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With financial markets again facing heightened volatility and uncertainty, this issue of *JASSA* examines the market risk premium arising from the global financial crisis and the key causes of the current European debt crisis.

First, Lord Eatwell, an internationally renowned expert on financial markets and the banking sector, highlights the extent to which the banking crisis that engulfed the Western world in 2008 has also seriously weakened sovereign financial systems. Noting that the impact on the eurozone has been far more severe than elsewhere, John Eatwell indicates that the commitments to bail-outs were dwarfed by the sharp fall in tax revenues in the recession that, in turn, led to major increases in fiscal deficits and substantial public debt accumulation. He suggests that the structural origins of this extraordinary turn of events are now well known, and include: the absence of any effective all-zone treasury function; the lack of a single eurozone bond; no substantial budgetary operation within which might be embedded the sort of fiscal transfers necessary to stabilise the monetary union; and a lack of coherent and decisive political leadership.

Next, the paper by Martin Hall provides a response to the paper by Steven Bishop F Fin, Michael Fitzsimmons SF Fin and Bob Officer SF Fin, 'Adjusting the market risk premium to reflect the global financial crisis', which was published in the first issue of *JASSA* this year. Hall says that the paper presents an interesting conceptual idea about deriving estimates of market risk premium (MRP) from the implied volatility of traded index options. He notes, however, that there are some significant issues with the authors' proposed method of quantifying this variation, which he identifies in his response.

Following this, in their rejoinder, Steven Bishop F Fin, Michael Fitzsimmons SF Fin and Bob Officer SF Fin indicate that they do not see the matters raised in Hall's response as leading to a 'fundamental (and presently insurmountable) mismatch' between a short-term view and a long-term view. They believe it is incorrect to assume that the MRP is constant over time and that the long term does not reflect the series of short terms that it comprises.

The remainder of this issue of the journal is devoted to papers from the 16th Melbourne Money and Finance Conference on Retail and Household Finance: Current Issues. An outline of these papers is provided in the introduction to that section of the journal. We thank both the sponsors of the conference and the authors for their contribution to this issue of *JASSA*.

Please note that the guidelines for submission are available at www.finsia.com and comments on these or any previous articles in *JASSA* are also welcome at m.fahrer@finsia.com ■

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