

INTRODUCTION

This is a particularly varied issue of the journal, with theoretical and empirical material and some diverse approaches to both policy and analysis.

The current student loan system in the UK is widely perceived to be unsatisfactory. Drawing on evidence from the United States, **Peter Ainsworth**, **Tom McKenzie** and **Al Stroyny** propose an alternative involving risk-sharing by universities and graduates. This would minimise the need for government intervention in higher education and reduce the burden on the taxpayer.

The Environmental Kuznets Curve hypothesis suggests that, as a country's GDP rises, environmental degradation reaches a maximum and then declines. However, as **John McCollough**, **Miao He** and **Arzu Tay Bayramoglu** show using data from US tyre manufacturing, polluting industries may simply relocate to jurisdictions with less strict environmental regulation and export products back to their previous home countries.

The influence of behavioural psychology in economic theorising and policy continues to increase. **Steven Horwitz** reflects on the implications from a Virginia political economy perspective. He argues that those using behavioural economics to advocate government intervention do not take into account the ways in which markets are superior to politics in providing information and incentives which actors need in order to become aware of their errors and correct them.

Innovation policy is designed to offset an alleged market failure problem associated with private investment in new knowledge. But **Sinclair Davidson** and **Jason Potts** argue that government policies to support innovation are overrated because of failure to account for the social costs they generate.

Cameralism developed as a governance philosophy in seventeenth-century Germany after the Thirty Years War. **Alexander William Salter** draws on cameralist thinking to offer new insights into the political economy of bureaucracy.

The question of how social order is maintained is one which intrigued the classical political economists. Taking a novel approach, **Cortney Rodet** describes how order is maintained in Rio de Janeiro's notorious *favelas*, where the state is largely absent.

Economists continue to debate the effects of minimum wage legislation. **Vincent Geloso** offers some new ideas about the effects of minimum wages on labour turnover.

In a companion piece to his article in *Economic Affairs* 35(2), **Graham Dawson** uses speech act theory to challenge Habermas's claim that the deliberative state is needed as a forum for communicative action.

Australia's Unfair Contracts Act has been attacked by liberal economists for the restrictions which it places on contracts between large and small businesses. However, **Ken Phillips** argues that asymmetries in market power justify overriding Richard Epstein's case for unconstrained contractual freedom.

Paul Ormerod examines the recovery of 20 Western economies since the financial crisis. He finds that a substantial proportion of the differences in recent growth rates between countries can be accounted for by just two variables: the perceived level of corruption and membership of the Eurozone.

The Discussion section opens with two articles on the UK's referendum decision to leave the European Union. **Ryan Bourne** looks at the evidence about why the vote went for Brexit, and outlines the options the UK faces. **Pedro Schwartz** argues that the result could lead to a positive outcome for the EU if it promotes institutional competition rather than increasing centralisation.

In other Discussion articles, **Cento Veljanovski** comments on Helen Weeds's article on the future of the BBC licence fee in *Economic Affairs* 36(1), while **David Henderson** adds further thoughts on the use of GDP comparisons.

This issue's Review Article by **Diogo G. R. Costa** examines ideas about online 'platforms' which match users and facilitate exchanges of goods and services, locating these new developments in Ronald Coase's analysis of firms and markets.

J. R. Shackleton
Editor