The New Hall Economist

Policies to improve biodiversity

My first proposal is that governments abandon their use of GDP as a measure of one's success and wealth

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Banking turmoil as SVB collapses

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Will Robots Reduce Wages?

Today we see that robots are the product of the economic evolution towards the automative industry, in particular automation capital. Yet despite economists forecasting that £290Bn of wages could be lost to automation, assuming to around a third of wages accrued in the United Kingdom, the introduction of robots is unlikely to engender such profound instability in the labour market. Empirical evidence denotes that when economies are subject to major changes with regards to the potential to exponentially increase output, jobs shift structurally as opposed, to widespread unemployment and excess supply of labour engendering periods of lower wages, either to the downsizing of firms or demand-pull inflation eroding nominal incomes. Many economists posit the notion that automation provides favourable conditions in society, ultimately leading to workers being the recipient of higher wages. Such a conclusion is derived from the tenet that instead of people engaging in conventional forms of labour, members of the workforce can begin to specialise in the design and maintenance of robots, a particularly versatile skill. Moreover if the advancements in

> "Workers whose jobs are not automated tend to be more educated."

automation signify that workers are not required to work such strenuous hours, employees can begin to engage in endeavours with the propensity to enhance intellect, such as training schemes and apprenticeships. Such actions correspond with increased employability and higher wages, insinuating that with efficient planning in an economy, one can inhibit the downward pressure on wages, which is rooted in the concept of low-skilled labour being phased out, transitioning into a state where one is deemed obsolete.

The Reality of Automation Capital

The prospect of robots entirely replacing the production factor of low skilled labour is plausible due to capital such as 3D printers requiring less labour inputs in production to produce customised goods- recently 3D printers have been employed to construct houses: this could render construction workers completely obsolete or cause a significant decline in demand for their services. Additionally the phenomena of self-driving cars is readily becoming more well-researched with brands such as Tesla scaling up efforts to place automated cars on our streets, posing substantial risks to those who accrue money by means of driving taxis. This highlights the challenges regarding automation capital, as such technology doesn't result in higher demand for workers. Ticket machines, for instance, provide further employment in roles involving controlling and maintaining its condition, thus the impact on wages is minimal as roles simply shift structurally (this is due to new jobs being simultaneously created in other industries) as mentioned prior, therefore workers would likely only be unemployed frictionally while searching for further economic opportunity. Contrastingly, firms investing into self-driving technology implies the need to phase out labour as oppose to hiring more: since no physical capital is in use, low skilled workers face wages being driven downward due to the ability of robots to perform at exceptional speeds, as mentioned prior. Such propositions are particularly intriguing, given that in traditional economic models, capital deepening is said to influence growth favourably- the concept that an increase in investment causes an increase in aggregate demand, which then begets a multiplier effect, with marked wage rises. Hence we have an inherent contradiction, between the glorified economic concepts which governments tend to abide by strenuously and contemporary issues, raising uncertainty as to the future prospects for labour while wages continue on a downward trend

How Can We Protect Nature?

In this article I outline my policies that I believe will aid governments around the world in protecting and restoring natural environments.

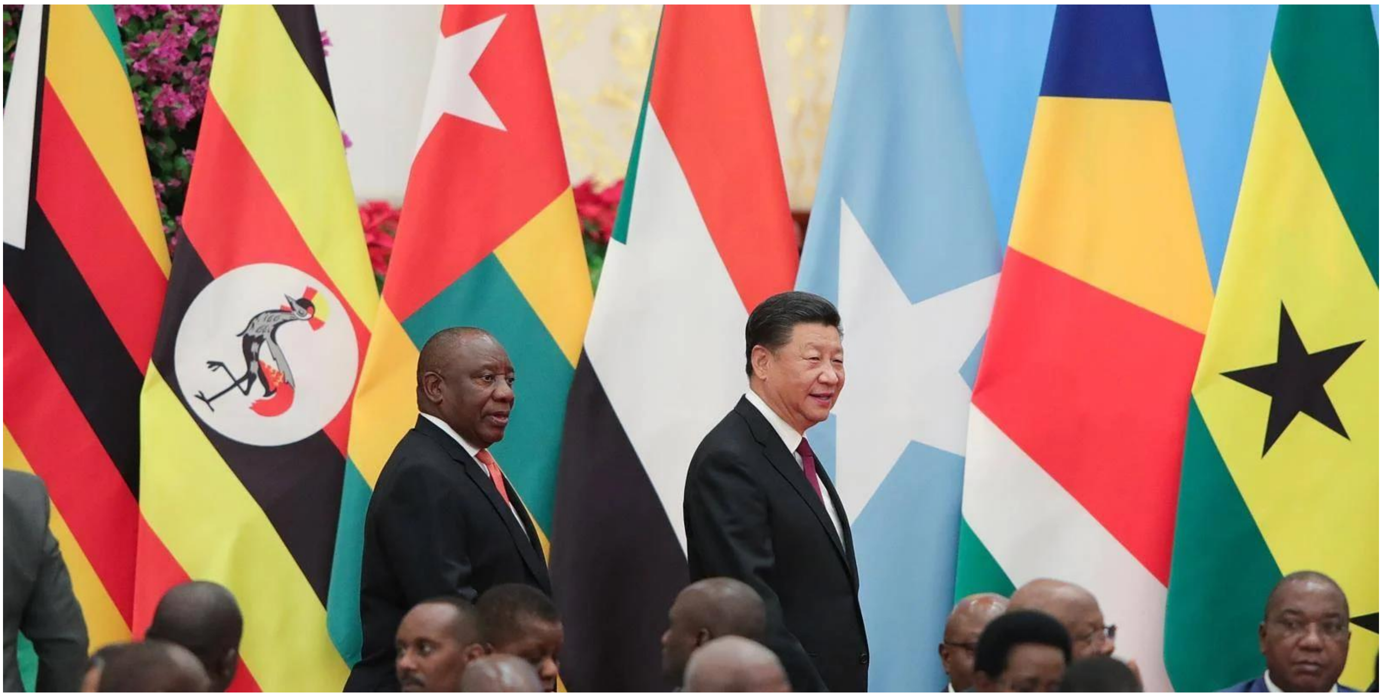
My first proposal is that governments abandon their use of GDP as a measure of one's economic success and wealth- for this suggests an ignorant approach to sustainable development- and adopt an inclusive measure of wealth that considers the accounting price of capital goods. By considering the social worth of an economy's assets, the ability for economies to record periods of economic growth at the expense of depreciating natural capital, in turn degrading the natural environment will be stifled. In doing this governments worldwide can be alerted that they are grossly abusing the natural environment- awareness of this issue is critical for the protection of nature. Following this, I recommend targeted fiscal expenditure into nature based solutions such as the conservation and restoration of vegetated coastal habitats. This not only contributes to the sustainable management of natural or modified ecosystems, but also provides a multitude of benefits to human well-being and biodiversity. A contemporary example is the coastal realignment that took place at Medmerry on the east coast of England. The scheme reduced flood risk in the area to 1/1000, while also creating 300 hectares of intertidal habitats, namely mudflats, and salt marshes, contributing to the enhancement of sediment accretion acting as natural barriers to flooding, allowing for the provisioning and maintenance services of nature to continue without disruption (Environment Agency, 2016). Marine vegetated habitats only occupy 0.2% of the ocean's surface, yet contribute to 50% of carbon burial and marine sediments, therefore it is imperative that we spend more in these areas as mitigating climate change signifies that natural environments can be protected with regards to their ability to host a variety of species (Dasgupta, 2021). Generic criticisms of nature based solutions are that the simplistic approaches can entail perverse outcomes with insufficient planning, however if governments can display prudence when assessing the costs and benefits to potential sites of interest, this approach can be particularly effective at protecting natural environments. I again reference the Medmerry case study: the £28 million investment (The Guardian, 2013) involved creating a fishing nursery, a source of local tourism in the area, benefiting the local economy. This is relevant as on average, for every US$1 million invested in nature based solutions, close to 40 jobs are created (Dasgupta, 2021). The multiplier of these types of investment are marked, with evidence that 70% is reinvested or spent locally (Dasgupta, 2021). A priori, we can observe that the jobs created will result in some workers being better off (they could have been unemployed prior). As this shift occurs, it is likely we see an increase in those who are more amenable to paying more for certain goods, assuming they are made in a sustainable manner- the Environmental Kuznets curve would suggest this, therefore over time the product of nature based solutions would likely be reduced environmental degradation and depreciation of natural capital.

It is essential to emphasise the importance of governments worldwide directing public finance towards the conservation, restoration and sustainable use of nature. This is because we can observe multiple states amplifying adverse environmental externalities by paying people more to exploit natural capital than they do to protect it. Such profligacy takes the form of extensive perverse subsides to fisheries, energy companies and more, encouraging over extraction and harvesting of the biosphere. It is estimated that direct subsides that are harmful to natural environments total US$500 million each year (Dasgupta, 2021). This must cease, given that aggregate finance flows towards improving natural habitats are around US$143 billion per annum, around 29% of the value of subsidies (Dasgupta, 2021). With the issue of 'free-riding' being particularly prevalent in nature, it is understandable why there is limited incentive for firms to invest, so governments worldwide must account for this. Pigouvian taxes must be imposed on activities that are particularly polluting, internalising reciprocal externalities that are commonly associated with global public goods such as the world's oceans. The protection of the oceans beyond the 200 mile exclusive zone should be subject to international control, given that the costs of overusing resources is inflicted upon everyone, known as the tragedy of the commons theory. Governments must implement taxation on transportation and ocean fisheries to prevent over-exploitation. This could extend towards land, where extraction fees have the potential reduce the impact inequality caused by our excessive demands of the biosphere relative to its regenerative rate. Revenue generated could then be reinvested into the finance of sustainable projects for example habitat restoration in developing countries as the ecological footprint of these economies is minuscule in comparison to high income countries- sub-Saharan Africa's footprint amounts to only 6% of the global footprint (Dasgupta, 2021). They cannot be held responsible for our unsustainable interactions with nature, but equally may not be able to finance nature based solutions, therefore it is equitable to assist them, for this is a global effort.

"On average, for every US$1 million invested in nature-based solutions, close to 40 jobs are created."

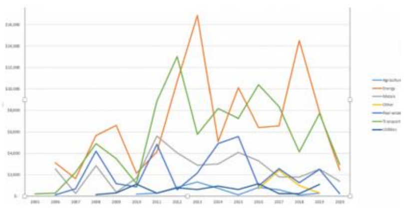
My final proposal is that governments around the world make use of findings by behavioural economists. Research in psychology shows that there are systemic biases in our reading of the world and in the choices humans as individuals make: these are simply biases in the manner in which one takes in information and responds. This is of importance as it means that governments can stimulate shifts in behaviour by intelligently setting default options on consumer's energy plans when using online applications. When a green energy supply was made the default, 69% of people in a trial of 40,000 households ended up choosing it, compared to 7% when it wasn't the default option (Dasgupta, 2021). Studies like this emphasise the effectiveness of 'nudging' consumers to take the more ecologically friendly option- this must continue to protect natural environments.

In conclusion I believe these policies would effectively address the issue regarding the protection and restoration of natural environments, mainly through nature based solutions and forms of government spending, signifying sustainable interactions with the biosphere



Why are China Investing so heavily in Africa?

China has been the largest equity investor into Africa since 2013. This is motivated by an abundance of natural resources, growing industry, a 30,500km coastline and rich agriculture with only 25% of arable land cultivated. Thus they have gained control and influence over most big businesses within Africa. The question is, will this FDI result in more wealth for the African people, or is it an example of modern day neo-colonialism.



Chinese investment by sector in Africa. Credit: Shirley Yu.

In part, Chinese FDI into Africa has been influenced by the infamous one child policy that has been present for decades. The product of this is stagnating birth rates and a population decreasing in size. Statisticians forecast the median age in China to reach 51 years old by 2050 as well as the population size decreasing below 1 billion. This juxtaposes the demographic climate in Africa, whereby the the population of the continent is predicted to rise to around 2.5 billion. Subsequently due to more domestic workers reaching retirement age, incumbent Chinese firms may need to discover potential sources of labour to continue to promote economic success and longevity. Moreover China's growing GDP per capita ($11000) signifies that it is now a middle-income country: in comparison GDP per capita in sub-Saharan Africa was $1596 in 2019. Thus this represents a stark disparity in potential labour costs, incentivising Chinese firms to relocate to Africa and increase their production due to significantly higher profit margins. Additionally, there appear to be similarities with regards to the structure of African countries' populations and that of China: cumulatively, the size of Africa's middle class is around 350 million people, in comparison to 400 million in China, with rising demand for financial services, education and utilities such as energy entailing Chinese private firms to invest in these sectors to assist with the development of emerging economies through exports.

<u>Impacts of FDI in Africa-Zambia</u>

Given that China is more economically developed than countries in Africa, one may assume that this foreign direct investment would coincide with a multiplier effect, begetting widespread growth and economic prosperity among various industries across the continent, assisting it in its transition towards a state of economic superiority given the large output gaps currently present in various economies. Ideally, the construction of factories in countries such as Zambia would result in the creation of jobs available to those residing in local areas. There is also the notion that foreign producers could assist with the training of workers to become more skilful thus improving national output. Furthermore, capital could be sourced locally, as locals suppliers input resources such as sand, clay and wood increasing supply chain resiliency as firms would not be reliant on importing goods from other countries: through this trust could established with domestic producers, minimising potential disruption, which could hinder growth. The concept of the multiplier effect is driven by workers spending their newfound source in income locally, generating more profit for firms as well as tax revenue for governments, entailing increased investment and government spending: firms then increase their derived demand for labour as they feel the need to expand production and workers benefit further through the 'trickle-down' effect. However such desirable effects have not occurred in Zambia- an estimated $3 Billion entered the Zambian circular flow of income in 2020 from almost 1000 different Chinese companies. Yet a survey conducted by The London School of Economics suggested that only 27% of procurement (wood, stone, clay) is sourced from Zambian companies despite requiring minimal technology to source locally. Instead, the majority of inputs were either imported from China or purchased from other foreign companies based in Zambia. Thus, few transactions occur between local producers and Chinese TNC, stifling economic growth in Zambia. Furthermore, once these Chinese firms leave Zambia, they will have to abandon the factories, as they have not trained a local workforce to operate this complex machinery which was previously operated by the Chinese, with locals being offered lower skilled and lower paying jobs.

As a result, it is plausible to conclude that Chinese economic activity in Zambia is largely due to cost cutting measures thanks to the lower labour and land costs, and will be unlikely to result in any serious, long-term gains for the Zambian population.

Silicon Valley Bank Collapses!

On the 10th March, Silicon Valley Bank collapsed only 48 hours after a statement released which sought to raise US$2.5 billion to repair a hole in its balance sheet. The difficulties at SVB have brought fear to the banking industry. Furthermore, on the 9th March, investors wiped US$52.4 billion off the market value of the four largest banks with regards to assets. The bank's fallout has triggered the market and hit other Banks, for example Signature Bank and Credit Suisse. This profound uncertainty has a multitude of underlying reasons.

The main triggering cause was the rapid rise in short-term interest rates compared to that of long term interest rates. To understand how this entailed to failure of the bank, one must look at how SVB functioned and made profit. Silicon Valley Bank's main customers are mostly wealthy tech startups and venture capital firms. During the pandemic, the tech companies raised huge sums of money from funding and deposited their discretionary income into SVB. With little demand for loans from this sector, the bank invested most of the deposits into long-term bonds, mostly government and mortgage-backed securities, when interest rates are still low. The US government bonds are considered by the regulators as a low-risk investment, without much credit risk. However, over the past 12 months, the Federal Reserve, the US central bank raised rates from 0.5% to 4.5%. As a result, the US government bond value has dropped rapidly. Moreover, funding became harder in a high interest environment as firms have to withdraw cash in order to keep the company functioning. The bank was forced to sell their bonds to ensure liquidity, causing a huge loss in their balance sheet. SVB's situation kept deteriorating and declared bankruptcy within 48 hours. In short, the underlying problem is that SVB used short-term cash flow to invest into long-term binds, creating liquidity mismatches. Although the investments did not involve much Credit risks, the interest rate risks were not recognised, leading to fatal consequences.

Impacts

The fallout of SVB has exposed the vulnerabilities present in the banking industry. Following the collapse, depositors rushed to withdraw money from their bank account attempting to salvage their finances. Yet the sudden influx in demand for cash exerted further pressure on banks with regards to their liquidity and ability to meet customers' demands. The product of this is further turmoil, with

"The US Central Bank raised rates from 0.5% to 4.5%."

Signature Bank and Credit Suisse enduring hardship. It is hard to deny the relationship between these cases. Moreover, there is an argument that further crises will ensue in the near further due to significant losses in confidence, posing the threat of recession. Looking back to the financial crisis in 2008, bank failures started in February and the corresponding recession began in December of that year. Dhaval Joshi of BCA Research highlighted the fact that banks tend to fall with close temporal proximity to the start of recessions. However, I accept that it may be premature to arrive at this conclusion in the current economic climate.

It is challenging for the state to resolve this situation, as the US is in a far weaker fiscal position than prior to the financial crisis. High

Inflation rates make it virtually impossible to fight these issues with quantitative easing- one possible solution could be to bail banks out, in order to stimulate market calmness and tranquility. However this results in a few problems, one being the concept of a moral hazard. Customers should have recognised the risks when they decided to deposit money in these banks. Therefore they should bear their own risks and losses when banks fail. Besides, it seems morally problematic for the government to use taxpayer's money to help out private institutions. On top of that, it destroys banks' incentives to reduce their risks, as the cost of risky behaviour has lowered, encouraging riskier investments. In a free market, fallouts of banks are part of the market competition which eliminates firms that are not suitable for the market anymore. Furthermore, unlike during the financial crisis, any bailouts today would likely fuel political unrest.

Overall the case of Silicon Valley Bank demonstrates the underlying vulnerability of banks and difficulties of ensuring financial stability by controlling risk. It is definitely a lesson for the financial market and the government regarding raising interest rates

UBS Takeover of Credit Suisse

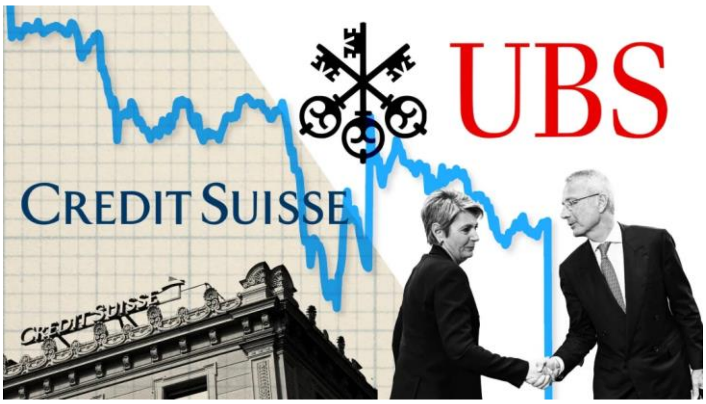
On the weekend beginning 18th March, authorities in Switzerland prepared emergency measures to fast-track a takeover of Credit Suisse by UBS. The acquisition combined Switzerland's two biggest lenders and came after

The Swiss Authorities became concerned regarding the rate of customer withdrawals being experienced by Credit Suisse and the rate that shares were plummeting despite a $54bn lifeline from Swiss National Bank.

The transaction is not subject to shareholder approval. UBS has obtained pre-agreement from FINMA, Swiss National Bank, Swiss Federal Department of Finance and other core regulators on the timely approval of the transaction.

The takeover will likely result in tens of thousands of jobs losses, with Credit Suisse employees likely to bear the brunt of these cuts. The layoffs arose from UBS's removal of overlapping roles, which is one of the drawbacks of horizontal integration such as this- many jobs become 'doubled up'

And so job cuts are inevitable. Needless to say, the Swiss financial sector is preparing itself for a heavy as a result of the takeover. The Swiss Bank Employees' Association commented, 'the takeover threatens job cuts on a scale that the labour market in the banking sector cannot absorb'. The association is calling for redundancies to be paused until the end of the year. It is predicted that as much as a third of the 120,000 jobs in the combined group could be cut, with many of Credit Suisse's 17,000 investment bankers potentially losing their jobs.



The UBS takeover has resulted in the wipeout of $17bn of Credit Suisse's AT1 bonds, which has caused panic among investors who loaded up on the risky debt. AT1 bonds, sometimes known as contingent convertible bonds, are a type of debt issued by banks and are used as a way to 'bail in' failing banks instead of governments bailing them out. In the case of the bank failing, losses are imposed on such AT1 investors and because of this bonds are very risky to hold, and investors are offered a higher return to own them. Many wealthy Asian investors, as well as other institutional investors, who held a significant amount of these bonds suffered substantial losses as their investments were wiped out. This move was surprising to investors as it created bigger losses for bondholders than shareholders, subverting the traditional hierarchy of creditors- Credit Suisse AT1 bonds were written down to zero while shareholders received $3.25bn.

Shareholder were denied a vote in this matter, entailing mass discontent. Due to the emergency measures, the normal consultation period for shareholders was bypassed and the deal was completed without their input. This has lead to many investors considering taking legal action, with shared belief that any action should have been dependent to an extent on investor approval, given that shares fell by 14% the following Monday.

Despite many significant issues, the situation may not be completely negative. Analysts have labelled the acquisition 'attractive' and 'compelling' in the long term, stating that this may have a positive financial impact in the future for the two firms

Economics of Wellbeing– About Inequality

Part I: An Overview

"Since the beginning of this decade, global output has grown by over 3 percent annually and inflation has slowed down in virtually all regions of the world. Although many countries have experienced rising incomes and living standards, this economic expansion has been shared unevenly by the countries, leading to renewed concern that economic growth and equity do not necessarily go hand in hand."—*IMF (International Monetary Fund), Washington DC, June 8-9, 1998.*

This is an extract from a paper published by the IMF in the 1990s, providing an overview of inequality such as unequal distribution of income the world was witnessing over this period of time. However economic inequality is still a particularly pervasive problem around the globe waiting to be addressed by various economies. Economic inequality is the difference in how assets, wealth, or income are distributed among individuals or populations. It is also described as the gap between rich and poor or the "wealth gap". The perception of economic equity derives not from the classical utilitarian side of economics but from social and cultural norms, and it strikes at the core of societal values.

There are many types of inequalities that can generate an economic impact, and income inequality is regarded as one of the most important indicators of inequality in an economy. Income inequality refers to the unequal distribution of income within a society or a population. It refers to the disparities in income levels that exist between different individuals or groups within a given society. Although there are no universally accepted criteria to judge economic equity yet, and the definition of a "fair distribution" seems ambiguous, there is a consensus that equity is improved as the incomes of the least fortunate are raised, especially as families are being raised out of poverty. Next, we will look into some real-world cases and explain to what extent inequality affects different economies.

Part II: Inequality in the Real World

The Gini index is the most common measurement in terms of quantifying inequality. It is the measure of income distribution across a population, expressed as a number between 0, perfect equality, and 1, perfect inequality.

In terms of geography, inequality is currently the highest in Latin America and Sub-Saharan Africa, and the lowest in Eastern Europe. South Africa has a high Gini index of 0.63, Namibia of 0.591, and Suriname of 0.579, while Slovakia has a Gini index of 0.232, Belarus and Slovenia of 0.244.

In South Africa, unequal distribution of land has a major impact on its Gini index. Land ownership is highly concentrated in the hands of a small percentage of the population, which has contributed to inequality in wealth and opportunities. Land reform initiatives have been slow to take hold, and many South Africans still do not have access to land ownership or the economic benefits that come with it.

On the other hand, Slovakia has implemented a number of policies aimed at reducing poverty and promoting economic equality. For example, the country has a progressive tax system that places a higher burden on high-income earners, and it has increased the minimum wage in recent years. Slovakia also has a number of social programs aimed at supporting low-income families, such as child benefits and housing subsidies.

In terms of economic structure, we might relate inequality to capitalism and socialism economic forms. In the 20th century, some countries switched to socialism or communism for a variety of reasons including reducing economic inequality. And these two biggest non-capitalist entities, China and the Soviet Union did dramatically reduced inequality. But neither country prospered as much as the he world's leading economies. The Soviet Union collapsed due to economic issues in 1991 and China, in order to grow more quickly, shifted its economy towards capitalism starting in the late 1970s, and its Gini index shot up from under 0.4 to over 0.55. But meanwhile, its income per capita jumped. However, there are also counter-examples in the capitalist world in which their Gini index held steady or decreased. For example, France has kept its Gini index below 0.32 since 1979, and Ireland's Gini has been mostly trending downward since 1995.

An interesting observation is that as income inequality has risen, the growing inequality trend seems to be more pervasive and significant in the former centrally planned economies, where the transitions to a market economy were accompanied by rising inequality. Shrinking budgetary expenditures and public enterprise during the transition has affected the relative income of public part workers. Rising informal activity, together with sectorial shifts have also impacted the relative income shares of the workers.

Another idea argues that globalization accelerated the rate of inequality. The main argument was that with technological advancement and rapid dispersion of existing technologies, globalization could accelerate the

Part III: In Terms of Policy Making, Solutions & Evaluations

There are many costs to an economy if it has a sustained difference in inequality, and we can usually find some of these traits in countries with high Gini Index:

It causes social problems. As inequality rises, it is logical to assume that there would be more use of abuse, violence, and drugs, threatening the safety of neighborhoods and countries.

Inequality can reduce economic growth. In the early stages of development, inequality is beneficial for economic growth since physical capital returns are higher than human capital. In the later stages of development, inequality reduces economic growth due to credit constraints as the importance of human capital increases.

Inequality causes conspicuous consumption, which is the purchase of goods or services for the specific purpose of displaying one's wealth.

Apart from these, there are certainly other moral reasons why equity is of interest to policymakers despite the utilitarian view that it has costs. For example, a society may view equality as an objective in and of itself because of equity's intrinsic moral importance and its intimate link with society's perception of fairness and social justice.

Moreover, policies that promote equity can have a salutary effect on social cohesion and reduce political conflicts. Here are some potential solutions to Inequality brought up by economists:

Progressive Income Tax System. For example, while pre-tax income inequality in France is roughly the same as it is in the US, Post-tax inequality in France is roughly 20% lower.

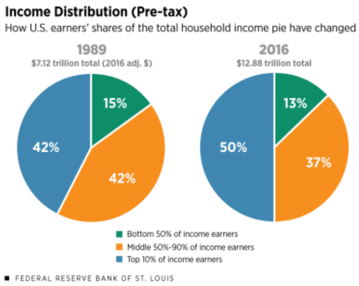
Inheritance taxes can reduce the amount of wealth that a single family can amass over generations. E.g., Germany and many other European countries have inheritance or estate taxes. Transfers. And there is empirical evidence that supports the view that the expenditure side of the budget offers better opportunities than the tax side for redistributing incomes.

Health and Education spending. Through expenditures on health and education, governments influence the formation and distribution of human capital. Thus public investment in equitable human capital formation can be an efficient route to reducing income inequality over the long term. Greater investment in human capital encourage economic growth, which has been shown to alleviate poverty over the long term.

However, there are also many counterarguments, and some possible drawbacks if the government intervenes in wealth distribution, here are some evaluations of equity-oriented policies:

Keynes believed that efforts to fight income inequality hinder economic growth. High levels of spending on inequality-reducing programs may not be compatible with a sustainable macroeconomic framework. He views inequality helps to accumulate capital which therefore helps economic growth. "In fact, it was precisely the inequality of the distribution of wealth which made possible those vast accumulations of fixed wealth and of capital improvements which distinguished that age from all others."—*The Economic Consequences of the Peace.*

Equity-oriented policies will constrain efficiency and therefore economic growth.



> "Public investment in equitable human capital formation can be an efficient route to reducing income inequality over the long term."

Economics of the Vaping Industry

We have seen marked rises in the number of people vaping, or using e-cigarettes recently, but what are the economics behind this societal trend?

Firstly, the vape sector has generated enormous amounts of revenue; the global market is expected to be worth about $22.6 billion in 2020 and is expected to expand at a rate of 30.6% from 2023 to 2030. Sales of vaping equipment, e-liquids, and other related goods are included in this revenue. Additionally, as the vape industry has expanded, more employment have been created in the production, distribution, marketing, and retail sectors.

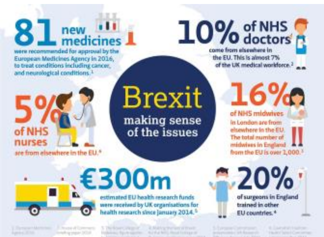
Moreover, by levying taxes on the sale of vaping goods, governments all over the world have benefited from the vape sector. Vaping items, for instance, are charged state and municipal sales taxes in the US, as well as excise taxes in some states. In 2021, it is estimated that the vaping industry directly contributed to £1,325m in turnover, £401m added from gross value and created 8,215 FTE jobs.Furthermore, by offering an alternative to smoking, the vape sector has impacted the traditional tobacco industry.

Cigarette sales have decreased as a result, which may have long-term negative effects on the tobacco industry and allied industries. The long-term health effects of vaping, however, are not entirely understood, and there is worry about the possibility of higher healthcare expenses linked to illnesses tied to vaping. This could have economic effects on health care systems and insurance companies, such as the NHS. According to certain studies, teens who vape are more likely to smoke cigarettes than those who don't vape. It also demonstrates how vaping can impact brain growth and how it contributes to addiction.

The workforce may not live as long or may be less productive due to poor health brought on by vaping, which will have long-term negative repercussions on an economy and prevent growth, which in my opinion constitutes sufficient reason to extensively research the potential health implications

The Impact of Brexit

The United Kingdom's decision to leave the European Union, popularly known as Brexit, was a significant moment in European politics. It marked the end of an era in which Britain was a member of the European Union, and it opened up a new chapter in the country's history. The Brexit referendum, held in June 2016, resulted in a 52-48 split in favour of leaving the EU. The referendum sparked a series of political debates, negotiations, and challenges, eventually leading



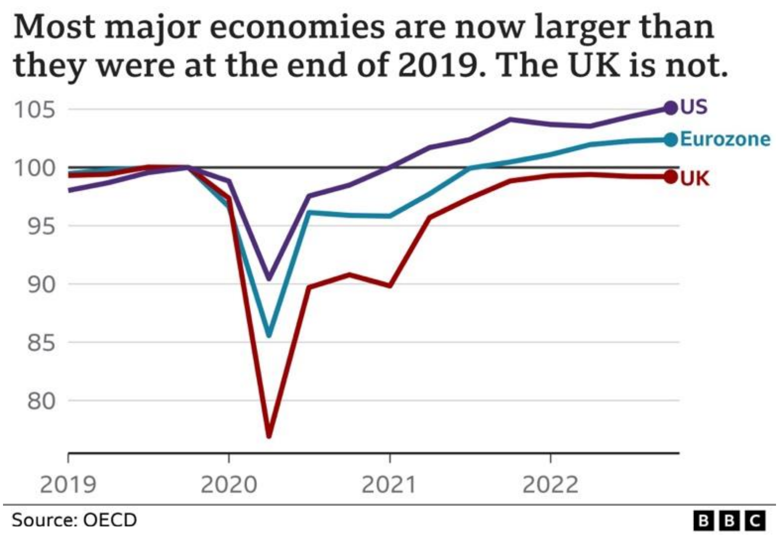
to the formal exit of the UK from the European Union on January 31, 2020. This essay will examine the factors that led to the UK's decision to leave the EU, the implications of Brexit on the UK and the EU, and the future of UK-EU relations. The United Kingdom's decision to leave the European Union was not a sudden one. For decades, there has been a growing sentiment among British politicians and citizens that the UK was losing its sovereignty and independence by being a member of the EU. This sentiment was exacerbated by the increasing influence of the EU on UK domestic policies, immigration, and trade. Moreover, the global financial crisis of 2008 and the subsequent economic slowdown resulted in increasing anti-EU sentiments among the public, who believed that the EU was not capable of handling the crisis and was instead imposing austerity measures on member states. These factors, coupled with the rise of far-right and nationalist political parties across Europe, fuelled the campaign for Brexit.

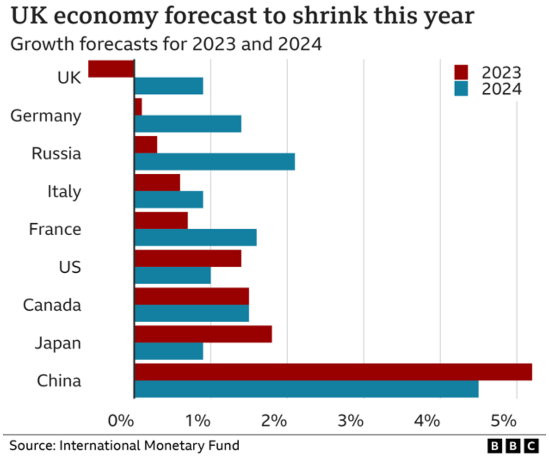
The Brexit referendum campaign was marked by heated debates and divisive rhetoric. Those who supported Brexit argued that leaving the EU would enable the UK to regain control of its borders, reduce immigration, and negotiate better trade deals with non-EU countries. On the other hand, those who opposed Brexit warned that leaving the EU would lead to economic uncertainty, a loss of jobs, and a decline in the UK's global influence. The referendum campaign was also marked by a surge in anti-immigrant and anti-European sentiment, with some supporters of Brexit using xenophobic rhetoric and imagery. Brexit has significant implications for both the UK and the EU. For the UK, leaving the EU means that it is no longer bound by EU laws, regulations, and policies. This gives the UK greater control over its domestic policies and trade relationships with non-EU countries. However, leaving the EU also means that the UK has lost its access to the EU's single market and customs union, which will have significant economic consequences. The UK's departure from the EU has also led to a decline in the UK's global influence, as it no longer has a say in EU decision-making processes. For the EU, Brexit has raised questions about the future of the EU and its member states. The EU has traditionally been seen as a force for stability and prosperity in Europe, but Brexit has undermined this perception. It has also led to debates about the future of the EU and the role of member states in shaping EU policies. Brexit has also had economic consequences for the EU, as it has lost one of its largest member states and one of its most significant trading partners.

Looking ahead, one of the most immediate and significant impacts of Brexit was on the UK economy. The pound fell sharply against other major currencies, including the euro and the dollar, making imports more expensive and causing inflation to rise. This, in turn, affected consumers' purchasing power, leading to a decrease in consumer confidence and spending. Additionally, many businesses that rely on trade with the EU, such as the automotive and manufacturing industries, were concerned about the potential loss of access to the EU single market, which could result in tariffs and other trade barriers. As a result, many companies have relocated or scaled back their operations in the UK, causing job losses and a slowdown in economic growth.

Brexit has also had a significant impact on UK society, particularly in relation to immigration. One of the key drivers of the Leave campaign was the promise to take back control of the UK's borders and reduce the number of immigrants coming to the country. However, this has resulted in a decrease in the number of EU citizens coming to the UK to work, study, or live, which has had an impact on the economy and the provision of public services, such as healthcare and education. There has also been a rise in hate crime and xenophobia, with some people feeling emboldened to express anti-immigrant sentiment.

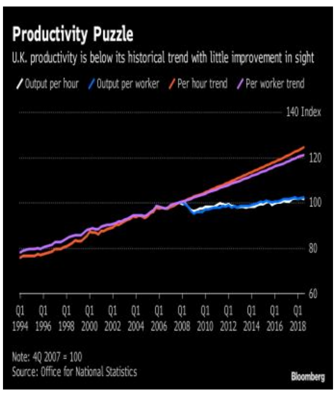
In conclusion, the UK's decision to leave the EU and the subsequent introduction of Brexit has had far-reaching consequences for both the UK and the EU. While the full impact of Brexit remains to be seen, it is clear that the decision to leave the EU has fundamentally altered the political and economic landscape of Europe.





Economic Growth Slows in the United Kingdom

Growth has slowed significantly in recent years, for many unsurprising reasons such as the war in Ukraine and the pandemic, however Britain are feeling the effects of these events more significantly than other developed nations, why is this?
The International Monetary fund has forecasted the UK economy to deteriorate in 2023, whilst many other nations such as Germany, France and the USA are predicted to grow. The predicted recession will only be of limited impact and will not be as severe as it was once forecasted to be.



The UK economy was hit the hardest by the pandemic in early 2020, compared to the Eurozone and the US and whilst these nations are now larger than they were before the pandemic, the UK is not. Statistics don't tell the full story, however, and may be misleading. Britain's massive drop in early 2020 may not have been because we were hit harder than other nations but may be due to the way we measure economic data. Other nations simply measured the falling costs of public services due to the pandemic whereas the UK valued the services that were offered, meaning the data more accurately shows the reduction of people working at schools and hospitals, making our data seem worse than it is. Why then, are our forecasted growth rates so much smaller than other nations? One suggested reason for Britain falling behind other nations is energy costs. Since Putin invaded Ukraine energy and gas prices have increased massively and my trip to school each morning has become more expensive.

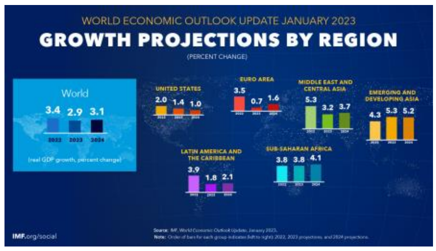
What sets Britain apart from other nations though? Other nations have much higher reserves of natural gases and formats of power than we do. The US has many more fossil fuels than us and European nations have larger nuclear networks like France or hydropower like Norway. Britain's over reliance on imported energy has left us vulnerable. The UK is also known to measure electricity prices based on the cost of gas, which is the most expensive source of energy and has therefore pushed inflation even higher.

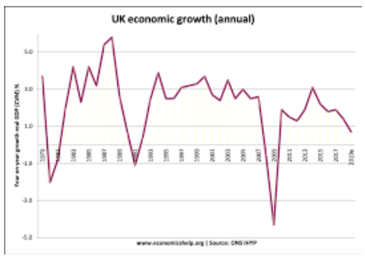
Another area where the UK are worse off than other developed nations is the workforce. Expectedly, numbers of people in work fell during the pandemic but the UK have not been able to return to pre-pandemic numbers. Whilst our workforce has fallen by more than 1%, other countries have seen more people in work. An obvious reason for this is Brexit as this has led to less migration and less workers. Other less obvious reasons include more people studying rather than working, more people receiving long-term sick benefits and people retiring earlier. This contributes to lower growth rates and lower tax revenues for the government.

> "Overall in 2022, the British economy grew 4%, a slowdown from 7.6% in 2021."

Brexit

Whilst all countries are being affected by the pandemic and the energy crisis, Britain are feeling the effects of something else, Brexit. Many dominant nations are in the EU and leaving it has made trade with members harder and has reduced growth. It is expected to have costed the UK economy about £100bn a year according to a report by Bloomberg and the whole UK economy is 4% than it would have been if the UK hadn't left the EU. It has led to staff shortages and lower investment into the UK economy. It begs the question, when will we see the positives of Brexit? The vast negative effects should be temporary, and uncertainty and low confidence in the UK economy is to blame. These short-term economic costs should be counteracted by long-term gains, however when we will start seeing these gains is uncertain. Is Brexit the main reason for the UK falling so far behind other nations, however? It is a large factor, as it is what sets us apart from other nations and has factored in our falling growth rates. There are other long term-reasons why Britain felt the effects of recent events so significantly, however. Long term underinvestment since the 20th century is to blame, and the lack of spending on both the public and private sector has left our infrastructure behind other nations, meaning we have felt the effects more significantly. Although the numbers and figures may seem scary, the UK has an extremely strong economy and should, in the long term, be able to recover and match other countries growth rates.

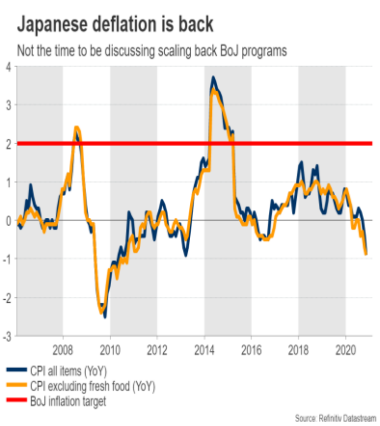




Monetary Policy Fails to Combat Japanese Deflation

Despite the Bank of Japan's efforts to stimulate inflation by using Quantitative Easing, Japan's economy has been undergoing deflation since the 1980s, which has had a significant impact on its growth and stability.

One reason for Japan's deflation is its structural factors, such as overcapacity and excess supply of goods and services. Japan's rapid industrialisation and export-oriented growth model in the post-World War II period led to the creation of large-scale production facilities that could produce goods in vast quantities. However as global competition intensified, Japan's production capacity surpassed demand, leading to a glut of supply and falling prices.



Another reason for the failure of Quantitative Easing to push inflation is an ineffective transmission mechanism. The Bank of Japan's massive purchase of government bonds and other assets has not translated into higher lending and borrowing, which has limited the impact of monetary policy on the real economy. Moreover, the banks, which are key intermediaries in the transmission mechanism, have been reluctant to lend due to their risk aversion and low profitability.

The third reason for Japan's deflation is the structural and demographic challenges that have weakened the economy's ability to generate sustainable growth and inflation.

> "Japan has been in a deflationary environment for three decades."

Japan's aging population and declining workforce have reduced demand for goods and services, leading to a decline in consumption and investment.

Additionally, structural factors such as overcapacity and excess supply of goods and services have contributed to the persistent deflationary pressure.

Fiscal policy has also been a factor contributing to deflation in Japan. Japan's fiscal policy has been conservative, with a focus on reducing public debt and maintaining a balanced budget. However, this has limited public spending, which has reduced aggregate demand. Moreover, the public perception that the government's fiscal policy is unsustainable has led to uncertainty and a lack of confidence in the economy, further exacerbating deflation.

External factors such as global economic conditions have also contributed to Japan's deflation. The appreciation of the yen during global financial crises has reduced the competitiveness of Japanese exports, leading to a decline in economic activity and prices. Moreover, trade tensions and geopolitical risks have reduced demand for Japanese exports, which has further worsened the deflationary pressure.

Policy inertia has also contributed to Japan's deflation. Policymakers have been reluctant to implement bold and innovative measures to tackle the problem. Instead, they have relied on conventional policy tools, such as fiscal and monetary policy, which have not been effective in overcoming the structural and demographic challenges.

Lastly, the Bank of Japan's inefficient use of Quantitative Easing has also contributed to Japan's deflation. The Bank of Japan has been slow to expand its monetary base and has not effectively communicated its policy stance to the public. Furthermore, the Bank of Japan's focus on short-term policy goals has limited its ability to pursue a long-term strategy to overcome deflation.

In conclusion, Japan's deflation has been a complex and multifaceted problem that has been caused by a combination of structural, demographic, fiscal, monetary, and external factors.

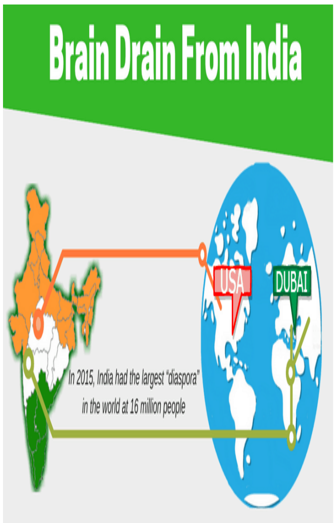
While the Bank of Japan's Quantitative Easing has helped to stabilize the financial system, it has not been able to push inflation due to the challenges of an ineffective transmission mechanism, structural and demographic factors, fiscal policy, external factors, policy inertia, and inefficient use of Quantitative Easing.

To overcome deflation, Japan needs to implement a comprehensive and innovative policy framework that addresses the root causes of deflation, such as promoting innovation, investing in human capital, encouraging entrepreneurship, pursuing a more flexible fiscal and monetary policy, and reforming the transmission mechanism of monetary policy.

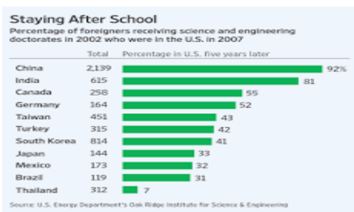
Brain Drain Threatens Indian Economy

A 'brain drain' occurs when an economy loses its most highly skilled and competent individuals in the labour force to other countries, perhaps due to political turmoil present within a nation or more favourable economic opportunities elsewhere. This occurrence is more prevalent in developing countries for example India- labour often dispersed to more developed economies such as the United Kingdom. This can often end to a corresponding reduction in economic growth, as well as limitations to the innovative capacities in an economy given it is essentially an outflow of skilled workers from a less stable economy to that of stability. However the impacts on firms' profitability is significant- plummeting revenue due to less able factors of production affect the ability of producers to invest a larger proportion of profits back into the business. Moreover the government will receive less tax revenue, perhaps inhibiting one's ability to fulfil public interest. According to the United Nations, 18 million Indians are currently studying or employed in foreign countries. The issue of brain drains in India can be dated to back to the 1960s, in the aftermath of the second world war, where Indian specialists routinely left the country for further economic opportunities in western societies. The lack of a holistic view with regards to development has contributed to the overall emigration rate. 23,000 people with assets worth over $1 Million have also emigrated, costing the Indian Government billions in tax revenue, given the permanent transition of capital abroad. given that India's female labour force participation is as low as 22.8% due to the structural oppression that women face in society. Therefore many factors are nudging Indians towards renouncing their citizenships, which acts as a detriment to the prosperity of the economy, with a loss of $17 Billion of revenue per year.

Despite the vast loss, there is still hope for higher returns on investment, superior standards of living and better career prospects. This is because the individuals who work abroad send home monetary remittances, increasing the foreign exchange reserve of the country. It was found that India received $87 billion in 2021, typically from High-income countries as remittances. This improves the balance of payments while also encouraging investment in education from which these migrants benefitted initially.



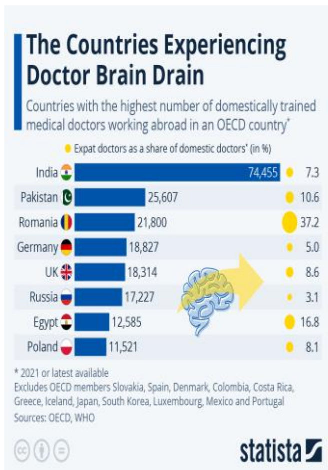
"The best-trained minds don't stay in the country, they go abroad."

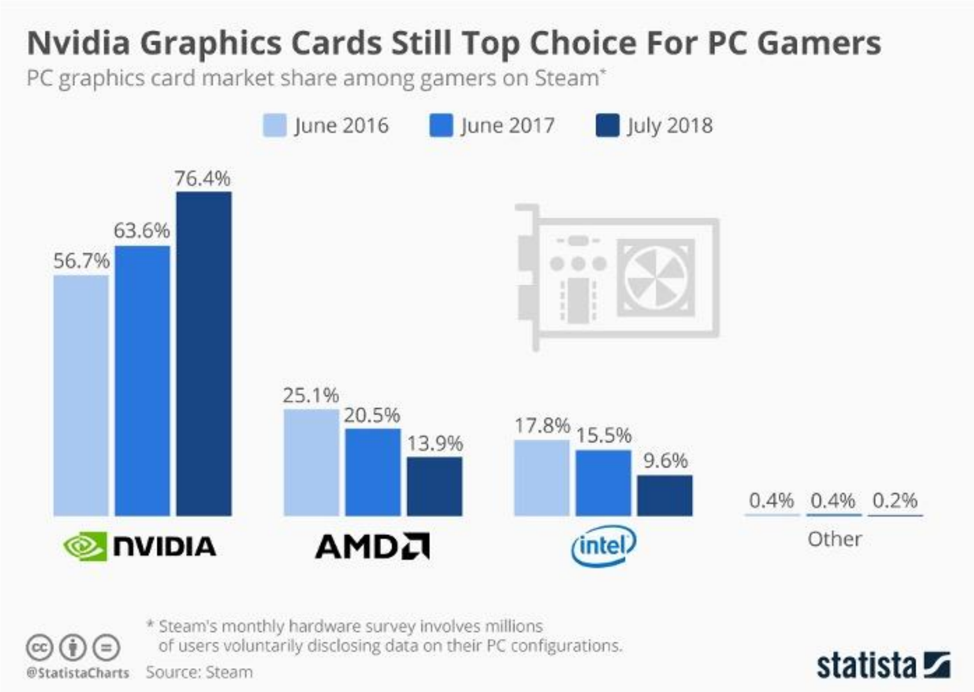


Could India Reduce Their Brain Drain

- Reversing a brain drain can be tricky, particularly when it is to the extent of India's. Initially, the Indian government thought to impose a 'Brain Drain Tax', to tax the income earned in the host country and transfer it to the source country as compensation for the 'loss caused'. However currently they are conducting a National Skill Development Mission, aiming to train people across the country in order to create convergence across sectors. Moreover, India can implement various measures to combat this economic issue, such as:
- Legal reforms of competitive wages to increase the standard of living, different taxation policies and ensure improved working conditions
- Social reforms through rural development in under-achieving areas of the country (making education and employment more accessible to a wider demographic)
- Offering placement in their country for graduates to be employed to increase incentives to stay

Overall, India should direct their focus to diminish the effects of their 'Brain Drain', in order to emerge as a developed nation, however, the negative effects may last longer than expected, as they have suffered a huge loss over the years





I am confident that the majority of us have smartphones, tablets or computers and use them on a daily basis. Scrolling through social media feed, searching information online, playing video games et cetera. It is palpable that we barely leave these electronic devices and they have tremendous and perpetual influence on our lives. They are undeniably crucial and essential, bringing us benefits and yet it could lead to detrimental repercussions. Having said that, do you know that graphics card plays an important role in making up these electronic devices?

The graphics card market is the major component within the Graphics Processing unit of PC, laptop or other computing devices. It gives the required clocking speed and refresh rate requirements within the computing technology to demonstrate and operate the required programs withinn it. Graphics cards stand to be one of the most important types of computing technology, both for personal and business computing.

In terms of the overview of the market, the graphics card market is currently an oligopoly market. This means that there are a few dominant companies in the market which can be difficult and challenging to enter the market. Firms who seek to expand or create start-ups in the graphics card market may find it uneasy to become as competitive as the major players and difficult to keep up with the market fluctuations

. Moreover, imperfect competition exists. Producers and consumers do not have all of the necessary and comprehensive information to make an informed decision. What's more is that the players or rivals are very much aware and keep tracks of what other players are producing and doing. The major players include Nvdia, AMD, Samsung, Intel and Qualcomm. The global GPU market size was valued at $19.75 billion in 2019, and is projected to reach at $200.85 billion by 2027. Furthermore, the smartphone segment dominated the GPU market share in 2019, and is expected to continue this trend during the forecast period.

The graphics card market has undergone significant changes over the past few years. With the rise of gaming and the increasing demand for high-quality visuals, graphics cards have become an essential component of any gaming setup. In this article, we will discuss the changes in the graphics card market, including new technologies, industry trends

> **"The global GPU market size was valued at $19.75 billion in 2019."**

and the impact of cryptocurrency mining. One of the most significant changes in the graphics card market has been the introduction of new technologies.

Nvidia and AMD, the two main manufacturers of graphics cards, have been pushing the boundaries of what is possible with their products. In recent years, we have seen the introduction of ray tracing and DLSS (Deep Learning Super Sampling) technology. Ray tracing is a rendering technique that simulates the behavior of light to create more realistic and immersive visuals. DLSS uses AI to upscale lower resolution images to higher resolution, improving the quality of graphics while maintaining high frame rates.

Another trend in the graphics card market is the increasing demand for high-end products. Gamers are willing to spend more money to get the best possible performance out of their systems. This has led to the release of more expensive graphics cards, such as Nvidia's RTX 3090, which can cost over $1,000. While these cards are out of reach for many gamers, they provide the best possible performance for those who can afford them.

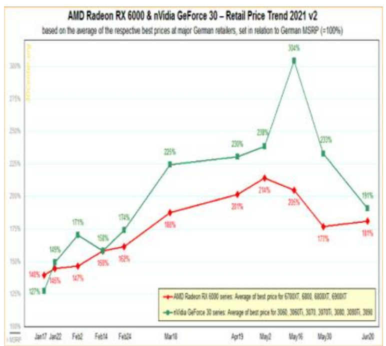
The rise of esports has also had an impact on the graphics card market. Esports games, such as Fortnite and League of Legends, don't require as much processing power as more graphically intensive games

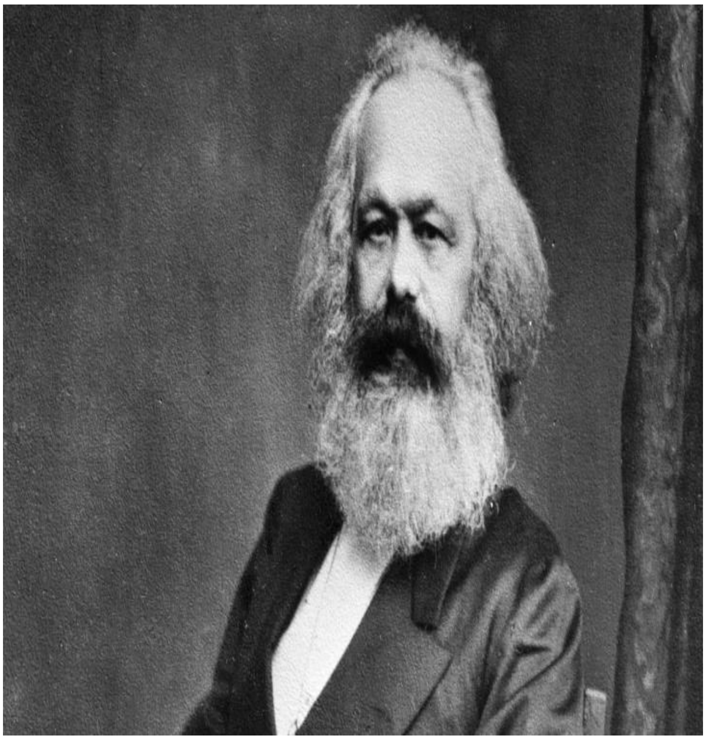
The Graphics Card Market

This has led to the release of more budget-friendly graphics cards that are still capable of running esports games at high frame rates. Manufacturers have recognized this trend and have released cards such as Nvidia's GTX 1650, which provides excellent performance for a relatively low price.

The cryptocurrency mining boom of 2017-2018 also had a significant impact on the graphics card market. Cryptocurrency mining requires significant processing power, which led to a shortage of graphics cards as miners bought up all available stock. This led to a surge in prices, with graphics cards selling for well above their retail price. Manufacturers struggled to keep up with demand, leading to long waiting lists for popular models. While the cryptocurrency market has cooled off since its peak in 2018, it still has an impact on the graphics card market. As the value of certain cryptocurrencies increases, miners once again begin to buy up graphics cards in bulk. This can lead to shortages and price increases, which can make it difficult for gamers to purchase the cards they need.

In conclusion, the introduction of new technologies, such as ray tracing and DLSS, has pushed the boundaries of what is possible with graphics cards. The increasing demand for high-end products has led to the release of more expensive graphics cards, while the rise of esports has led to the release of more budget-friendly cards. The impact of cryptocurrency mining has been felt throughout the industry, causing shortages and price increases.





Marxism– What do Marx and Engels Propose?

Marx argued that workers create value through their work, yet are not compensated properly. The labour is exploited by the ruling class, the bourgeoisie, who generate profits by selling the products at a higher price than what is given to the workers in return for their labour.

Within the Communist Manifesto, it is said that: “The entire theory of the communists can be summed up in the single sentence: Abolition of private property.”

The Market

A command economy which early Marxism/communism (in other terms possibly considered socialism) is an example of, refers to one where the central government plans, organises and controls all economic activities in order to maximise social welfare, for example, the government will decide the food produced and consumed for every single person within the economy, and a set price will be maintained for all. Unlike free markets, like we have in the UK today, where supply and demand mainly determine what is produced and the prices, through the price mechanism, and the incentives of the producer and consumer. The ‘government’ referred to is said to be the revolting proletariat or working class. Since there are multiple stages to communism developing, we shall say in this case, we can infer a newly revolted proletariat, would have a state which would take control of all property and redistribute it evenly. This would occur until the point is achieved, typically once an advanced society has been formed, where common people could do this themselves without being ‘greedy’. Then meaning that the state would dissolve and thus communism is achieved. Would t he incentives to work and therefore produce goods and services not dissipate when people have no personal gain?

Production and distribution of goods essentially can be said as ‘You contribute to the common pot what you can, you get out of the pot what you need.’
In communism, the concept of income is not the same as what we have now under capitalism. In fact, money itself will become redundant under communism, with people simply working due to the cultural quality of their upbringing and sense of collective gain. "In communist society, where nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes, society regulates the general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner, just as I have a mind, without ever becoming hunter, fisherman, herdsman or critic.” - Karl Marx, The German Ideology – In this way, the economy will always supposedly be at (or very close to) full employment.

❿ “The Abolition of property in land and application of all rents of land to public purposes.”

The abolition of private property comes hand in hand with the abolition of the private sector. All private capital/ productive resources moves to state ownership, and goods and services become public. For example, Free education for all children in public schools. With this comes accessible education equally for all of society, so the labour supply is equally skilled and, assuming there is motivation for it (not given by wages) , they will be productive. Inequalities of opportunity are resolved. In the example of just anything privatised in general, as Marx referred to as “bourgeoise property”, such as private land or capital, there first will be equal distribution and then once final communism is achieved there is common ownership of the factors of production, with free access to the articles of consumption, and society will be classless, stateless and moneyless. This implies the end of the exploitation of labour.

How is money redistributed within the stages before true communism?

Before true communism is achieved, and there is a command economy where the state allocates resources, Marx proposed some of the measures that will generally be taken for the society to move forward in terms of money.
It was said that there will be a “Heavy progressive or graduated income tax.” This would allow money to be distributed much more evenly until money is no longer required, essentially helping the transformation from capitalism into communism by decreasing the inequality of wealth until there is none.
This is suggested hand in hand with “centralization of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly.” This means that there will be one singular bank, controlled by the state that will be the sole producer within banking.
As well as this, the “Abolition of all rights of inheritance” ensures even redistribution of possessions.

“The bourgeoisie has stripped of its halo every operation hitherto honoured and looked up to with reverent awe”

What about production and the work force?

On the production and work force side of this pre-pure-communism/ socialism/post-revolution society or whatever you might call it; Marx proposed an increase in government-run factories and the idea that all land should be used to its potential, particularly in agriculture. Essentially the proposition being: if the land is bad then run factories there, if it is farmable, then do it. To fuel this, the creation of industrial armies intended to create a huge labour force for these farms and factories, as well as the common and equal obligation for everyone to work.
Regional inequalities, like we might see in the North-South divide in the UK, were sought to be resolved, by a more “equable distribution of the population over the country.”
Essentially, the populous should be rearranged so that there is an equal concentration of factories and farms and workers across the country.
Supposedly, this all converges to form an extremely productive and equal society.

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Impact of the Wall Street Crash on Germany

The Wall Street crash of 1929, also known as Black Tuesday, was a catastrophic event in the history of the global economy. The Great Depression was brought about by the collapse US stock market, which had far-reaching effects that reverberated around the global economy. Germany, which had only recently started to recover from the destruction of World War I, was one of the nations that was most severely affected by the crash. The consequences of the Wall Street crash had a substantial and multifaceted effect on Germany. It had a variety of effects on the German economy, politics, and society. I'll look at the effects of the Wall Street catastrophe on Germany's economy in this article.

> "The epic boom ended in a cataclysmic bust"

Context in Germany in the 1920s: 'During the hyperinflation, German stocks were often extremely cheap. In November 1922, for example, the capitalisation of Daimler Motor Works was equivalent to the value of 327 of its cars.' Market volatility was extremely high, with 'share prices often changing by 30 or even 50 percent per month in real terms'. After the Mark's stabilisation in late 1923, stock prices first fell. In the summer of 1924, however, a long bull run began. Following this from October 1926 onwards, the Reichsbank began to believe that funds were being diverted from "productive uses" to the stock market. This is partly to blame for the later impacts of the depression on the German economy.

Prior to the Wall Street crash, Germany was already experiencing economic difficulties. The country was still struggling to pay off the massive war reparations imposed by the Treaty of Versailles. The German government was printing money to finance these payments, leading to hyperinflation and a devaluing of the currency. However, the German economy had started to stabilise in the late 1920s, and many believed that the worst was over. Although, this did included reliance on German loans of about $200 million, largely in Wall Street Bonds.

The Wall Street crash changed all of that. The United States was one of Germany's biggest trading partners, and the collapse of the American economy led to a sharp decline in German exports. This caused a contraction of the German economy and a rise in structural unemployment. Statistics from 1933 show less than 50% of 16-30 year olds were unemployed. Many businesses went bankrupt, and the value of the German currency plummeted even further; factories closed and unemployment reached 6 million by January 1933. The impact of the Wall Street crash on Germany's banking system was particularly severe. Many German banks had invested heavily in the American stock market, and when it crashed, they were left with huge losses. This led to a wave of bank failures and a loss of confidence in the banking system. People rushed to withdraw their savings, leading to a run on the banks. The German government was forced to step in and provide emergency funding to prevent a complete collapse of the banking system. The German government's response to the Wall Street crash was to implement austerity measures (cutting non-essential programs) in an attempt to balance the budget and restore confidence in the economy. This involved cutting public spending and raising taxes, which further worsened the economic situation. The government also tried to stimulate the economy through public works projects, but these efforts were insufficient to make up for the loss of export revenue and people soon lost trust in Chancellor Brüning, who ended up undermining democracy by governing by decree (reaching 66 decrees in 1932).

The economic impact of the Wall Street crash on Germany had a profound effect on the country's politics. The economic hardship and unemployment created by the crash fuelled the rise of extremist political movements, particularly the Nazi Party. In the 1930 election this manifested as the Nazi Party won 107 seats and the communists won 77. Adolf Hitler capitalised on the discontent caused by the economic crisis, promising to restore prosperity and national pride. These promises appealed to everyone, from factory workers that couldn't find work and dealt with low benefits and high food prices, to farmers who had high debts and falling goods, each of which wanted an authoritarian leader to establish stability. Moreover, Hitler secured investments from large businessmen who struggled due to the lack of consumption in the economy. For instance, the United Steel Works 'had a strong Nazi group among its top executives, centred about Fritz Thyssen, from its inception'. Due to German industry being extremely conservative, the growing strength of the Social Democrats and Communists was alarming. By 1931, Hitler was reassessing his party's past radical economic program in order to obtain the support of industry, which was increasingly looking for ways to work with the rising tide of nazism. A number of meetings between top Nazis and industrialists in 1932 strengthened this alliance. Therefore, the economic situation enabled such a form of fascism to gain leverage.

Overall, the impact of the Wall Street crash on Germany was significant and far-reaching. It led to a contraction of the German economy, a rise in unemployment, and a loss of confidence in the banking system. The German government's response, which involved austerity measures and public works projects, was insufficient to address the economic crisis. The crash also had political implications, fuelling the rise of extremist political movements and contributing to the rise of the Nazi Party. The effects of the Wall Street crash on Germany serve as a cautionary example of the interconnectedness of the global economy and the international consequences of economic instability

Why Communism is Destined to Fail

Communism is destined to fail in a real world. This statement has been proven by the cost of countless oppressed souls. But why do communism idealist always end up in the mud? We would need to look at the origin theory, examples of countries practicing it to figure out what leads to their inevitable failure.

Communism is generally referred as Karl Marx's Marxian communism, first proposed in The German Ideology (written 1845-1846) where he laid down the criticism of capitalism and the foundation of communism. Karl Marx was born in Germany to middle-class parents of Jewish descent, he was highly achieving and studied philosophy in the University of Berlin, but was unable to become a teacher because of his Jewish ancestry and his political views. He then turned to journalism, when he concluded the injustice he experienced was because of a failure in the system and corruption in the society. A complete rebuild must be done to overcome such flaws in the German society, moreover the world, he insisted.

The definition of communism according to Marx is that it's a classless society, there is no ruling class and the general public should be the ones deciding the economies future. While capitalism on the other hand is a flaw economy in which the ruling class-bourgeoisie owns the means of production. Forcing the working class- proletariat to loss their independence and become only as factor of production, as machines. Marx believes that this kind of oppression will eventually lead to a revolution of the working class, overthrowing the ruling class to create a classless communism society. What interesting here is Marx did not suggest that there need to be a dominant government centrally planning everything for the economy which all communist parties seem to insist. Nevertheless, politicians saw the idea as revolutionary and more importantly, can centralise immense power on themselves.

A few countries start practicing it and the most famous one is the USSR. Today, the Soviet Union is still widely considered as the first example of communism in action . Under Joseph Stalin from 1927 to 1953 and Nitkata Khrushchev from 1953 to 1964, the soviet communist party took full control of the economy, including agriculture, banking all kinds of industrial production. At first, things looked great for the USSR, they are very clear at their goal of rapid industrialisation by central planning. During 1950 to 1965, their GDP grew at a faster rate than most first world countries at the time. However, as we all know things went down hill fast. During the Cold War, the USSR's 'Five Years Plans' overemphasised on industrial and and military production, leading to underproduction of consumer goods. As there are not enough supply of goods for consumers to buy, weak consumer spending dragged down the rate of economic growth. This kind of underproduction by the government also leads to people producing privately and illegally, forming black markets which doesn't contribute to a country's economy. After decades of shortage, common poverty and oppression, the Soviet people demanded reforms to the society. Eventually leading to the collapsed of the USSR in 1991. China is another great example of countries failing under communism. But what differs it from the Soviet Union is it experienced drastic changes after giving up on it, at least economically. In 1949, Mao Ze dong's communist party gained complete control over China after years of civil war. They joined the USSR as the world's second major communist state. In hopes of sparking an industrial revolution, Mao's 'Great Leap Forward' plan in 1958 directed the whole population to produce overwhelming quantities of steel. What seems to be great for the economy leaded to over 15 million peoples death because of the unreasonable working goals and conditions. In 1966, Mao launched the Chinese Cultural revolution, intended to eliminate any old traditional values that he deemed to have drag the growth of the country. The 'revolution', which effectively is a purge resulted in the deaths of another 400k people by 1976. After Mao's death, his successor Deng Xiao Pin realised that the idea of complete communism is not working. Therefore introducing a series of successful market reforms, like starting to open international trading and opening private ownerships for business, the economy started to shift to a more free market approach.

Today, the Chinese government practices an economy based on a principle named 'New era socialism with Chinese characteristics'. It may sounds complicated but it's basically capitalism with the main difference being most government-own companies have a huge share in their market and large government fundings. Communism is more of a political propaganda to unite the nation rather than the iron code it once was.

The two biggest communism superpowers couldn't escape their downfalls. So what actually happened in their downturn? The first reason is obvious, extreme low incentives to work. In the two countries, the government own all f the production of goods and services while getting all profits gained from them, then it acts as a resources allocator and allocates equal portions to the people. Meaning that if a worker works 10 hours a day, he will get the same amount of revenue than a worker who works only 5 hours a day. This leaves no incentives to work and to increase productivity because the profit will never increases anyway. The situation could be demonstrated by the Laffer Curve which illustrate once the tax rate reaches a optimum level, keep increasing it will just end up lowering the tax revenue, eventually the tax revenue will become zero when tax rate reaches 100%. This is because when all the profits workers earned is taxed by the government they will just give up and don't work. The 100% tax rate could apply to the situation with all the crops farmer farmed are taken away and according to the Laffer curve, they will have no incentives to work.

Another key factor is suggested by an Australian economists, Ludwig Von Mises. He argued that the abolishment of the free market leaves no market prices for officials to guide them in planning for production. As all factors of production are owned by the government, no one can exchange them freely hence there is no market price developed for these goods. Resources are scared. Especially with demands from a whole country. Governments need to know what to produce and the exact cost of production to be efficient. As there is no market prices for goods, communist government do not know the need of the people reflected by market price and the opportunity cost of productions hence they could not produce effectively to meet demand and increase productivity. Let's take the Soviet Union as an example. The government do not have enough information on the three basic economic problems, what to produce, how to produce and for whom to produce since they don't have the relative cost to each production. This ultimately leads to underproduction of highly demanded consumer goods and in China's case, overproduction of steel which cause negative externality with its harm to countless workers and environment because of its poor and not sustainable production method. To put it in one sentence, without the free market there will be no market price therefore leading to lack of information on how to produce efficiently, hence central planning governments must fail over a long enough period of time.

THE ECONOMY OF ANCIENT GREECE

The Ancient Greeks had their own currency called the drachma (δραχμή) with an Athenian monetary system set up: 6 obols = 1 drachma. Modern Greece used this currency until 2001 when it was replaced by the Euros.

The Greeks had nothing like industry on a modern scale, but they did have workshops, skilled workers earned a drachma a day, which is the same as soldiers, whilst unskilled workers only earned 3 obols. Roughly 8 drachmas can buy a pair of shoes.

Athens (capital of Greece) had an international port and clearing houses which allowed visitors to trade or for tourism. The shipbuilding and the small-scale manufacture of Athens relied on imported raw materials, and there were few exports to balance the enormous import bill. Athens solely relied on the 'invisible exports' of trade and tourism.

Athenian farmers grew barley instead of wheat, meaning that it will not be enough to feed the entire population of 300,000, this means that Athens relied on the rich wheat fields of the Ukraine and Crimea. And this was called 'The grain trade', which was treated separately for tax purposes and overseen by a special board of grain commissioners.

Athenians also had the concept of money lending, they might make loans up to 2000 drachmas to finance people daring enough to purchase a cargo and risk a voyage.

Ancient Greece had local open air mar with stalls normally owned by citizen metics (foreigners). The market consist retailers, barbers, fishmongers and even bankers. The bankers were normally me they provided services such as mo changing, insurance and lending money a interest rate of 12%.

The metics had to pay tax, whereas Athenians did not. But they did not like t direct taxes, and so there are compul state duties for both the citizens and metics who owned over a fixed amoun wealth. Duties such as financing, selec and training for a festival, or paying expenses of a delegation to a non-Athe festival (i.e. the Olympic games), or providing a feast for a tribe, or they coul ordered to look after a trireme (Greek War for a year.

WENDY ZHAO

Why is Sweden continuing to thrive?

Sweden has been most renowned for being one of the leading economies globally in terms of sustainability. This could be illustrated through Sweden's rankings in indexes that measures economic sustainability, for example Sweden ranked eighth across the globe in the latest Sustainable Economic Development Assessment, that measures a country's economic sustainability, environmental sustainability and social inclusion to provide a measure of sustainable economic development.

Government Spending:
The Swedish government allocates its spending in a way which economic sustainability could be achieved. Government spending is one of the components that determines aggregate demand, which directly reflects the real GDP of the country. Therefore, increasing government spending on public administration, such as education funds and law enforcement management, will lead to short term economic growth. For example, in 2019, Sweden spent 15.90% of it spending on education; this has not only led to higher levels of human capital, such as skills and experience, but also a more positive attitude for human input and thus higher productivity, causing a rise in aggregate demand. This in turn will lead to higher employment rate and increase in disposable income. As a result of real income increasing, consumers will have more purchasing power, and there will be more spending on outputs, allowing Swedish firms to earn more profits. Thus, firms will be pushing up their price level in order to maximise profits, ultimately leading to inflation, and the positive impact of inflation is what upkeeps economic sustainability. In addition, higher productivity will also lead to a left shift in long run aggregate supply, which boosts economic growth. Consequently, leading to the Swedish government receiving more tax revenue; the personal income tax rate of Sweden is 52.3%, and this enables the Swedish government to spend more on infrastructure investments. For instance, spending on transport will also increase productivity as workers could travel to work more efficiently, therefore causing the cost of factor of production to decrease. As a result of this, the short run aggregate supply will shift right, causing price levels to decrease and output to increase. This means that products will become more competitive, and firms will therefore have higher profit margins, causing the corporate tax to increase; in 2021, the taxable income of Sweden is subject to corporate tax at a flat rate of 20.6%. Ultimately, this also leads to an increase in government tax revenue, and therefore a circular flow of revenue is established and long-term economic sustainability can be achieved.

Innovation and technology:
In the 21st century Sweden has slowly emerged as one of the leading innovation powerhouses in Europe, being home for internationally well-known tech companies. This could be well reflected by global rankings of the Global Innovation Index, which sees Sweden, a country only with a 10 million population, ranking third globally. One of the main factors would be Sweden's education, their education system is student-based, which means that it is entirely based on what the student is interested in; exams and tests were also scrapped off so that education would be driven by the students' own interests and would focus on quality over quantity as syllabuses would not have been rushed to meet exams and tests standards; learning is also project-based where students are given projects to work on, such as solving world problems, thus helping students develop problem solving skills, creativity and collaboration skills.

Social welfare system:
Sweden is well known for its generous social welfare system, which aimed to provide material support to those in need, with a particular emphasis on promoting economic sustainability. According to the Organisation of Economic Cooperation and Development, Sweden's social spending accounted for 29.2% in 2019, which is way above the OECD average of 20.5%. Such generosity is echoed by a carefully designed social welfare system, which includes: (i) universal healthcare, which is publicly funded and provides coverage to all Swedish citizens and residents; (ii) paid parental leave, providing up to 480 days of paid leave to new parents, which parents are entitled to 80% of their original salary; and (iii) children subsidies which has an allowance up to 1250 Swedish Krones per child per month, aiming to support working parents and thus promote gender equality, etc.

This is because through cash transfers, allowances and subsidies, economic stability of individuals increases, thus allowing them to participate in the market more often as consumers, investors, etc. Sweden's social welfare system provides access to high quality education that can improve educational outcomes, creating a more skilled workforce, which is essential for long term economic growth. Also, quality education also provides opportunities for upward social mobility, which contributes to economic sustainability as individuals will be more likely to contribute to the economy through taxes and consumer spending and attracts more foreign investment and business developments, which all stimulate economic growth.

"Sweden has increased funding to tackle climate change and has stepped up efforts to safeguard biodiversity."

The Demise of Hong Kong's Economy

Overview of the economy
Due to the pandemic, Hong Kong was experiencing slow economic growth because of weakened domestic demand. In the fourth quarter of 2022, GDP decreased by 4.2% in real terms from a year earlier.The value of retail sales, decreased by 4.1% year-on-year in December 2022. The fall in consumer confidence over the pandemic was responsible for causing a significant fall in consumption. This led to an increase in the unemployment rate from 3.4% in 2022. Also, with a plunge in exports, total export revenue fell 8.6% from 2021, to US$570bn.

Causes of economic stagnation::

1. Political instability
Due to the social unrest, investors are more concerned about Hong Kong's stability and this reduced their incentive to invest into Hong Kong. In March 2023, Tech giants listed in Hong Kong tumbled 2.9%, while healthcare stocks plunged 4.1%. This shows that there was less investment in Hong Kong. The reduced investment in Hong Kong entailed a lack of foreign funding to domestic firms, to be able to recover from the pandemic. This led to slower economic growth because domestic firms needed longer time to recover. This reduced the international competitiveness of Hong Kong firms, because business around the world have been recovering quickly after the pandemic. Also, with the uncertainty of the return of Hong Kong's authority to China in 2047, fewer western firms are investing into Hong Kong.

2. Government policies
During the pandemic, in order to reduce the risk of community transmission, the government had adopted several precautions, such as the suspension of industry operations and the prohibition of social gatherings. These policies have hit the economy seriously: for example, during the pandemic, over half of the pubs in Hong Kong were closed, because of the government's restrictions and cinemas in Hong Kong had lost US$1 trillion of profit. The loss suffered by industries caused uncertainty in the post-covid period, with higher unemployment rates and falling consumption.

3. The growth of newly industrialised countries

Being one of the four Asian tigers, Hong Kong's economy was particularly strong. However, the growth of new industrialised countries, such as China, India and Thailand posed a threat to

> "Hong Kong's economy has slipped into its second recession in three years."

the international status of Hong Kong, because of the pandemic. Firms began to switch to other newly industrialised countries to develop their business. This reduced the attractiveness of Hong Kong. In the long term, as firms have sought residence

Elsewhere, Hong Kong may have fewer international cooperation, which will affect Hong Kong's GDP and cause further damage to the economy.

Overall, the priory of Hong Kong is to recover from the pandemic, with the relaxation of government's restrictions on business and citizens, there will likely be economic growth. However, in the long term, because of the growth of other newly industrialised nation, Hong Kong could be impacted, mostly due to the fall of business confidence due to the political uncertainty. This has caused the most damage to Hong Kong's economy. This long-term effect would affect Hong Kong's international competitiveness. Unless the government adopted policies to increase business confidence in Hong Kong, Hong Kong will not be able to boost economic growth and stop the ongoing recession.

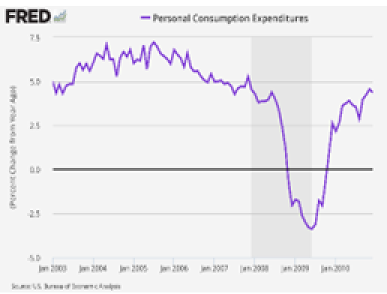
The Impact of Globalisation on the Environment

We live in a consumerist society where demand is infinite and resources are finite. This has entailed the degradation of the environment as greenhouse gases emissions rise forests are cleared and habitats destroyed in an attempt to facilitate our reckless lifestyle. Globalisation has accelerated this process whereby sea and air freight has increased which has led to rising carbon emissions, over cultivation and herding in order to meet demand for crops and red meats, resulting in increased deforestation to make space for farms and cattle and waste production as a result of overconsumption, polluting the land and sea.
Many natural habitats have fallen victim to increased farming, ranching, fishing and other economic activities. The more forests are cut down and the more oceans that are overfished, the poorer and unhealthier our environment becomes. This has been especially prevalent within developing countries as they are often reliant on their primary products such as oil, gas, timber, minerals and agricultural products. The extraction and use of these resources have resulted in deforestation, water pollution, air pollution, soil erosion, among other environmental issues. However the countries which produces the most greenhouse gases are industrialised countries as they burn significant amounts of fossil fuels such as coal, oil and gas. The country which produces the most is China, emitting over a third of the worlds greenhouse gases.
Globalisation has also led to the increase in waste production. As countries become wealthier, the demand for consumer goods has increased, leading to a rise in the production of plastic, electronics, and other disposable goods. This has resulted in an increase in waste production, which has a significant impact on the environment. Landfills and oceans are becoming increasingly polluted, and this has severe consequences for both humans and wildlife.
In conclusion, globalisation has brought many benefits, but it has also contributed significantly to environmental degradation. The increase in the use of natural resources, has had an adverse impact on the environment. To mitigate these effects, there needs to be a concerted effort to implement sustainable practices and reduce our reliance on non-renewables. Only through a collective effort can we ensure that globalisation benefits us all without causing significant harm to the environment.

The Financial Crisis- Boom to Bust

The financial crisis refers to a period of economic turmoil characterised by a sharp decline in asset prices, a contraction of credit markets, and a widespread increase in bankruptcies and defaults. The most recent and prominent financial crisis occurred in 2008 and was triggered by the collapse of the U.S. housing market, which caused a ripple effect throughout the global financial system.

The 2008 financial crisis was the result of several factors. The U.S. housing market had experienced a boom in the early 2000s, driven by loose lending standards and low interest rates. This led to a housing bubble, with prices rising to unsustainable levels. When the housing bubble burst in 2007, home prices fell sharply, causing many homeowners to default on their mortgages.



The fallout from the housing market collapse was felt throughout the financial system. Many banks had invested heavily in mortgage-backed securities, which were tied to the value of home loans. As home prices fell, the value of these securities plummeted, causing significant losses for financial institutions.

Additionally, banks had engaged in risky lending practices, such as subprime lending, which meant that many borrowers had taken on loans they could not afford.

The financial crisis had a global impact, with many countries experiencing a recession or economic slowdown. In response, governments and central banks around the world implemented various measures to stabilise the financial system and stimulate economic growth. The U.S. government passed the Troubled Asset Relief Program (TARP) in 2008, which authorised the government to purchase troubled assets from financial institutions. The Federal Reserve also implemented a series of measures to inject liquidity into the financial system, such as purchasing government bonds and providing loans to banks.

> “Whenever there is a financial crisis, it is always the banks that get hit.”

The financial crisis highlighted several weaknesses in the global financial system. One of the key issues was the lack of oversight and regulation of financial institutions, which had engaged in risky behaviour without proper oversight. The crisis also exposed the interconnectedness of the global financial system, as the collapse of one market could have ripple effects throughout the world.

In the aftermath of the financial crisis, many countries implemented regulatory reforms to strengthen the financial system and prevent a similar crisis from occurring. The Dodd-Frank Wall Street Reform and Consumer Protection Act, passed in 2010, aimed to increase oversight of financial institutions and reduce systemic risk. The Basel III agreement, which was implemented by the Basel Committee on Banking Supervision, set new standards for bank capital requirements and liquidity ratios.

Despite these reforms, the global financial system remains vulnerable to shocks and crises. The COVID-19 pandemic, for example, caused a significant economic downturn in many countries and highlighted the importance of strong and responsive financial systems. Moving forward, it will be important for policymakers and regulators to continue to monitor and strengthen the global financial system to ensure its stability and

Mandatory Maths?

Prime Minister Rishi Sunak unveiled plans to make studying maths compulsory for students up until the age of 18 to go head-to-head with the best education systems in the world a few months ago. But what exactly was the Prime Minister’s rationale behind such a decision?

A variety of professions require some level of mathematical ability especially in financial services, one of the UK’s most internationally competitive industries. By keeping students in maths till 18 in the long run assuming they eventually venture into the world of work there would be a surge in productivity levels as they would now be better equipped to do tasks more efficiently. The increase in productivity would cause a rightward shift in long run aggregate supply.

Nowadays more employers are increasingly in demand for those with sound mathematical skill thus, by studying maths, students could potentially find themselves working in high-skilled jobs. This would leave them with greater disposable income which they could then spend on goods and services. In turn we see and increase in consumption leading to a rightward shift in aggregate demand and as a result of a positive multiplier effect we would expect further rounds of spending in the economy.

However, what the Prime Minister did not seem to consider is the shortage of teachers needed to facilitate this idea. According to Chelmsford and Mid Essex Times just 65% of the maths teacher target was met for the school year 2019/20, followed by 84% for 2020/2021, 90% for 2021/2022 and 90% for 2022/2023. Although the shortfall gap has been closing over the four years, the targets themselves have been reduced – from 3,343 in 2019/20 to 2,040 in 2022/2023. Thus until the gap can be closed the idea of making maths compulsory up until 18 would be deemed presently unattainable and would double-down on the already existing pressures on the education sector, reducing the quality of education received and in turn reduce productivity decreasing LRAS

Russian Collapse?

The widespread economic sanctions imposed on Russia, a state who have struggled to diversify from ‘conservative and tight’ economic philosophy preferred by their finance ministers, are likely to completely cripple the Russian economy. The multi-faceted attack effectively renders the supply-side policies employed to boost GDP profoundly obsolete- the economy is likely to embark on a downward spiral into recession, likely severely hindering Putin’s ability to fund the unjustified, illegal war that is transpiring in Ukraine.

One of the fundamental reasons why Russia have managed to maintain macroeconomic control and stabilise inflation in recent years is due to their abundance of foreign exchange reserves- this has facilitated numerous debt payments to other countries without the issue of destroying the value of the ruble. It was to the extent that Russia were able to finance an early payment of €22 billion of debt accrued in the Soviet-era to the Paris Club in 2006: moreover Russia’s foreign exchange reserves totalled a gargantuan €590 billion in 2008. However the conflict in Ukraine recently has entailed the United States of America barring Russia from completing debt transactions using foreign currency held in US banks. While some may posit the argument that the consequent effects on the Russian economy will be minimal due to the Kremlin already engaging in ‘de-dollarisation’- they have sold around 87% of their US treasury bonds, so some economists may insinuate Russia likely would have not had the means of currency in US banks to repay debt regardless- the implications will most likely be catastrophic for Russia’s economy. Firstly, the exchange rate will likely plummet as the Russian Government supplies more Rubles to countries such as the US to finance debt- the Kremlin may decide it is necessary to run a budget deficit in order to finance the extortionate debt which cannot be repaid using foreign reserves- this is associated with numerous negative externalities. A major avenue in which has promoted growth in the Russian economy is through reducing fiscal expenditure, hence why they have been associated with a ‘conservative and tight’ economic philosophy serving as the undertone to key decisions. The impact of the sanctions are that they may force Russia to completely and utterly scrap economic policy and directly contradict themselves through increasing government spending exponentially, causing a stark contraction of the economy, as how else will they repay their debt? Imposing such a restrictive and inconvenient sanction on an authoritarian state is profoundly intelligent as it provides Russia with few other options than to adopt a more demand-side, Keynesian policy, which would most likely catapult them into a spiral of debt. Logically speaking, due to such a large proportion of growth being attributed to cautious fiscal policy, Western sanctions are most likely to cause a sharp decline in economic growth and prosperity, likely displayed by a substantial decrease of GDP: this is purely due to an increase in spending acting as a limiting factor to growth in Russia- it was effectively an ‘economic shield’ for when the usually volatile prices of commodities decided to fall significantly.

“The aim of the economic sanctions is to impose severe consequences on Russia for its actions and to effectively thwart their ability to continue this aggression .”

Exports of cutting-edge technology such as quantum computers to Russia from the EU have been prohibited, alongside space, aviation and military goods. This poses a significant problem to Russia, as some sectors of its economy lack the self-sufficiency of others, due to a multitude of influencing factors. Russia’s economy truly encompasses the term ‘Dutch disease’- supply-side policies imposed by the Kremlin involving reducing taxation, aiming to incentivise firms to reinvest money into capital thus improving the productive potential of its economy in the long run have not come to fruition- firms are instead investing in sectors that generate ‘quick money’, such as the production of consumer goods entailing a lack of diversification in the Russian economy, which is completely unsustainable in the long run as they rely too much on imports for certain goods. Complications arise now, when Russia now have been denied access to a high percentage of the EU export market- so in order to meet the demand from consumers and firms for specific goods, they must produce more domestically- yet Russia’s issues are further compounded due to the large presence of oligopolistic markets with extremely high barriers to entry, often a product of illegal collusion. This effectively will act as a disincentive for new firms to enter the market, so therefore production of banned exports will not satisfy total demand in the economy, due to Russia’s inability to prioritise improving their trend potential growth initially. Besides incumbent firms may feel the need to downsize- their productivity will worsen over time as they are physically unable to replace worn out capital due to trade bans imposed- this most likely will result in reduced derived demand for labour due to downward pressure on revenue and the need to reduce costs to somehow maintain profitability. If one approaches this situation from the perspective of a laissez-faire economist such as Jean-Baptiste Say, one could argue that the inability for more producers to enter the market will curb economic growth as fewer businesses are able to effectively trade with one another. As a result of the sanctions, the Kremlin are likely to witness an exponential increase in those who are cyclically unemployed simply due to a lack of goods being produced in the economy and falling aggregate demand, as well as a spike in the structurally unemployed as sectors fail due to the inability to import capital. This requires further fiscal expenditure in order to revitalise the labour force through initiatives such as providing training, again a limiting factor for economic growth in Russia, further inhibiting their ability to fund the pointless war in Ukraine.