Letter from Editors

The fourth issue of volume 6 consists of three papers that represent, respectively, econophysics modelling, Bayesian statistical methods for financial econometrics and analysis of stochastic processes used in macroeconometrics.

In the first paper, Sascha Hokamp and Götz Seibold calculate the dynamics of tax evasion within a multi-agent econophysics model. They allow for dynamical changes in the moral attitude of agents due to public goods provision and implement a feedback of public goods provision on the decision-making of selfish agents. The results imply that such a feedback enhances the moral attitude of agents, thus reducing the percentage of tax evasion.

This paper is the first one from the planned series of studies devoted to different non-standard approaches to economic modelling, in particular so-called social simulation methods. Bogumił Kamiński (from the Warsaw School of Economics) is the guest editor of this series, and we appreciate his work on the paper by Sascha Hokamp and Götz Seibold.

The second paper, by Roman Huptas, is focused on Bayesian estimation and prediction for autoregressive conditional duration (ACD) models, which are used in modelling of the durations between selected events of the transaction process (trade or price durations) and in analyzing microstructure effects on financial markets. Different distributional assumptions as well as different forms of the conditional expected duration are considered, and Markov Chain Monte Carlo (MCMC) techniques for sampling from the posterior distribution are proposed. In the empirical part trade durations of selected equities from the Polish stock market are modelled.

In the third paper, Maddalena Cavicchioli studies the autocovariance structure of a general second-order stationary Markov switching VARMA model. She presents stable finite order VARMA(p^*,q^*) representations for those M-state Markov switching VARMA(p,q) processes, where the observables are uncorrelated with the regime variables. This leads to obtaining sharper bounds for p^* and q^* than the one existing in the literature.