

# INTRODUCTION

This issue of *Economic Affairs* tackles a number of important topics, bringing in-depth analysis to some of the most pressing questions of the day.

For the first time in many years, the UK is seriously contemplating the prospect of withdrawal from the European Union, while in a number of countries separatist groups are strongly advocating independence from the nation state. In a stimulating and original contribution, **Roland Vaubel** examines the political economy of secession.

Financial derivatives have been the object of much criticism in light of the problems of the last few years. **S. D. Sharma** argues that credit default swaps have been wrongly maligned.

In the UK, privatisation of the energy industry seemed to offer a better deal for the consumer and the taxpayer. However, **Colin Robinson** argues that government policy towards climate change and related concerns has led to the return of centralised energy planning, with adverse consequences for businesses and households.

In the wake of the credit crunch, weaker members of the Eurozone face very limited policy options. **G. R. Steele** stresses the benefits the UK gains from the ability to choose between monetary policy and fiscal policy.

As Scotland faces a referendum on independence, a timely paper by **Craig Smith** reviews the arguments used by the political economists of the Scottish Enlightenment in supporting the Union. These arguments remain pertinent today.

In another paper looking at the different approaches to policy in the face of financial crisis, **David Howden** contrasts the responses of the Icelandic and Irish governments.

In an unusual paper, **John M. Cobin** provides a fascinating new take on safety regulation by examining the experience of fire prevention in Delhi, India.

Our regular discussion section sees **Geoffrey Wood** and **Forrest Capie** argue that the financial crisis has undermined central bank independence. We are also privileged to have a comment by former Czech President **Václav Klaus** on an earlier article on the post-communist transition. **Dalibor Roháč** has a rejoinder.

In a review article, **Elaine Sternberg** offers a critique of Michael Sandel's influential analysis of the moral limits of markets.

**J. R. Shackleton**, Editor