Editorial

When risk materializes massively, introducing more uncertainty until its full impact is finally exhausted, a full crisis is at hand. Otherwise, a certain level of uncertainty and change is considered «business as usual» especially in shipping.

For centuries, good maritime markets follow bad and as a rule do not draw too much attention in shipping academic literature. Mild cyclicality or short periods of depressed freight rates are not usually the subject of ad hoc analyses and are invariably lumped within the larger view that most treatises of shipping market cycles take. However, when a deep recession follows euphoria they do.

Such standing-out crises set themselves apart by the very sharp turn of events leading to them; they are accompanied usually by structural changes and an unusual length compared with milder cycles. During both major long maritime crises, the one of the 1970s and 1980s and the one which started in late 2008, the shift from one market state to its opposite was abrupt and dramatic at least in one of the major shipping markets. Despite recoveries - and in a similar way to bearish financial markets - most next peaks were below the last recorded and the next trough lower than its predecessor; alternatively, any recoveries not falling under this rule, were short-lived. False dawns abound regularly amidst these irregular phenomena. This has been the case with the last crisis at the time the academic papers presented in this volume were being peer-reviewed. When such crises – finally - come to an end, the face of shipping has profoundly changed; we are not there yet at the time of the final writing of this editorial.

When all shipping crises break open, their course is characterized by negative market manifestations. All positive indices - rates of increase of revenues, profits and fleet growth - take an impressive dip and/or disappear into the red, while debt ratios, losses and lack of utilization of these precious and scarce (and of all the suddenly unwanted) resources, such as vessels and crew, increase.

The heritage of major crises in modern shipping after the advent of steam, including this of the interwar period, has been invariably a major reshuffle of the main players in the markets with entire registries - and later owning countries - losing competitiveness while new maritime players were coming to the fore. This is essentially all the positive light one would shed on deep shipping depressions trying to find a benign connotation to a market situation which wastes so much wealth and energy; this is particularly important as both these are put into an industry which has to deal with too many vagaries to have any need for violent market fluctuations as well.

In this context, the structure of the volume takes a larger view to shipping risk to include papers ranging from an analysis of using simple predictors for forecasting sudden market turns of an endogenous origin or of a mixed one – as the case has been with most crises - to dealing with the concept of risk perception in the course of maritime incidents with a potential to turning into a full disaster.

Haralambides and Thanopoulou argue in the first article of this issue that the use of simple indices related to the rates of building of future capacity relative to present fleet stock - together with the observation of developments in the economy in the months before the crisis - should have allowed to call beforehand the turn markets took in 2008, although not claiming this could forecast the exact timing of the freight rate collapse.

In the next paper, and in the context of this last shipping crisis, Geomelos and Xideas present their forecasting models for spot prices in bulk shipping using simultaneous equations models in a significant number of dry and wet bulk markets, proposing that forecasts can be useful not only in justifying forecasters through historic retrofitting of models, but as tools for prediction as well.

Sambracos and Maniati examine the finances of passenger shipping companies in Greece via various macroeconomic & microeconomic statistics and financial ratios showing the deep crisis of the sector; they propose the adaptation of financial institutions to the new demand conditions, to prevent, for one, the cohesion of the insular regions of Greece to become seriously threatened.

The issue finishes with an article by this Guest editor, co-written with Georgoulis Moulatzikos and Ventikos, focusing on the handling of acute crises related to shipping accidents. Its main idea is the S.A.V.E mechanism for training coastal populations in the event of a tanker in distress in their area, based on lessons learned from past failures observed and pressures exerted by an uneducated general public facing a marine incident.

In the stricter economic sense, maritime markets absorb the impact of crises in their environment and resist or add to them on the basis of inherent mechanisms. Shipping would have withstood the impact of the fall of the world economy from the debt-based euphoric years before 2008 better had it not been for its own endemic demon of over-investment; The latter is so well embedded in the shipping market as it has been well expressed in the memorable Metaxas phrase about « the endemic tendency to overinvest in shipping» included in *The economics of tramp shipping* published in 1971 by The Athlone Press in London.

His concise description of the main endogenous force that drives dramatic maritime crises has been an inspiration to many including some of the authors of the invited articles in this volume of Spoudai, the journal of the institution where he spent the later part of his academic career. It is with the agreement of these authors, associated in many ways to the academic work of Basil Metaxas, that the special issue you are reading is dedicated to his memory.

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