovation actually impacted the performance of selected banks in Nigeria positively during the study period. (Antony and Antony, 2012) examined the relationship between financial innovation and economic growth in Ghana between 1963 and 2009. The study employed (ARDL) and Granger Casualty as estimation techniques. Findings showed that financial innovation only had positive impact in the short-run but did not have significant impact in the long-run.

(Bahmani and Shabsigh, 1996) examined the stability of M1 and M2 money demand function for Japan. They found that M1 money demand function was stable with and nominal exchange rate. Similarly, (Bahmani-Oskooee and Bohl, 2000) analyzed the stability of M3 money demand function for German following the monetary unification. Their results indicated that M3 money demand function in Germany was not stable for the study period. (Gil-Alana, 2004) applied co-integration using data for five major industrial countries (namely, Canada, U.S, Japan, Germany and UK), found mixed results in particular, the non hypothesis of no co-integration cannot be rejected for Japan, but there was some evidence of frictional co-integration for Germany, Canada, the US and the UK (Where however, the income elasticity is found to be negative). (Darrat, 1986) explores the demand for money in three major OPEC countries including Saudi Arabia Libya and Nigeria. Applying the Chow, Gupta and Farley and Hinich stability, the study concluded that the Money Demand Function was stable in Saudi Arabia, Libya and Nigeria during the study periods. (Oloyede, 2000) estimated the demand for narrow and broad money-in Nigeria using the Engle and Granger (1987) approach with quarterly data: from 1990 to 1998. The variables included in their model were the South African Treasury ' Bill rate (representing return on alternative assets), a six month's, Namibia ' commercial bank deposit (representing own rate of return on money), real exchange between Namibian dollar and South African rand, Namibia Treasury bill rates, real GDP, expected rate of inflation and either narrow money (M1) or broad money, (M2). All variables were in logarithms except the inflation rate. (Adebiyi, 2006) examined broad money demand, financial liberalization and currency substitution in Nigeria using Error Correction Model (ECM). His results showed that long-run demand for real balances in Nigeria depends upon real income on its own interest rate, interest rates on government securities, inflation and expected exchange rates. He finally concluded that money demand function in Nigeria was stable despite the economic reforms and financial crises. In the same line of study (Gbadepo and Adedapo, 2008) examined the impact of financial innovation on the stability of Nigerian money demand function using Johansen ECM and found that financial innovation had no significant impact on the stability of Nigerian Money demand function during the study periods. (Blevms, Vagassky and Wong, 1999) examined the effects of financial liberalization on the stability of money demand function in Peru and their implications for monetary policy. The study used quarterly data between 1979 and 1997. The study employed co-integration and error correction as estimation techniques. Findings showed that financial sector reforms and financial liberalization had marginal effects on the stability of money demand function in the selected countries.

(Kargbo, 2010) re-validated the mekinnon complementanty hypothesis to examine the relationship between financial liberalization and savings mobilization in Sierra Leone. The study made used of ARDL as estimation techniques. Findings showed that financial liberalization had positive effects on savings and rate of capital formation during the study periods. (Aiyedogbon, et al, 2013) examined the stability of money demand function in Nigeria between 1986 and 2010. The study employed co-integration and error correction as estimation techniques. The study found that the money

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demand function was stable during the study period. In the same line of study, (Iyoboyi and Pedro's 2013) examined the stability of narrow money (m1) in Nigeria between 1970 and 2010. The study made used of ARDL as estimation technique. Findings from the study showed that real income, real effective exchange rate, the expected inflation rate, foreign real interest rate and short term interest rate are major determinants of the stability of narrow money in Nigeria during the study period. To further examine the relationship between money demand function and financial liberalization in Nigeria, (Sanya and Awe, 2013) studied the impact of financial liberalization on the stability of Nigerian money demand function between 1970 and 2008. The study employed multivariate co-integration as estimation technique. Findings from the study revealed that financial liberalization did not alter the stability of Nigerian money demand function during the study period. To revalidate the previous studies. (Bassey, Besong and Effiong, 2012) studied the effect of monetary policy on the money demand in Nigeria. The multiple regression was the estimation instrument used in this study. Study showed that there was an inverse relationship between interest rate, expected inflation rate, exchange rate and money demand in Nigeria during the study period. (Odhiumbo, 2009), used co-integration to study the relationship between interest rate and financial development in South Africa. The study revealed that there was no causality between interest rate and financial development in South Africa during the study period. (Behumani, Oskooee and Bary, 2000) investigated the stability of broad money (M2) in Russia. The study made used of co-integration and error correction as estimation techniques. The study found long-run co-movement among the variables used in the study but discovered that (M2) was unstable during the study period. In the same line of study (Ogun, 1986), used correlation analysis to examine the relationship between financial deepening and economic growth in selected countries in Africa. The study revealed that financial deepening has negative relationship with economic growth in the selected African countries.

(Sanjay, 1998) examined the relationship between inflation and money demand in Albania between 1993 and 1997. The study employed multiple regression as estimation techniques. Finding from the study showed that after the one time effects of the 1997 crisis are considered, the long-run determinants of inflation and money demand remained the same. And also series of financial sector reforms used in Albania have really helped to reduced inflation and enhanced the stability of money demand function during the period. (Wong jinn, 2010) investigated money demand, financial liberalization and currency substitution in Malaysia between 1978 and 2007. The study made used of johasen-juselius cointegration to carry out the analysis. Finding showed that currency substitution effect existed in the money demand function. The study equally found that there was negative relationship between financial liberalization and narrow money (m1) during the study period. (Assande, Subhas and Mahbub, 2006). Used descriptive method to investigate currency substitution in selected countries in Africa. Findings from this study showed the existence of currency substitution in Nigeria, Ghana and South Africa but not in Egypt, Kenya, Tunisia and Zambia during the study period.

From the empirical literature reviewed, the issue of money demand function has become a perennial topic in the literature. However, the study on the relationship among money demand, financial sector reforms, currency substitution and financial innovation is so scanty especially in Africa. Besides this, the available studies produced a conflict results. While some found that financial innovation and currency substitution did not affect the stability of money demand function. Some found that financial sector reforms have actually altered the money demand function stability. Based on these conflicting results, it is imperative to reinvestigate the stability of money demand function in the face of financial sectors reforms and currency substitution. This present study filled this gap by examining the relationship among demand function, financial innovation and currency substitution in Africa.

III. Section 3

Research Method

a) Model Specification

The conventional specification of the long-run money demand model that has been adopted in most emerging economies takes it root from the functional representation in equation 3.1

$$\left(m/p\right)_t = f(y,r) \quad \text{.....3.1}$$

Then, m/p represents the demand for real balances which considers scale variables, Y stands for opportunity cost variable and r and m are taken to represent monetary aggregate in nominal terms and price level is represented by p.

In line with (Adebiyi 2006, Gbadebo & Adedapo 2008, Akinlo 2006, kallon 2009 & Ogunsakin 2013), this present study therefore, augments equation 3.1 with other variables to examine the relationship among real money balances, financial innovation and currency substitution. However, the equation to be estimated is given in3.2

$$\left(m/p\right) = a_0 + a_1 Y + a_2 INF + a_3 EX + a_4 SDR + a_5 TDR + a_6 FIR + SAP + \mu$$

.....3.2

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M/P = Real Money Stock

Y = Real Gross Domestic Product

INF = Domestic Infation Rate

EX = Real Effective Exchange Rate

SDR = Saving Deposit Rate

FIR = Foreing Interest Rate

TDR = Treasury Bill Rate

SAP = Captures the Financial Innovation

However, it should be noted that exchange rate performs two functions here, it is used to determine the level of currency substitution and also to know the levelof stability of money demand function. While, SAP is employed to examine the impact of financial innovation on the stability of money demand function.

b) Estimation Techniques

Estimation techniques that are employed in this study are panel Co-integration and panel Vector Autoregressive Model.

c) Sources of Data

The data for this study were sourced from the World Bank Developing Indicators Database, IMF Online Database and the United Nation Conferences on trade and Development statistics (UNCTADSTAT).

IV. Section 4

In this section, data and its analysis are presented.

a) Panel Unit Root Test

Table 4.1

Variable	Statistics	Order	T-statistics	Order of integration	T-Statistics	Order of integration
m/p	-4.6105***	1(1)	611.030***	1(1)		
Y	-2.0142***	1(0)	113.324***	1(0)	-19.4669**	1(1)
INF	-4.4914***	1(0)	529.590***	1(1)	-25.8011**	1(1)
EX	-2.1727***	1(0)	117.089***	1(0)	-21.3304**	1(0)
SDR	-4.9518***	1(1)	401.090***	1(0)	-11.2203**	1(1)
TDR	-2.3185***	1(0)	187.920***	1(1)	-2.7662**	1(0)
SAP	-2.3863***	1(1)	148.452***	1(0)	-5.7624**	1(1)
FIR	-4.3231	1(1)	613.231	1(1)	-6.3111**	1(0)

Statistical significance at 1% (***), 5% (**), 10% (*)

The panel unit root test results on table 4.1 showed that all the time series variables attained their stationarity both at level and at first difference. This shows that the variable of interest were integrated of difference orders. Therefore, we can now proceed to panel Auto-regressive Distributive Lag ARDL which allows the mixture of both stationarity at level and first difference.

b) Panel Ardl

Table 4.2: Panel ARDL Result

Variable	Coefficient	Standard Error
m/p	0.132501***	
Y	0.000700	0.083662
INF	-0.000231	0.000834
EX	0.154550	0.0634562
SDR	-0.044600	0.052341
TDR	-0.046092	0.043211
SAP	0.042321	0.34562
FIR	0.043612	0.03245
(Y)	0.037832	0.034562

Table 4.2 shows the long-run relationship between money demand function and other variables in the model.From the results, long-run coefficient of money demand function is 0.132501 and the value is significant at 1%.The implication of this result is that 1 percent increases in real income increases the demand for real money balances by 0.89 percent. However, the positive relationship between real income and money demand corroborates the transactionary demand for money which says active balance is an increase function of income $dy/dl_1 > 0$. This results conforms with findings of (Akinola 2006, Busari 2008) and (Gbadebo & Adedapo 2008), and contradicts the findings of Sanya and Awe, 2013 which showed negative relationship between income and money demands,that there is a positive relationship between money balances and

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income.Inflation rate as expected displays a negative relationship with the real money balances.This implies that 1 percent increase in inflation reduces demand for real money balance by 0.00023. This result is equally in conformity with theory and some of the previous studies on money demand function. (Akinola 2006, and Ogunsakin 2013) Real effective exchange rate shows positive and significant Values. This implies that in the case of depreciation, people expectation will rise so that the domestic currency would rebound and this makes people to hold more domestic money. However, the significant value of exchange rate variable shows that there is currency substitution in the selected African countries during the study period. The other opportunity cost variables in the results behaved in the manner suggested by the theory. The coefficient of the saving deposit rate showed a negative and significant relationship with money balances. This shows that the variable behaved the way it was suggested by the theory. The foreign interest rate proxed by US Treasury bill rate displayed a positive and significant relationship with money balances. This result showed that Naira and America Dollars are substitutes in the portfolios of economic agents in the selected Africa countries. The dummy variable that captures the effects of financial innovation shows positive butinsignificant value with money balance in the selected countries. This result shows that financial reforms is one of the determinants of money balances in the selected countries during the study period but did not alter the stability of money demand function. This result corroborate the findings of (Sanya and Awe, 2009, Gbadebo & Adedapo 2008, and Adebiyi 2008) but negates the findings of (Ogunsakin 2013) which says that effects of financial liberalization on the stability of Nigerian money demand function was marginal.

c) Short-run estimation

Since long-run estimation results indicate that there was long-run relationship between money demand function and other explanatory variables, it is pertinent to estimate the dynamic short-run coefficient through ARDL.

d) Panel Error Correlation Model

The panel error correction model explains the short-run dynamics in the panel ARDL model. However, the result is shown in the table 4.6

Variable	Co-efficient	Std. Error	T-statistics	Probability
ECM (-1)	-1.097345	0.177687	-6.342133	0.000

From the result on the table 4.3, ECM shows a negative co-efficient sign which implies that any disequilibrium in the past has been adjusted in the right direction.

ECM value of -1.087345 suggests the relatively high speed of adjustment from the short-run equilibrium of money balances. More positively, it shows that about 20% deviation from the long-run money balance is corrected in the dynamic model that the system is getting adjusted towards long-run equilibrium at this speed of about 20% in addition, the ECM is equally statistically significant at 1% level, showing that long-run equilibrium can be attained. This result is in line with finding of (Mohamed and Saidu 2012) and (Bartholomew and Kargbo 2009) that showed a highly significant error correction term. This is a further proof of the existence of stability of the money demand function in the selected African countries. This result equally shows that there will be convergence (steady-state) of the system and the attainment of stable money demand function in the selected African countries.

e) WALD Test

The WALD test is one of the coefficient diagnostic test necessary to confirm the existence of co-integration in the model. However, its result is shown in table 4.4

Table 4.4: WALD Test Panel ARDL Model

	Value	Df	Probability
T-statistics	78.71234	(2.286)	0.0000
F-statistics			
Chi-square	158.3324	2	0.0000

Result on table 4.4 displays both the F-Statistics and Chi-square which are significant at 1%. Therefore, we can now reject the hypothesis of no co-integration and accept the alternative hypothesis that there is long-run relationship between money balance and explanatory variables, that is, all the explanatory variables influence the money demand function in the selected African countries during the study period.

f) Model specification criteria

This selection model is used to determine the suitability of the model for forecasting. However, its result shown on table 4.5

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Table 4.5: Model Specification criteria

Model	LogL	A/C	B/C	HQ
9	-1916.920702	5.362456	9.184562	6.899233
6	-1813.324562	5.46621	9.456223	6.9334562
3	-1962.887255	5.678923	9.562334	6.9456224
4	-2346.892346	5.624562	7.845622	6.8453662
5	-2556.7894231	5.844661	8.7345661	6.845662
1	-26340.8733412	5.952311	7.634566	6.789223
8	-2442.813456	5.741321	8.7673411	6.822345
7	-2553.733441	5.456672	7.566221	6.456778
2	-22945.7455621	5.456251	8.456622	6.824562

The strength of each model is explained in the table 4.5. Based on ARIKE information criteria A/C the most suitable model 9. This is the model that generated the panel ARDL result in table 4.2. Therefore, the results as presented in the table 4.5 are valid and reliable, based on the model selection criteria.

Table 4.6: Plot of cumulative sum of recursive Residuals

Variable	Coefficients	Standard Error
SR D(y) (-1)	0.184623	0.016245
D(y) (-2)	0.0362451	0.056204
D(EX) (-1)	0.016234	0.0345623
D(INF) (-1)	-0.623456	0.0432456
D(INF) (-2)	-0.614512	0.0342341
D(FIR) (-1)	0.345621	0.024622
D(FIR) (-2)	0.433211	0.064522
D(SDR) (-1)	-0.045062	0.072312
D(SDR) (-2)	-0.62422	0.062443
D(TBR) (-1)	0.2244531	0.072456
D(TBR) (-2)	0.664562	0.082421
D(SAP) (-1)	0.456221	0.624412
D(SAP) (-2)	0.621132	0.722113
Constant	-21.03442	3.582423

From results on table 4.6, there was currency substitution in the selected African countries during the study period. Because the value of exchange rate was positive and significant. However, the value of inflation rate, income and other opportunity cost variables was positive which implies that those variable are positively related to the money demand function during the study period. This shows that these variables are major determinants of domestic money holding in the selected African countries during the study period.

Furthermore, foreign interest rate proxed by US Treasury bill rate has positive and significant relationship with money balances both in the long-run and short-run Real Effective exchange rate also has a positive and significant value on the money balance in the long run but a negative value in the short run. While the dumany variable used to capture financial innovation shows positive but significant both in short-run and long-run. The implication of this results is that financial innovation did not alter the stability of money demand function in the selected African countries. The results displayed that the model went through a structural stability test and passed. That is, there was no instability in the model since the plots of CUSUM and CUSUMSQ lies within the 5 percent critical bounds.

Additionally, considering the transmission mechanism of monetary policy to aggregate demand function, the value of the dumany variable used to capture financial innovation showed positive but insignificant relationship with monetary demand function. This implies that the financial innovation did not alter the stability of money demand function. That is, the financial innovation did not limit the extent to which credit is made available to the economies of the selected countries.

V. Summary and Conclusion

The study examined the money demand, financial innovation and currency substitution between 1980_{q1} and 2016_{q4} in selected African countries. The study employed ARDL Co-integration as estimation technique. Findings from the result showed that inflation rate, savings deposit rate, real effective exchange rate, foreign interest rate, income are determinants of money demand function in the selected African countries. Based on the significant of exchange rate both in the short and long run. The study therefore, concludes that there is a currency substitution in the selected African countries during the study period. Also the positive coefficient and insignificant value of dummy variables

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shows that financial innovation is one of the determinants of money balance but did not alter the stability of money demand function during study period in the selected African countries.

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"Sustainable Economic Growth: A Challenge to Embrace for Bangladesh"

By Mohammad Shahriar Azad Bhuiyan
East West University

Abstract- The economy of Bangladesh is moving from a predominantly agricultural economy to a service sector dominated industry-based economy. In recent times, the word sustainable growth becomes a highly questionable word in Bangladesh. However, what does it mean? And how can Bangladesh make a sustainable economic growth? In general terms, sustainable growth means a rate of growth, which can be maintained without creating other significant economic problems, especially for future generations. If we extend sustainable growth in terms of GDP growth, then indeed Bangladesh is in a way to achieve sustainable growth. Between 2003 from 2017, last 14 years, Bangladesh averaged a GDP growth rate of 6.3%. It is unlikely significant to achieve once 6% GDP growth or higher and plunging in the following year. However, it is difficult to constantly hold the average GDP rate of 6% or higher. In contemporary years, despite political turmoil, Bangladesh has done a great job to hold the GDP at 6% more or less an average economic growth, which is much higher than some other countries in South Asia or South East Asia.

Keywords: the economy of bangladesh, sustainable growth, GDP, per capita.

GJHSS-E Classification: FOR Code: 910103



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"Sustainable Economic Growth: A Challenge to Embrace for Bangladesh"

Mohammad Shahriar Azad Bhuiyan

Abstract- The economy of Bangladesh is moving from a predominantly agricultural economy to a service sector dominated industry-based economy. In recent times, the word sustainable growth becomes a highly questionable word in Bangladesh. However, what does it mean? And how can Bangladesh make a sustainable economic growth? In general terms, sustainable growth means a rate of growth, which can be maintained without creating other significant economic problems, especially for future generations. If we extend sustainable growth in terms of GDP growth, then indeed Bangladesh is in a way to achieve sustainable growth. Between 2003 from 2017, last 14 years, Bangladesh averaged a GDP growth rate of 6.3%. It is unlikely significant to achieve once 6% GDP growth or higher and plunging in the following year. However, it is difficult to constantly hold the average GDP rate of 6% or higher. In contemporary years, despite political turmoil, Bangladesh has done a great job to hold the GDP at 6% more or less an average economic growth, which is much higher than some other countries in South Asia or South East Asia. In 2018, per-capita income of Bangladesh stood at USD 1,751 while achieving significant macroeconomic stability still continues to face challenges such as infrastructure bottlenecks in a sense ease of transportation, the supply of power, natural gas and land is important for accelerating further growth and becomes a vibrant economy. In the meanwhile, political stability and reform is the core element to face these challenges.

Keywords: the economy of bangladesh, sustainable growth, GDP, per capita.

I. Objective

The objective of this manuscript is to show over the year's macroeconomic stability of Bangladesh and how to sustain this economic growth and challenges for further accelerating economic and socio-development.

Key Signs: Fostering Development

- Population: 165 Million;
- 5 Year Average GDP Growth: 6.7%;
- The Population of Working Age: 90 Million (growing middle class with a young demographic);
- Strategic Geographic Location (bridge between South and East Asia);
- Economic Growth, e.g., growing infrastructures and educated workforce;

Author: Bachelor and Master's degree, major in Finance from East West University, Bangladesh. e-mail: shahriar@unicap-securities.com

II. The Economy of Bangladesh

Despite some of the perceptions, Bangladesh's relatively stable economy offers a huge potential given its GDP of around USD 260 billion and population of 165 million which makes it amongst the larger economies in the region after China and India. Perceptions aside, this market should not be ignored as income levels rise for a large young population with a median age of 26 who will be a large consumer market over the next decade. Bangladesh is expected to have one of the fastest growing middle and affluent class populations just after Vietnam.

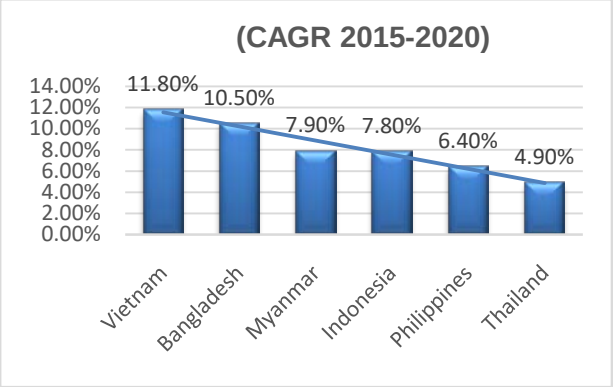

Figure 1: The Compound Annual Growth Rate

Besides the opportunities that the various sectors provide, geopolitically Bangladesh has developed a balanced foreign policy which is not too one-sided or antagonistic towards a specific country and this has resulted in good relations with China, India, Japan, and the U.S. These balanced relations have generated commitments from most of these countries to help develop the country's infrastructure which should be positive for the overall economy. The economy of Bangladesh has been stepping up by the help of export-oriented industrialization. Apart from the apparel industry, other vital sectors include jute and jute goods, leather and leather goods, tourism, ICT outsourcing, pharmaceuticals, shipbuilding, ceramics, and electronics.

An interesting trend has been observed when we look at the Gross Domestic Product (GDP) growth rates of Bangladesh during the last decade. After plotting real GDP growth rates, according to year,

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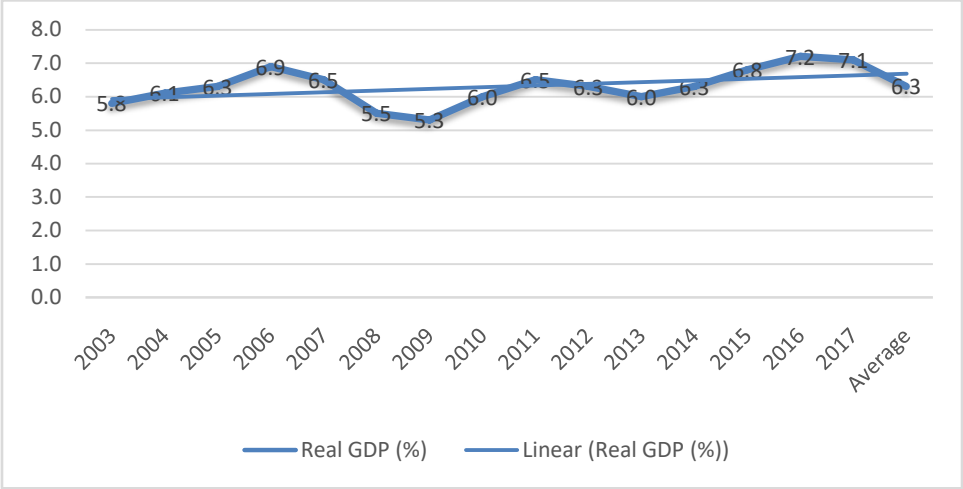

Source: International Monetary Fund (IMF)

Figure 2: Real GDP of Bangladesh (Year wise)

It has shown a resemblance to a wave and consistency over the years. The exponential line indicates an upward trend over the years and the average growth rate of 6.3 percent GDP per year, which allows Bangladesh in recent times to become the most vibrant economy in South and Southeast Asia. A growth rate of seven percent would require an investment-GDP ratio of more than 30 percent as opposed to the current level of 27 percent. Now, Bangladesh's economy needs to hold the growth at 8 percent in the next five years to become an upper middle-income nation and cut the poverty rate to zero percentage. In the same time, for sustainable growth, Bangladesh needs to raise its tax-GDP ratio from the current 12-13 percent to at least 20 percent, which is relatively lower compared to many other countries at this stage of development. The government's ability to finance infrastructure projects and provide services to the citizens has been constrained because of the low level of revenue generation.

I individually believe, if Bangladesh Government issues, sovereign bonds and collect funds from worldwide investors, then the cost of borrowing could be much lower than from any other sources. International credit rating company, Standard and Poor (S&P) has rated Bangladesh as BB- for the consecutive 5th year. Stable real GDP growth and strong external balances have also helped Bangladesh to achieve a BB- rating with Stable Outlook from Fitch Ratings. Present country ratings and foreign reserve (USD 32.01 billion, December 2018) Bangladesh can raise a fund of USD 10 billion from foreign investors. By using that fund, Bangladesh can rapidly overcome the congestion bottlenecks of infrastructure development, and it will boost up our economic growth and make a level playing field with some other developing countries.

a) Factors Influence Sustainable Growth

Education, employment and Investment (foreign or local) these three factors are interrelated in any economy. It won't be a good sign for a country unless the country makes a fruitful combination of these three factors. Suppose, if any country has a high percentage of academically qualified human resources, what is the benefit of it unless the government could provide them employment in a sense to give the opportunity to work and utilizing the acquired knowledge in the practical field? The government solely can't create as much as those jobs has been required in the economy.

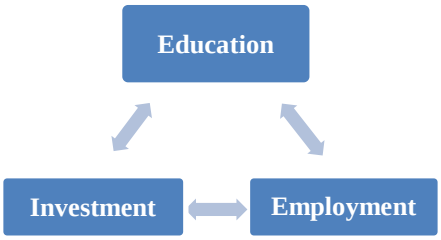

Figure 3: Factors Influence Sustainable Growth

From our childhood, we have learned that education is the backbone of a nation. Now you can ask me, is it a false statement? No, it is true. A truly educated person can change his or her life, even not just looking for a traditional job. Entrepreneurship can stimulate investment and contribute to building a knowledge-driven economy, which plays a central role in economic growth (Aghion and Howitt, 2005). Secondly, entrepreneurial activity also pays to economic growth by stimulating job creation, improving skills and encouraging technological innovation, and can increase efficiency and productivity by encouraging competition (Audretsch and Fritsch, 2002), (Audretsch and Keilbach, 2004), (Wong et al., 2005), (Naudé, 2011).

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Differences in entrepreneurship have a significant effect on economic performance, controlling for traditional production factors (land, labor, and capital), (Casson et al., 2006).

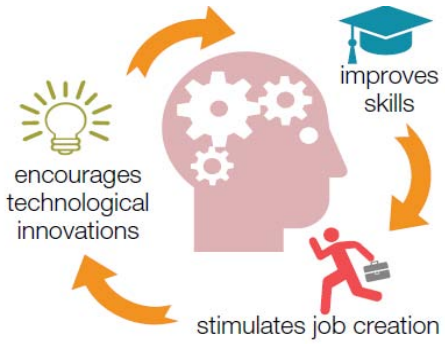

Figure 4: Entrepreneurship's Contribution to Economic Growth

Entrepreneurs are self-employed and empowering others to contribute by creating job opportunities in the economy. In recent time, mobile apps-based ride-sharing service "Pathao" Bengali word meaning send it has received massive popularity among the young unemployed workforce and within the shortest time, it has a direct positive impact on the economy. An Indonesian based company GO-JEK has invested USD 10 million in 2018 to Pathao due to its vast popularity and success among the young generation. In my view, Bangladesh needs to develop more entrepreneurs rather than just looking for traditional jobs. We need to change the attitude of our students and the government should promote vocational and research based education to compete with global competitors.

III. Foreign Direct Investment (FDI)

Investment especially, the FDI (Foreign Direct Investment) inflow is significant for a country because it creates jobs and helps reduce poverty and facilitate the transfer of technology. As a result, Investment in any form, especially foreign investment has the most positive impact on the economy apart from its negative impact, e.g., environmental issue or repatriation of profit or tax benefit. Now an important question is why big investors will come to Bangladesh instead of Myanmar, Vietnam, Malaysia or Indonesia? What paybacks or facilities can we provide them, which others can't offer them? Moreover, Bangladesh government yet not offer any lucrative packages to attract foreign investments. Indeed, it's a competitive global market; investors will run for such a place where they will receive maximum benefits. At the same time, political stability a key watchdog for investors to get confidence in investing in the country.

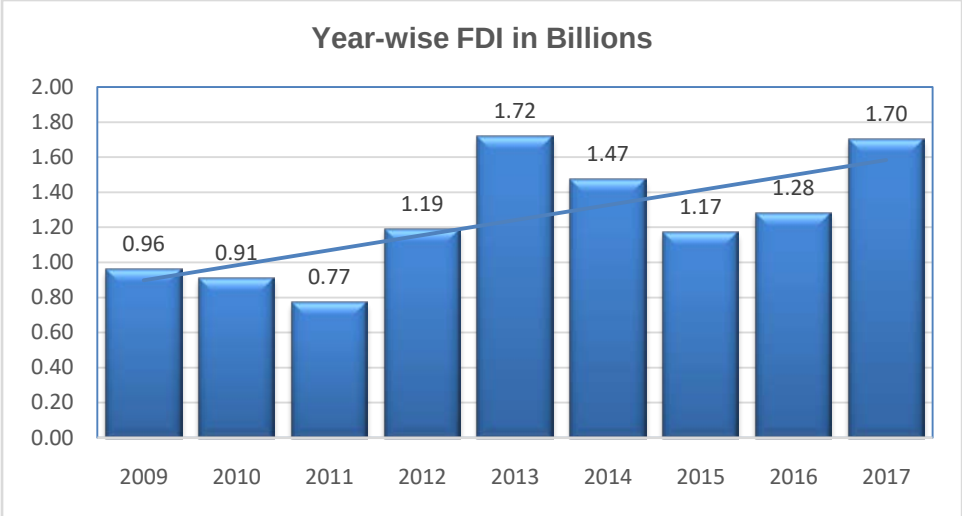

Figure 5: FDI Inflow in Bangladesh

As unemployed people gain employment due to FDI, the standard of living increases along with purchasing power, providing the impetus for the business cycle to move faster. This gain has been compounded by the development of local support industries and institutions. Simultaneously, transport facilities and infrastructure, communications systems and education stand to benefit as education, employment and investment working together as a part of the sustainable growth of the economy. Increased competition in the local market, meanwhile, can reduce the price of commodities, as gross domestic product rises. From an FDI inflow of $0.96 billion in 2009, gradually it has ascended to $1.70 billion years by year in 2017. The growth of FDI over the years is an uptrend and if we look at the graph, the injected funds gradually grew up. It's a fact that such inflow of FDI is not up to the mark. The country is yet to become a favorite destination

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for FDI. The inward FDI flow to Bangladesh is lower than other countries having the same status of the least developed countries (LDCs).

a) FDI & Low Wage:

We are most likely seeing a structural shift as Vietnam (USD 13 billion of FDI has been received in 2018) is attracting low-cost manufacturing jobs due to its political stability, lower wages, disciplined workforce, and improving infrastructure.

Besides Vietnam benefitting from being a low-cost manufacturing location as well as from the China-U.S. trade war, other Asian frontier countries, e.g., Bangladesh could also take advantage in the long run as Bangladesh has significantly lower wages compared to China and are seeing improvements in their infrastructure.

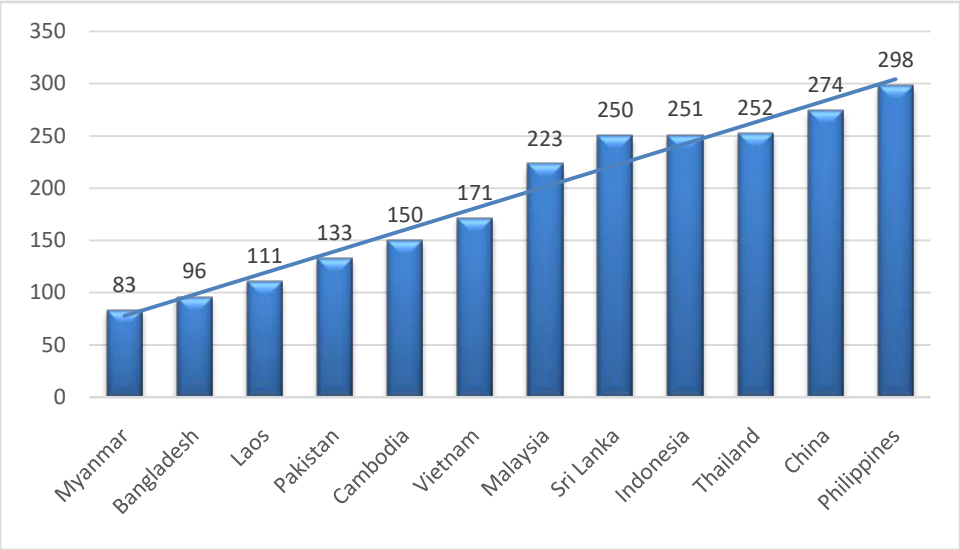

Figure 6: Minimum monthly Wage in USD

To maintain competitive strength in attracting FDI, it is important to continue to promote the country's natural economic assets, including its strategic geographic location with concerning global trade, its convenient access to the international sea and air routes and its low-cost workforce. Also, domestic purchasing power for FDI products in a country of 165 million people is not negligible.

In my view, Bangladesh needs to update foreign investment policy to attract more FDI in Bangladesh. The regulations and guidelines for investment should be made clear, and arrangements has been completed so that, all procedures could be completed from a one-stop center within a prefix period after submitting the proposal because at globalization time is money. Our political parties should be more responsible and should not do anything to impede the country's image and economic activities. However, as a long-term, it is imperative to build a positive branding for us. If we can shrink political uncertainty and boost up confidence in the investor's mind, then Bangladesh would be a remarkable destination for FDI. Special economic zones across the country and lucrative investment offers will attract foreign investors to invest in Bangladesh. The focus should be as a long-term basis and always look forward to having a win-win position for both parties.

b) Export, Import & Remittance:

Worker remittances have also played an immense role in building up foreign exchange reserves (USD 32.01 billion, December 2018) and these have rebounded in the latest financial year ended June 2018 by 17% to USD 15 billion (6% of GDP). The majority of foreign remittance has been injected by our workers working abroad, thus we can't ignore the importance of their contribution to the economy. As a result, the ministry of expatriates' welfare and overseas employment should ensure the initial investment for on board to abroad within an affordable price. Thus, they can repay the investment amount within shortest possible time. Furthermore, the ministry must ensure fewer intermediaries for overseas employment business and should straightly maintain a ceiling for different onboard countries to export human resources. However, the government should confirm the welfare of the expatriate workers and the enhancement of overseas employment by discovering new destinations for the skilled and semi-skilled workers in the global market.

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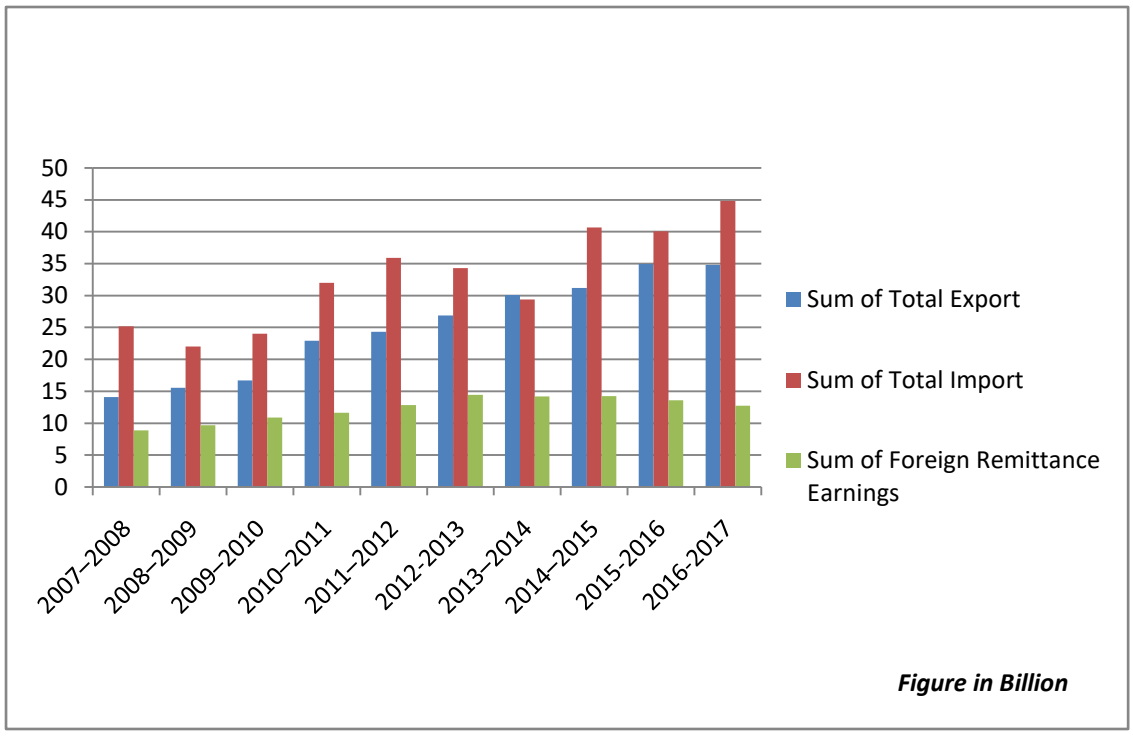

Figure 7: Year-wise, Export, Import & Remittance

In my view, those workers are boarding mostly in the Middle East, and South East Asia are more likely unskilled labor, hence there earning capabilities is remained low. Now, Bangladesh needs to give more emphasize on technical education and improve the skills level of the workers. As a result, if the government can facilitate to improve their competency level, the investment that, they have spent through intermediary to go abroad will take less time to recover. In the same time, if Bangladesh could arrange to make them at least semi-skilled or highly skilled, then the remittance inflow will boost up too. No doubt that in our economy, the remittance inflow has a vast contribution to make our sustainable growth.

IV. Human Development Index

In recent years, the population growth rate of Bangladesh is relatively stable; (growth rate 1.04%, 2017) and it won't become a burden unless if we couldn't make our population as human capital. The Human Development Index (HDI) is a respectable turn for Bangladesh regarding life expectancy which was 71.6years (2017), the highest in South Asia and regarding Infant mortality rate 31.70 deaths/1,000 live births (2017) which were the lowest in South Asia. Aside, last one decade, there are some foremost significant changes taken place in some of the other HDI indexes:

Table 1

Function	Percentages (%)
Literacy Rate	Total: 75.4% (2015) Male: 77.1% (2015) Female: 71.5% (2015)
Birth Rate	18.80 births/1,000 population (2017)
Death Rate	5.40 deaths/1,000 population (2017)
Growth Rate	1.04% (2017)
Life Expectancy	71.6 years (2017) Male: 71.3 years (2017) Female: 75.6 years (2017)
Fertility Rate	2.17 children born/woman (2017)
Infant Mortality Rate	31.70 deaths/1,000 live births (2017)

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a) Young Demography:

Youth is the main strength or power if we want to see Bangladesh as middle-income countries by 2021 on the 50th birthday of the country. The principal reason for that, Bangladesh is currently experiencing a 'demographic dividend' (a rise in the proportion of people in the working age population, accompanied by a decline independent age population) and 1.8 million people are entering the job market every year. Without adequate expansion, the economy will not be able to absorb all the people entering the workforce. Thus, we need to concentrate on our youth population. Indeed, they have the competencies to compete with others. As a nation, we have limited resources, limited accessibility towards resources, but it is also true that as a nation we have resilient power. We have seen in the past, during any flood or cyclone the people has shown the countless intensity and tenacity to face the natural calamities and within a shorter period, they make their life stable. This is an unique characteristic of Bangladeshi people.

For coastal areas, the government needs to facilitate tree plantation. Hence, it can create a barrier while cyclone hits. The output of this type of investment will certainly save resources and lives. PPP (Public Private Partnership) can be a great option to encourage private sector investors from investing in tree plantation, and take care of them in coastal areas. At the same time, trees can be a great asset. It has financial and environmental benefits as well. However, it also works against global warming and carbon emission. As we know that, economic welfare is not merely about economic growth preferably for the sustainable development and enhances the quality of life. Thus, we can't ignore the environment either. We need to set up environment-friendly industries and need to concern about by product and recycle process while producing goods in the factories as by definition of sustainable growth implies maintained growth without creating other significant economic problems, especially for future generations. Aside, if we have a mighty cyclone or prolonged flooding, then it would be a threat to sustainable growth. In the past, when Bangladesh faced for a long-term flood or had devastating hurricane, it takes away 1-2 percent of expected GDP of that year. As we can't change our geographic position, we must think about it and take the initiative to stop deteriorating the growth even if there any natural calamities or force majeure.

b) Connectivity:

Connectivity is very crucial for accelerating economic growth and quick development. We have to use the best of our geographical resources. If we look at Singapore or UAE, what can we learn from them? Basically, they are just utilizing and efficiently using their port and make a hub for surrounding other activities. In a typical sense, they have nothing special what we can't achieve or something unrealistic to achieve. Only professionalism and time constraint at work give them much success as a nation. What we need to do is to make transparency in every place; make accountability in everyplace and overall good governance would give Bangladesh competitive advantages in South and South East Asia. Strategically Bangladesh located between India and China, two economic giants of the next generation world whereas we have many keen opportunities for sharing our ports, railways and roads & highways for transshipment and regional connectivity, e.g., China's one belt, one road, (Southern China to India via Bangladesh & Myanmar), and thus, could be an option to earn foreign currencies as well as the development of our territories. At the same time, we can share regional hydro-electricity power and consequently could be an option for further growth in investment.

c) Apparel Industry:

RMG (Ready-made Garments) is the core export items of Bangladesh. With higher prospects, the Bangladesh government and garment exporters set a target to export apparel items worth $50 billion in the next three years. Bangladesh that accounts for 5 percent of the $450 billion global garment trade will need at least 15 percent yearly growth in exports to reach that target. In globalization prospect, Bangladesh has a wide-open market for RMG sector. Despite cheap labor which should not be our focus to emphasize, we need to brand our competencies as well as creativities and perfection. We have many other comparative advantages to compete with others, e.g., Bangladesh's textile industry is the second-largest in the world. If we could utilize the vertical and horizontal integration of ready-made garments with our textile industries, then that will give us an enormous opportunity to capture the highest market share in the apparel industry. If Bangladesh could combine these two sectors and alien with global needs, then no doubt the country will receive comparative advantages regarding pricing, quality, and services. As a result, the target set by $50 billion exports is no more to be unrealistic and could be a better option by escalating further growth to becoming the number one exporter in the apparel industry by 2021.

Currently, our garment industry has a comparative advantage in two main areas, mainly high capacity and low wages. With 5,600 factories, Bangladesh's apparel industry is ahead of countries like Indonesia (2,450 factories), and Vietnam (2,000 factories) regarding capacity. However, the other prime factor, low wage, may not be a sustainable comparative advantage for Bangladesh. Besides preferential access to the European market, the Bangladeshi garment industry benefits from a large labor pool while wages at

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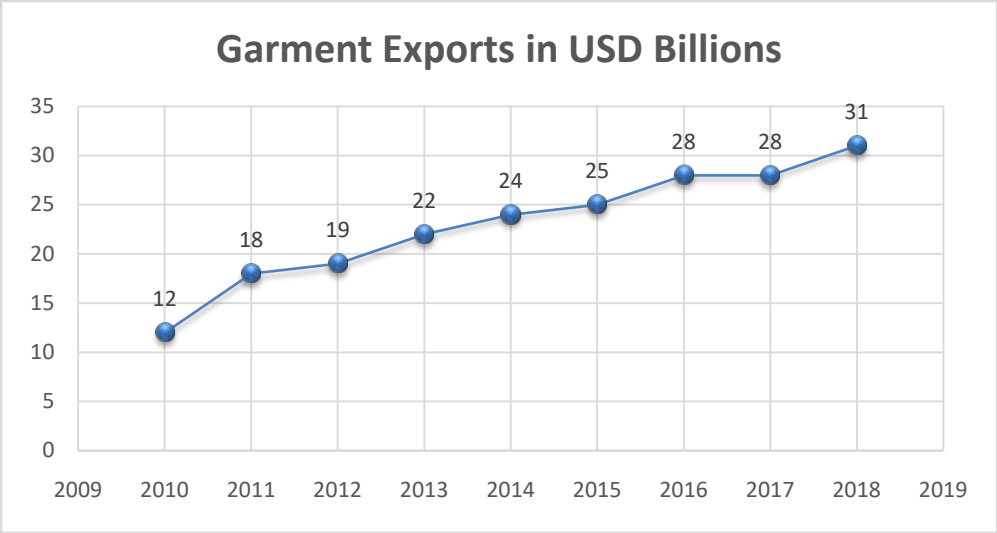
USD 96/month are significantly lower than those in competing nations like Cambodia, China, and Vietnam. A combination of these factors has now made Bangladesh the second biggest garment exporter after China.



(Source: Bangladesh Garment Manufacturers & Exporters Association)

Figure 8: Bangladesh Garment Exports (Year Wise)

Aside, the trade spat between China and the US is providing a tailwind for garment production hubs like Bangladesh and Vietnam, as more companies move away from China to avoid U.S. tariffs and sanctions. Bangladesh is one of those alternatives with a 6.4% market share. For a nation like Bangladesh, where apparel makes up roughly 80% of exports, the economic benefits of this migration will be significant in upcoming years to sustain the economic growth and development.

The higher bank interest rate is the major challenge for the sector as Bangladesh has to pay higher duty for exporting garments to the US market. Bangladeshi exporters now pay 15.61 percent in duty tax to the US for the export of garments while China pays 3.08 percent, Vietnam pays 8.38 percent, India pays 2.29 percent, Turkey pays 3.57 percent, and Indonesia pays 6.30 percent respectively. As a developing country like Bangladesh, 15.61 percent duty tax is too high to compete with global competitors. Hence, for Bangladesh, the duty should be similar to other competitors. Another challenge is the rise in apparel exports from Pakistan to markets in the EU since January 2014, as the EU granted Pakistan the "GSP plus" status for 75 items of which 55 items are similar to Bangladeshi products destined for the same markets.

Empowering women is one of the key successes of the RMG sector. Presently, 4.4 million workers are working in this industry. Out of 4.4 million workers, 80% of them are women. Though the garments business, women enjoy unparalleled access to gainful employment and contributes to improving the overall HDI of Bangladesh.

In my view, the garment industry is the lifeline of Bangladesh's economy. It has radically changed the lives of millions of Bangladeshis over the last two decades as well as contributing significantly to economic growth at the macro level. Furthermore, it reduced poverty rates at the household level. For further socio-economic development the owners should negotiate to raise the price, not just a PRICE-TAKER rather a PRICE-GIVER from the buyers. Thus, owners can afford a standard wage compare to some other nations, e.g., China and give a minimum living standard of workers in this industry. The owners can't ignore to think about the labor, welfare as well as factory welfare. If the workers receive a standard salary, then they can find their path to make a financially better life. In this case, if Bangladesh could create a positive brand image, then the key will be on our side to negotiate over pricing and Made in Bangladesh would command the whole world.

V. Other Potential Areas for Sustainable Growth

Infrastructure development for investment purpose will freely benefit to rise in the tourism industry. Along with improved law & order tourism industry could be a better option to earn a good portion of foreign currencies. As a nation, Bangladesh is small however, there are lots of diversified tourist attractive places, e.g., the longest sea-beach of the world in Bangladesh whereas to a tourist if we can promote our country positively and give them a positive message about security concern and modern facilities then we could sell

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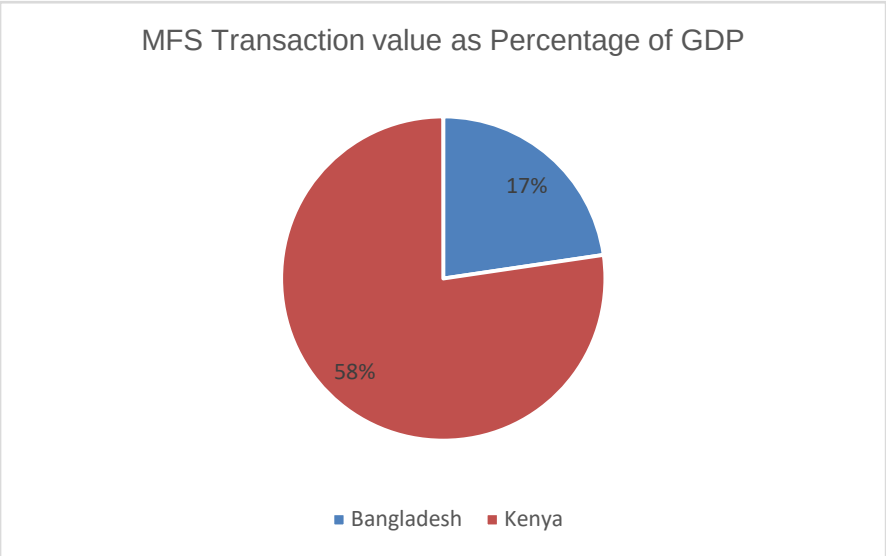
our products as well as we can sell our services. Unfortunately, government yet to take the tourism industry in a priority list. Hence foreign tourists are far away, in recent years, many people from inside Bangladesh are going to abroad for their holidays, and the rate is increasing at an alarming way. As a result, instead of injecting foreign currency; a bulk amount of foreign exchange is going outside the country's pocket which is a threat to sustainable economic growth.

Another major trump for Bangladesh and that plays an exclusive part to attain sustainable economic growth by receiving a massive amount of investment in the telecommunication industry. The investment in telecommunication started in the early 1997, and till today the total amount of investment in this sector is enormous, and indeed it has changed the socio-economic scenario of Bangladesh with a fostering way. Today in Bangladesh, Grameenphone, the largest mobile operator has more than 50 million subscribers who are high in number, and as far as business concern many countries' total population is much lower than that figure. Grameenphone has so far invested more than BDT 243 Billion to build the network infrastructure in Bangladesh. It is one of the largest taxpayers in the country, having contributed more than BDT 355 billion in direct, and indirect taxes to the Government Exchequer over the years as well.

Mobile Financial Services (MFS) in Bangladesh has immense potential given that, a large part of the population does not have a bank account while the penetration of smartphones can lead to significant growth in mobile-based digital payments, e.g., Paytm from India and m-pesa from Kenya.



(Source: Bangladesh Bank, Communications Authority of Kenya)

Figure 9: Mobile Financial Services

The combination of the mobile network with mobile financial services is positively correlated, and it has immense potential in our economy as E-commerce is booming up and the country has been covered by the transportable network. In my view, for a sustainable growth, we need to focus on diversification of our products and services due to overcoming the recession period. In the long run, we need to discover new markets for our products not just solely for the apparel industry in the meanwhile other potential sectors as well. Similarly, with almost 50% of our workforce in the service sector, Bangladesh has the potential to become an offshore center for outsourcing, which would help to further diversify our economy. Hence, we don't need to rely on any specific country's foreign policy or threats by imposing any tariff or non-tariff barrier, e.g., GSP facilities. It will protect our sovereignty and as a nation to make our backbone strong and brave.

VI. Bangladesh's Prospect in South Asia

South Asia is one the least integrated region in the world which intra-regional trade accounts for less than 5 percent of their total business. The same is also true when it comes to cross-border investment. When we compare South Asia with some other regions such as East Asia and Southeast Asia, the degrees of trade and cross-border investment among the eight-member SAARC (South Asian Association for Regional Cooperation) are much less than one would have expected given the physical proximity and the size of the economy. Countries in South Asia should embrace

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policies that promote trade and investment among themselves. To encourage trade, the tariff should be low and non-tariff barriers should be removed. SAFTA (South Asian Free Trade Area) has been formed to increase the level of trade and economic cooperation among the SAARC nations by reducing the tariff and barriers and also to provide distinct preference to the Least Developed Countries (LDCs) among the SAARC nations. But unfortunately, it does not work as per people's expectation due to lack of trustworthiness among SAARC member countries.

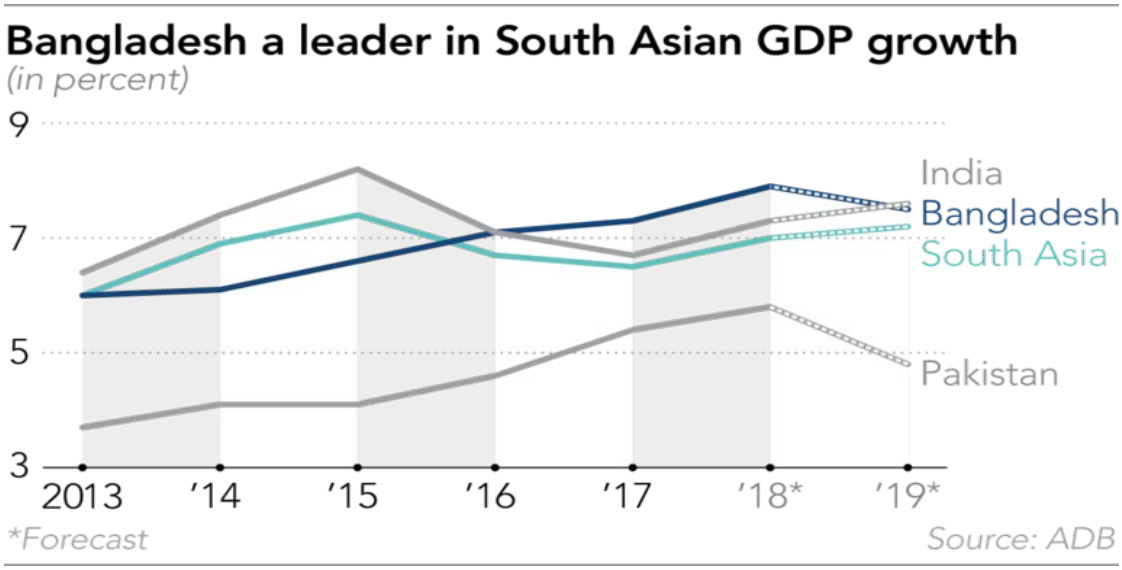

Figure 10: GDP Growth Rate in South Asia

The combined economy of SAARC is the 3rdlargest in the world regarding of GDP (PPP) after the United States and China and 8thlargest regarding nominal GDP. SAARC nations comprise 3% of the world's area and contain 21% (around 1.7 billion) of the world's total population but the bilateral trade between SAARC countries amounts to just a little over 1% of SAARC's GDP, which indicates as a poor performance in between SAARC countries. In contrast, in ASEAN (Association of Southeast Asian Nations) which is smaller than SAARC regarding the size of the economy but the intra-bloc trade stands at 10% of its GDP. If you look at the graph, Bangladesh's GDP growth rate is higher than South Asia's average GDP growth rate, and consequently, for the last three years (2016-2018), it was higher than India, a country which is predicting to lead the world economy after China.

In my view, I believe SAARC countries can work together in many areas, and there is much scope to work together, e.g., to make a regional transportation, trade facilitation between each other, and energy sharing. Furthermore, they can start visa-free entries to SAARC countries for ease of movement. In the meantime, they can introduce the same currency for all South Asian people for accelerating further trade and business.

VII. Implication

FTA (Free Trade Agreement) most likely to be the alternative option while Bangladesh will change from LDC's to developing countries or in other word become middle-income countries. The subsequent result of changing the status would likely be lost the tariff and other benefits. These include duty free-quota free market access, the extension for compliance with the TRIPS agreement (The Agreement on Trade-Related Aspects of Intellectual Property Rights) and access to targeted aid and support measures. So, the government needs to take the following steps in order to strengthen the competitiveness with other countries.

Bangladesh must create additional jobs, focus on energy and transport infrastructure, make progress on improving the quality of healthcare & education, and most importantly improving governance, including to strengthen anti-corruption measures. I believe Bangladesh has the capacity of having an 8 to 9 percent GDP growth if the government can stop corruption and red tape.

We have a 4% economic growth in the 1980s, 5% growth in 1990s and 6% growth in 2000s. It is not doubtful; Bangladesh could add an extra 1% to overall economic growth by every 10-year period. At present, four fault lines in our economy those are the negative catalyst that hampers additional 1 to 2 percent of GDP growth. Four fault lines include:

1. Weak infrastructure,
2. Poor quality of general education and less vocational education,
3. Inefficient public bureaucracy and corruption
4. Weak financial sector (banking system and stock market).

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We must ensure first-rate quality infrastructure, improve the quality of our education in line with international standard, prepare efficient public bureaucracy and bring necessary reforms in the financial sector for injecting efficiency. If Bangladesh would address these four fault lines by the next three years, then the capital accumulation (fresh investment in business, physical and social infrastructure and total factor productivity) will be accelerated.

Furthermore, the government needs to start wealth management in a way such that the hard-core poor people can eliminate their poverty and can participate in the mainline of the economy. As we know that, in a capitalistic society, it is difficult to reduce the gap between rich and poor however, a stopgap solution would be a different tax bracket for taxpayers. The higher earning peoples should pay higher tax and the government should spend that additional money to eliminate the gap between rich and poor in a certain extent to ensure a harmonious society where we are living.

VIII. Conclusion

Lastly, I would like to say, for a sustainable growth, Bangladesh needs to ensure political stability. Unless the country has a political stability, it would not possible to become the middle-income countries by the year 2021. Furthermore, the government must make sure political parties can practice their democratic rights in the same time, opposition parties should not perform any activities that impede economic growth and development vice versa. In the meantime, a political reform can be a fruitful catalyst to maintain the sustainable growth and to boost up further economic development in the progression of Golden Bangladesh.

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Identifying the Presence of *Gharar* in Buying and Selling Mechanism Under Different Kinds of the Market Structure

By Dr. Muhammad Masrurul Mowla
International Islamic University Chittagong

Abstract- This paper aims to investigate the presence of *Gharar* in buying and selling mechanism in the different kinds of market. This is a conceptual paper based on secondary data. This paper finds that, the *Gharar* is highly existed in the imperfect competitive market compared to the perfect competitive market. The level of *Gharar* is higher in monopoly followed by oligopoly, monopolistic market. Finally, this paper recommends some steps to avoid *Gharar* in the buying and selling mechanism in different market structure.

Keywords: *gharar, market, buying and selling mechanism.*

GJHSS-E Classification: *FOR Code: 910103*



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Identifying the Presence of *Gharar* in Buying and Selling Mechanism Under Different Kinds of the Market Structure

Dr. Muhammad Masrurul Mowla

Abstract- This paper aims to investigate the presence of *Gharar* in buying and selling mechanism in the different kinds of market. This is a conceptual paper based on secondary data. This paper finds that, the *Gharar* is highly existed in the imperfect competitive market compared to the perfect competitive market. The level of *Gharar* is higher in monopoly followed by oligopoly, monopolistic market. Finally, this paper recommends some steps to avoid *Gharar* in the buying and selling mechanism in different market structure.

Keywords: gharar, market, buying and selling mechanism.

I. Introduction

Market is a process where buyer and seller interact to each other and maximize their utility as well as profit by exchanging goods and services (Samuelson and Stephen, 2011). Moreover, perfect knowledge about the product ensures the benefit of both economic agents and generate efficient outcome in the market (Hossain, 2014). In contrast, any kind of anomalies in the specification of the product, may fail the market by creating the inefficient outcomes.

Furthermore, by nature, a producer is always tries to maximize their profit (Mankiw, 2014). A producer usually achieves his goal by manipulating information under imperfectly competitive market such as monopoly, oligopoly and monopolistic market except perfectly competitive market. Such kind of information manipulation creates the market failure by harming the consumer.

Table 1: List of Terminologies that Generate *Gharar* in the Market

S.no.	*Gharar* Related Terminologies
1.	Two in one sale
2.	Sales by touch
3.	Persuasive advertisement
4.	Bulk discount
5.	Conditional sales
6.	Sales by lottery
7.	Sales without touched
8.	Sales of unspecified products in a box

Source: compiled by the author

Author α: Associate Professor and Chairman, Department of Business Administration, International Islamic University Chittagong, Chittagong, Bangladesh. e-mail: mmmiiuc@gmail.com

On the other hand, in Islam, any kind of transaction including buying and selling is considered as a blessings, if both parties show their kindness to each other (Al-Bukhari, 3:293). Any kind of information manipulation, non-specification of the product and uncertainty in a transaction is called *Gharar* that is strictly prohibited in Islam. Table-1 discloses the list of several terminologies that generate *Gharar* in the buying and selling process under different kinds of market structures.

This paper is an initiative to detect the presence of *Gharar* in the buying and selling Mechanism under different kinds of the Market structure such as Perfect competitive and imperfect competitive market. This paper includes the most common practices of buying and selling methods from the contemporary world.

However, this paper consists of eight sections. First, second, third and fourth sections discuss the Introduction, Objective, Methodology and Literature Review respectively. Section fifth includes the discussion on the the Concept of *Gharar* and Shariah Rulings while section six exposes the Presence of *Gharar* in the different kinds of Markets. Besides, *Gharar* in the Promotional Activities was discussed in the section seven. Finally, section eight presents the Conclusion and recommendations.

II. Objective of the Study

The main objective of this paper is to identify the presence of *Gharar* in the buying and selling Mechanism under the different kinds of the Market structure such as Perfect competitive and imperfect competitive market

III. Methodology

This is a conceptual paper. This paper is prepared by using the secondary information and theoretical background is designed by reviewing the literature from different books, articles and websites.

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IV. Literature Review

Gharar is fundamentally prohibited in the Islamic economics and finance. Several researches have been done on the *Gharar* issue.

Nehad and khanfar (2016) analyzes the concept of *Gharar* according to the teaching of Quran. Sultan (2016) reviews the Ribā, *Gharar* & Maysir in Classical Shari'ah and shows its implications in the contemporary World. Haron (2015) scrutinizes the issue of *Gharar* in the embedded options in Malaysian perspective. Uddin (2015) discusses the principles of Islamic finance regarding Riba, *Gharar* and Maysir. Cizakca (2010) exposes the issue of *Gharar* and sukuk regarding the domestic borrowing. El-Gamal (2006) discusses the features and Prohibition of *Gharar*.

However, the earlier researchers discusses the features of *Gharar*, *Gharar* in the financial transactions, etc. But this paper raises the issue if *Gharar* in the buying and selling mechanism under the different kinds of market such as perfectly competitive market, monopoly, oligopoly and monopolistic market, that was totally untouched in the earlier researches.

V. An Overview of the Concept of *Gharar* and Shariah Rulings

Gharar (غَرَر) is an Arabic word that is originated from garrun (غَرَّ). The literal meaning is; hazard, trouble, uncertainty, excessive risk, peril, mislead, swindle; seduce, ambiguity, aleatory, etc. (al-maany, 2018). Terminologically, it can be defined as the sales of unknown, unspecified, non-existed goods. Further more, it can be defines as the trade of an objects whose existence or features are uncertain and the perilous nature of the object makes the deal akin to wagering or gambling. Also, in encompasses the cheating, game of chance through random events, and imperfect information in the dealing contract or uses imprecise language Al-Zuhayli, 1997). Moreover, cheating (*tadlis*) and fraud (*ghubn*) is considered as Gharar in the Encyclopedia of Islamic Jurisprudence (Razi, 1995). Besides, *Gharar* includes the inadequate information, trickery, excessive risk and uncertainty in the sales of an object or in the contract (El-Gamal, 2006, 58-60).

For example, sales of unborn cow, sales of unknown goods in the container, Sales of fish in the pond to be caught, sales of goods without measuring, selling the birds in the sky, unborn calf etc.

Moreover, *Gharar* can be classified into two types. *Gharar* al kasir and *Gharar* al kalil. *Gharar* al kalil means nominal or trivial risk that can be lessened easily. Such as business risk, risk in the sales of new products, etc. In contrast, *Gharar* al kasir refers to the excessive risk or uncertainty that cannot be mitigated easily (Khan, 1990).

Causes of Emerging the Gharar:

i *Asymmetric information:* Asymmetric information arises when in an economic transaction, one economic agent in the market has better information and he can manipulate it. Moreover, it can be defined as the information that is imperfect or partially correct or completely wrong information. Moreover, it is quite impossible to determine whether the provided information is correct or not (Black, 1997),

ii *Un-specification of the products:* a product is said to be unspecified if its characteristics is not clearly disclosed. Such as not exposing the information regarding useful as well as harmful side of the products,

iii *Uncertainty:* it can be defined as the doubtful or distrustful consequences of an event, transaction, etc. (Bishop, 2004). Such as, selling of an unknown product, selling a precious product within a box but without disclosing the nature of precious things.

Shariah rulings on Gharar:

In Islamic economics and finance, Gharar al kasir is permanently prohibited in all kinds of financial and nonfinancial transactions (El-Gamal, 2006, 58-60).

VI. The Presence of *Gharar* in the Different Kinds of Markets

As mentioned in the section-5 that, the *Gharar* arises due to the Asymmetric information, non-specification of the product and Uncertainty. These three anomalies can be found in any events where information failure occurred. Moreover, the information failure is highly related with market controlling power of a firm. Market power refers to the degree of control that a single firm or a small number of firms have over the price and production decisions in an industry (Samuelson & Nordhaus, 2010). Figure-1 discloses the factors that determine the Market Power.

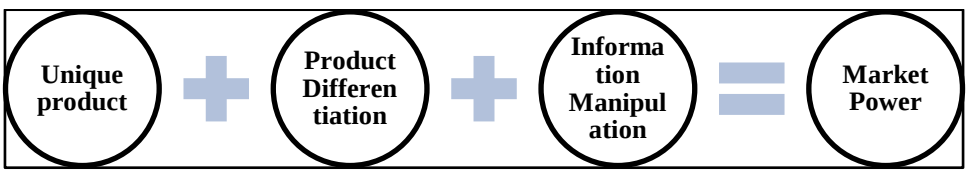

Figure 1: Determinants of the Market Power

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By considering the market power, different firm introduces the product to the customer by manipulating information. Usually, a product is introduced to its customer by the promotional activities such as advertising, describing the features of the product on its body, booklet, brochure, bill board, etc. Moreover, since revenue maximization depends on the sales maximization, a producer always tries to maximize sales by expanding the promotional functions under the marketing department of the firm.

Table 2: Advertising Expenditure in the World by Region

(In billion USD)

Region	2010	2017	2018*	2020*
Asia Pacific	97.54	147.95	157.77	178.75
Central and Eastern Europe	8.29	11.96	12.62	14.03
Western Europe	83.33	99.27	102.97	110.12
Middle East and Africa	7.56	9.87	10.59	12.56
North America	146.3	201.6	215.28	234.44
Latin America	15.95	35.54	40.44	52.48

*Source: Statista (2018), *Projected value*

The promotional activities can be defined as the tools or mechanism employed by sellers to influence or pursue the customers to purchase the products or services. However, it further strengthens the stand of the company in the market (marketing School, 2018). According to the Promotional Products Association, 76% of the recipients of the promotional materials remember the products and the company. Moreover, it induces the customers to buy the products and services. Furthermore, advertising is one of the powerful promotional activities in the world. The table-2 and table-3 expose the advertising expenditure of the world and in the selected Muslim countries.

Table 3: Advertising Expenditure in the selected Muslim Countries of the World

(In million USD)

Country	Advertisement Expenditure
Saudi Arabia	312 (2015)
United Arab Emirates	531 (2015)
Qatar	144 (2015)
Pakistan	485 (2016)
Indonesia	2700(2017)
Malaysia	771 (2017)

Source: Istizada (2016), Shadman (2016),Statista (2018)

Also, *Gharar* practices in the buying and selling process under the different kinds of markets through promotional activities. In the perfect competitive market, a large number of buyers and sellers exchange the identical products. It is assumed that perfect information regarding products is available in this market. So, it is difficult to find the presence of *Gharar*in this market.

Monopoly has unparalleled and sole market power because of unique product and single producer in the market. It can manipulate the information regarding products details or characteristics. So, the presence of *Gharar* is extremely higher in both pure or natural and artificial monopoly. Because, the information provided by the monopolist is only the sources of knowledge that can be gained about the products.

Though oligopoly market is better than monopoly for the consumers, But due to the cartel and collusion, the producer of this market provide little perfect information but mostly provide asymmetric information in the forms of differentiated products. Thus, the producer practices *Gharar* in the oligopoly.

Monopolistic market is operated by the large number of buyers and sellers. By nature, the product is close substitute and information is more available in the market compared to monopoly and oligopoly. But due to the severe competition, the promotional activities and asymmetric information is also higher in this market. Thus, this market practices *Gharar*. Table-4 illustrates the level of *Gharar* in the different kinds of the Market.

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Table 4: Illustration of the Presence of Gharar in the different kinds of Markets

Market	No. of Buyer	No. of Producer	Product type	Entry	Information	Level of *Gharar*
Perfect competitive	Large Number	Large Number 16-unlimited	Identical/ Homogenous	free	Perfect Information	Very low
Monopoly	Large Number	1	Unique	restricted	Imperfect Information/ asymmetric Information	Very high
Oligopoly	Large Number	2-15	Differentiate and close substitute	restricted	Imperfect Information/ asymmetric Information	Very high
Duopoly	Large Number	2	Differentiate and close substitute	restricted	Imperfect Information/ asymmetric Information	Very high
Monopolistic	Large Number	Large Number 16-unlimited	Differentiate and close substitute	free	Imperfect Information/ asymmetric Information	medium

Source: compiled by the author from (samuelson and nordhaus, 2010) and different books

VII. Presence of *Gharar* in the Promotional Activities

The producer practices the several types of promotional tools to maximize the profit in the market. This section identifies the *Gharar* through table-5 on the many promotional tools those are highly practices in the market.

Table 5: List of Terminologies that Generate *Gharar* in the Market

Serial No.	*Gharar* Related Terminologies	Presence of *Gaharar*
1.	Two in one sale	It is difficult to realize that, how do they maintain it? , Doubtful about exact quality and quantity, volatile the market
2.	Sales by touch and pebble	Uncertain events, always one party gainer and another party is looser
3.	Persuasive advertisement	Inducing customer to buy the products, actual information is absent, cheating with the customer
4.	Bulk discount	It is difficult to realize that, how do they maintain it? , Suspicious about the accurate quality and quantity,
5.	Conditional sales	It may induce the customer to buy unnecessary products
6.	Sales by lottery	Uncertainty, always one party gainer and another party is looser
7.	Sales without touch	Customer is in dark about the products.
8.	Sales of unspecified products in a box	Customer is in dark about the products.
9.	Buy-one-get-one-free	It is difficult to understand that, how do they maintain it? , distrustful about exact quality and quantity, volatile the market
10.	Selling the unknown products	Uncertainty

Source: compiled by the author

It can be said that, *Gharar* is highly present in the promotional activities. Moreover, it creates doubtless that, whether the producers provide the exact quality and quantity of the products or not? Moreover, sometimes, it is argued that, the producer writes the higher price on the product, then offer discount on the price. But it is itself a *Gharar* or ambiguousness about the determination of the price. Because, price is a representation of the cost of a product, and company's profit. So such type of practices is considered as *Gharar* is Islam.

VIII. Conclusion and Recommendations

Finally, it can be said that, *Gharar* in a transaction deprives the customer in getting the actual products or services while it make the producer as deceiver, and thereby generates the market failure. This paper discloses the presence of *Gharar* in the buying and selling methods under the different kinds of the market. Furthermore, this paper identifies the *Gharar* in the promotional activities those are practices by the producer in the market. Finally, this paper recommends the following steps to avoid *Gharar* from any kind of financial and non-financial transaction:

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- The promotional activities should be designed in a way so that, it discloses the perfect information (including positive and negative sides) about the products. Moreover, the exaggerating and concealing the information must be avoided.
- n Islamic economic system, pure monopoly is conditionally allowed if and only if it provides (a) the maximum information about the products and (b) reduces price by the maximum production. In contrast, the artificial monopoly (created by hoardings or any other ways) is strictly prohibited in Islam. By full filling the first condition, *Gharar* can be suppressed from the buying and selling transactions.
- In the oligopoly market, the *Gharar* comes in existence through products differentiation, manipulating information and cartel as well as collusion. So the respective authority such as *Hisbah* agency or quality controlling authority of a country should visit the factory and examine the quality of the products by going to the market to impede the *Gharar*.
- In monopolistic market, since the product is close substitute, the firm practices *Gharar* by the promotional activities. So, the government of a country (through its quality controlling authority) should encourage the firms of imperfect competitive market to attain normal profit instead of super-normal profit by the bulk amount of production.
- *Gharar* can be avoided through the religious motivation by publishing *Quranic* verses and *Hadiths* on the buying and selling (as booklet, poster, bill board etc.) among the producer and customer in the market.. Moreover, since *Gharar* is one kinds of cheating with the customer. So revenues from the products by the means of *Gharar* will be considered as *Haram* (illegal in Islamic *shariah*).
- Finally, this paper recommends to open *Shariah* board among the all kinds of companies or in the quality controlling authority of a country (such as Bangladesh standards and testing institution in Bangladesh and *Hisbah* agency in Pakistan, Afghanistan, Malaysia, Indonesia, Bahrain, Nigeria and so many countries) to avoid *Gharar* in the product transactions.

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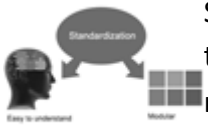

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Tips for writing a good quality Social Science Research Paper

Techniques for writing a good quality homan social science research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of homan social science then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.



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6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.

Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.
Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

19. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

20. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

21. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

22. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

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Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.



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Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.
- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.



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Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.

Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

The Administration Rules

Administration Rules to Be Strictly Followed before Submitting Your Research Paper to Global Journals Inc.

Please read the following rules and regulations carefully before submitting your research paper to Global Journals Inc. to avoid rejection.

Segment draft and final research paper: You have to strictly follow the template of a research paper, failing which your paper may get rejected. You are expected to write each part of the paper wholly on your own. The peer reviewers need to identify your own perspective of the concepts in your own terms. Please do not extract straight from any other source, and do not rephrase someone else's analysis. Do not allow anyone else to proofread your manuscript.

Written material: You may discuss this with your guides and key sources. Do not copy anyone else's paper, even if this is only imitation, otherwise it will be rejected on the grounds of plagiarism, which is illegal. Various methods to avoid plagiarism are strictly applied by us to every paper, and, if found guilty, you may be blacklisted, which could affect your career adversely. To guard yourself and others from possible illegal use, please do not permit anyone to use or even read your paper and file.

Criterion for Grading a Research Paper (Compilation) by Global Journals

Please note that following table is only a Grading of "Paper Compilation" and not on "Performed/Stated Research" whose grading solely depends on Individual Assigned Peer Reviewer and Editorial Board Member. These can be available only on request and after decision of Paper. This report will be the property of Global Journals

Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

INDEX

A

Anomalies · 45, 47

C

Ceramics · 33
Collusion · 49, 51

E

Exaggerating · 51
Exponential · 34

I

Inflationary · 21

J

Jurisprudence · 47, 51, 52

M

Macroeconomic · 14, 43

R

Revalidate · 23, 25

S

Scrutinizes · 47

W

Wagering · 47



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