TMEJ
THE MANWOODIAN ECONOMIC JOURNAL

THE ECONOMICS OF THE MONARCHY

EGGFLATION: A SCRAMBLED MARKET

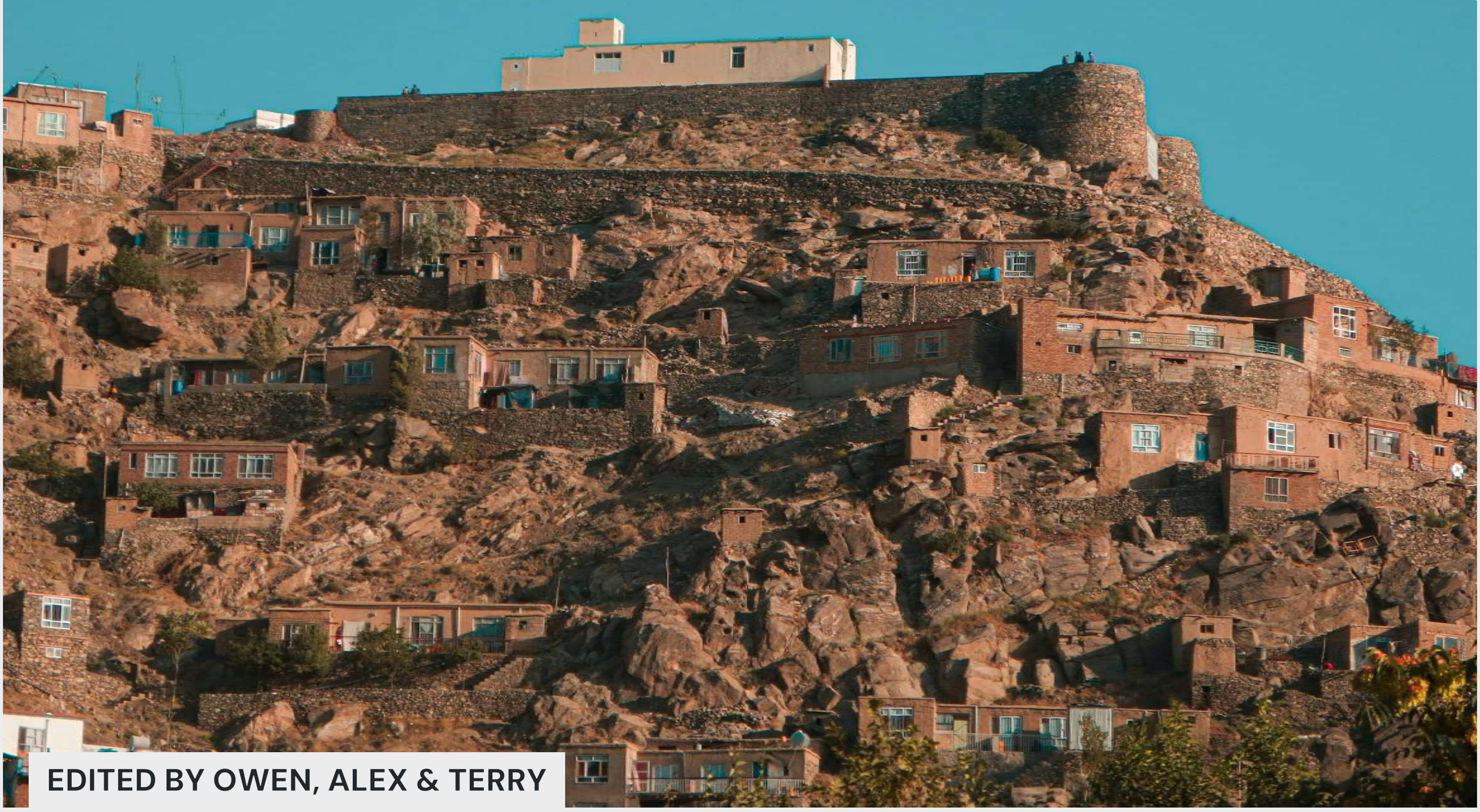
THE RISE OF THE CREATOR ECONOMY

15th JULY 2025

THIRD EDITION

AFGHANISTAN: THE COST OF CONTROL

How the Taliban Seized the Afghan Economy



EDITED BY OWEN, ALEX & TERRY

FOREWORD:

A word from the editors

Having seen the success of the previous editions, we are honoured to be able to get together and put forward to you the third edition of The Manwoodian Economic Journal.

The writers this year have explored a wide variety of topics, ranging from eggs to Star Wars and everything in-between. We were lucky enough to also welcome some guest speakers into our class throughout the year and were able to hear and ask questions about their careers. There is a summary of some of the questions we asked at the end of the journal.

We would like to send out a massive thank you to all of our writers: Isla, Jack, Xavier, Fred, Ahmed and Oscar as well as our speakers Chris Rooke and Owen Selby, especially, who took time out of their busy days to come and talk to us. We would also like to thank Miss Parfitt and her sister, Sarah, for their continued support and contributions towards our effort this year.

We strongly encourage the upcoming economics class to carry on this tradition even though it may struggle to be better than ours! Everyone has truly outdone themselves, well done!

Owen Douglas (Chief Editor), **Alexandra Rooke** (Editor) & **Terry Zhang** (Editor)

AFGHANISTAN: THE COST OF CONTROL

In August 2021, the United States completed a military withdrawal from Afghanistan, ending their 20-year presence in the country, which began in response to the terrorist attacks on the World Trade Centre that occurred on the 11th of September 2001. The withdrawal followed the 2020 Doha Agreement, a deal arranged between the U.S. and the Taliban during Donald Trump's first term in office, which outlined the conditions for a phased U.S. exit in exchange for Taliban assurances on counterterrorism and negotiations within Afghanistan.

However, the collapse of the Afghan government came far more rapidly than anticipated. When U.S. and NATO forces departed, the Taliban launched a nationwide offensive, swiftly entering Kabul, the capital of Afghanistan, on the 15th of August 2021 without significant resistance. The President at the time, Ashraf Ghani, fled the country and the Afghan Security Forces largely disintegrated. The Taliban then promptly re-established control over Afghanistan and formed an uncontested government. This shift of power placed the country into political turmoil and triggered near-instant sanctions from various countries.

Taliban fighters sitting on a Humvee after seizing control of Kabul Credit: Jim Huylebroek/The New York Times.

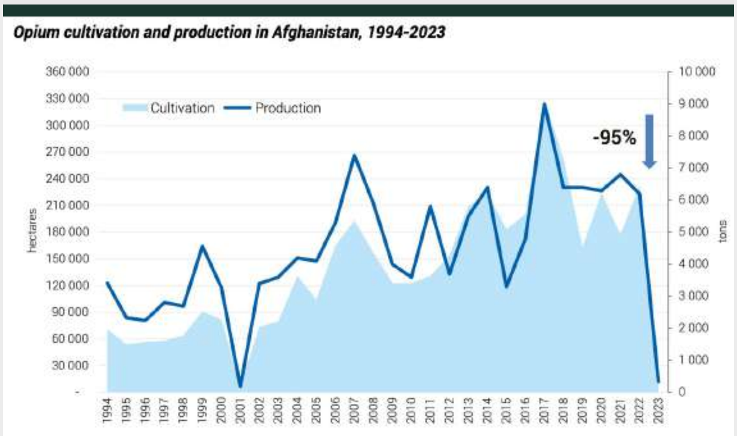
Economic Collapse Post-2021

The Taliban's declaration of a new government caused foreign aid to the country to be immediately cut off, plunging the nation into a humanitarian crisis. This is because foreign aid held the key position of providing 40% of the nation's gross domestic product (GDP) as well as 75% of its public expenditure. On top of this, nearly $9.5 billion of Afghanistan's external reserves were frozen. The liquidity crisis (where there is a lack of cash or liquid assets to meet financial obligations) and collapse of the banking system caused by these sanctions, had a detrimental effect on the economy. The country experienced a crippling fall in GDP of 27% from 2021-2023, which heavily impacted the people of Afghanistan. In March 2022, the United Nations released a statement saying that 95% of Afghans did not have access to enough food and that a further 88% have accumulated debt to pay for food.

Rise of the Informal Economy

After the Taliban's return to power in August 2021, Afghanistan's formal economy collapsed almost overnight, forcing millions into the informal sector, which consists of economic activity that is neither regulated nor taxed by the government. According to the United Nations Development Programme (UNDP), over 90% of Afghan households currently rely on irregular, mostly unregulated income sources. Street vending, the smuggling of goods across borders, unlicensed mining, and home-based crafts have become survival strategies for Afghanistan's citizens.

Another crippling factor to many Afghans was the implementation of a ban on poppy cultivation and narcotics. Before the ban was enforced, Afghanistan was the global leader in opium production. After the fact, however, it was reported that cultivation had dropped by 95% in 2023, which wiped out farmer incomes and pushed rural areas into more informal and illicit economies.



Note the left axis representing cultivation and the right representing production. Figure credit: Kabul Now, Source: UN Office on Drugs and Crime.

Gender Under the Taliban

The Taliban's implementation of repressive policies on women's rights has had a costly effect on Afghanistan's economy. Since August 2021, the regime has systematically barred women from most formal jobs, banned them from attending secondary schools and universities, and severely limited their ability to move freely without a male guardian. Before the takeover, women had a 20% participation rate (a measure of the working-age population that is currently in or actively seeking employment). This means that by preventing women from working, Afghanistan has lost a sizeable portion of its labour force. The economic cost of this policy is roughly $1 billion annually, around 5% of its GDP. Furthermore, as a result of this, educated Afghan women have chosen to flee the country in search of a less repressive life. A 2024 report by the United States Institute of Peace notes that this movement has led to a 'brain drain'. This means that there are now less people with higher education in Afghanistan, so there are now fewer workers in the country that can work in highly-skilled sectors, like engineering and finance. Consequently, it could be viewed that Afghanistan's ability to improve its current economic situation has become more limited due to the Taliban's restriction of women's rights.

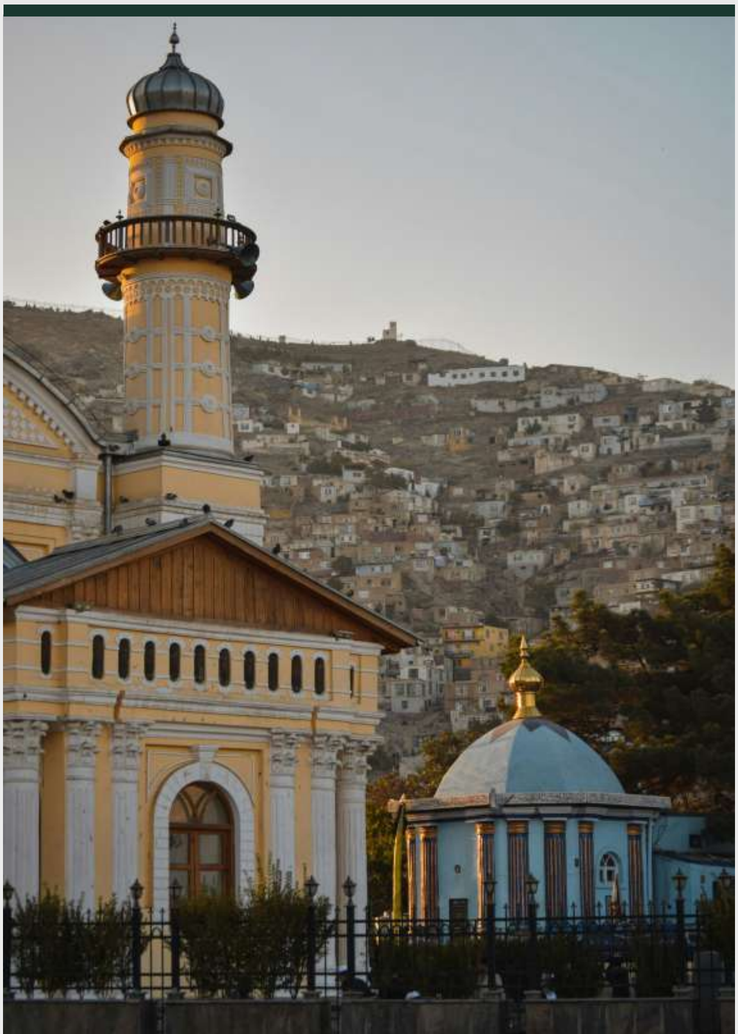
Future Outlook

As Afghanistan approaches the fourth year under Taliban rule, the future of its economy remains uncertain. After the sharp contraction of GDP of 20% in 2021, the economy has shown small signs of recovery with 2.7% GDP growth in 2024, but the growth has only recovered around 10% of the losses incurred under the takeover.

From the World Bank, Melinda Good stated that: "For a sustainable future, Afghanistan needs to address harmful gender policies, invest in health and education, and focus on the comparative advantages it has in the agricultural and extractive sectors." Although Afghanistan has had some positive growth figures in recent months the economy is dependent on imports. According to the World Bank: "In 2024, Afghanistan's trade deficit widened by 59% year-on-year to USD 8.9 billion, equivalent to 44% of GDP, up from USD 5.6 billion (32% of GDP) in 2023". This can be accredited to declining exports such as coal which experienced a 64% fall in overseas demand due to longtime trading partners seeking alternative suppliers and the appreciation of the country's currency, making exports less price competitive in foreign markets.

In summary, whilst Afghanistan's economy is expanding, its future outlook is still precarious: with growth forecast to be lower than population growth and assets still frozen, the future of the country's economy is widely unknown.

Written by Jack Doel



TOURISM: A BLESSING OR BURDEN FOR LOCAL ECONOMIES?

Tourism is often indicated as a key driver of economic growth, especially for countries that are rich in natural beauty, cultural heritage, or historical significance. Tourism injects a significant amount of money into local economies, boosts employment levels and incentivises development in important sectors like infrastructure. While tourism can be a blessing for some communities, it can also prove to be a burden - causing inflation, environmental degradation, and a social strain. Understanding this double impact is a key factor in learning to shape policies that both maximise its benefits and minimise its drawbacks.

The Top 10 Most Visited Countries 2024

COUNTRY	INTERNATIONAL TOURISTS
France	89,400,000
Spain	83,700,000
United States	79,300,000
China	65,700,000
Italy	64,500,000
Turkey	51,200,000
Mexico	45,000,000
Thailand	39,800,000
Germany	39,600,000
United Kingdom	39,400,000

Estimated figures provided by World Population Review.

Blessings of Tourism

GDP Growth

In 2024, Travel & Tourism's contribution to the global level of GDP totalled around $11 trillion (which was around £8 trillion). As a share, this represented 10% of the global economy, and included direct, indirect and induced impacts on the sector.

Employment

Travel and tourism is also an important source of employment. In 2024 the sector supported a total of approximately 350 million jobs globally, which is approximately 1 in 10 jobs.

Spending

Domestic visitors spent more than $5 trillion, growing 5.4% over the 2023 level. At the same time, spending by international visitors increased 11.6% annually to around $2 trillion. Tourist spending helps to stimulate local businesses, from small local market shops to larger service providers, creating a ripple effect that benefits entire communities. Additionally, the inflow of funds can provide improvements in local infrastructure, such as improved roads and public services, which enhances the quality of life for local residents and boosts the experience for visitors.

Preserving Cultural Heritage

By successfully allocating funds for the protection and upkeep of historical and cultural sites, tourism plays a critical role in the preservation and revitalization of cultural heritage. In addition to preserving architectural and traditional assets, these projects also help local crafts and features be revived, which supports the local economy and preserves cultural identities. 40% of tourists take part in cultural tourism, indicating a high need for actual cultural experiences that boosts understanding between nations and a global appreciation of cultural diversity.

Cultural tourism has proven a major revenue stream in Cambodia and has helped develop an appreciation for Khmer heritage.

Burdens of Tourism

Seasonality & Economic Reliance

Tourism is notoriously seasonal, beach resorts thrive in summer and stagnate in winter, for example. This seasonality creates uncertainty and unstable employment patterns and income volatility. Additionally, economies heavily dependent on tourism are vulnerable to external shocks - natural disasters, political instability, pandemics.

Trump's $12 Billion Wipeout

President of the United States, Donald Trump, has been criticised for his protectionist policies since returning to office.

While the US is the third ranked most visited country, it brings in the most tourism revenue globally, with a huge $175.9 billion. This is likely due to its iconic destinations like the vibrant streets of New York City, or the natural wonders like the Grand Canyon, which captivate tourists. US President Donald Trump's "America First" policies have cut into worldwide travel. The trade war, the crackdown on the border, and the rollback on LGBTQ+ rights - capped by a ban on visitors from a dozen countries announced on June 4th - have led to tens of thousands of cancelled trips. In terms of who is travelling to the US, after Canadians, Mexicans are the second largest group (with just under 17 million people) followed by the UK (4 million). The Trump Administration announced it is considering barring entry to the US from citizens who do not meet its vetting standards, introduced a more restrictive visa policy, as well as more strict entry controls and deportation policy. With travellers choosing alternate destinations, the American economy will lose out on $12.5 billion this year, according to the WTTC, which will widen the trade deficit.

The Impact of COVID-19

The arrival of the COVID-19 disease resulted in massive financial losses and caused global health and economic crises worldwide. As the news of such an unknown disease spread, it resulted in a steep decrease in the travel and tourism industry.

The pandemic hugely impacted travellers behaviours and their wellbeing, resulting in drops in planned tours in fear of the risk of infection. Thus in the first year when covid first hit, tourist arrivals fell globally by more than 65%. The October World Economic Outlook projected the global economy would contract by 4.4%, however the shock in tourism-dependent countries will be far worse with some nations feeling up to a 20% shrink in quarterly real GDP figures.

This table shows how each region in the world recovered from the pandemic and their top contributors to growth.

REGION	RECOVERY RATE (VERUS 2019 FIGURES)	KEY DRIVERS OF GROWTH
Americas	97%	Business and leisure travel (known as "bleisure")
Asia & Pacific	82%	Eased travel restrictions, eco -tourism trends
Europe	96%	Improved air connectivity, wide cultural appeal
Middle East	126%	Improved demand, visa re-forms

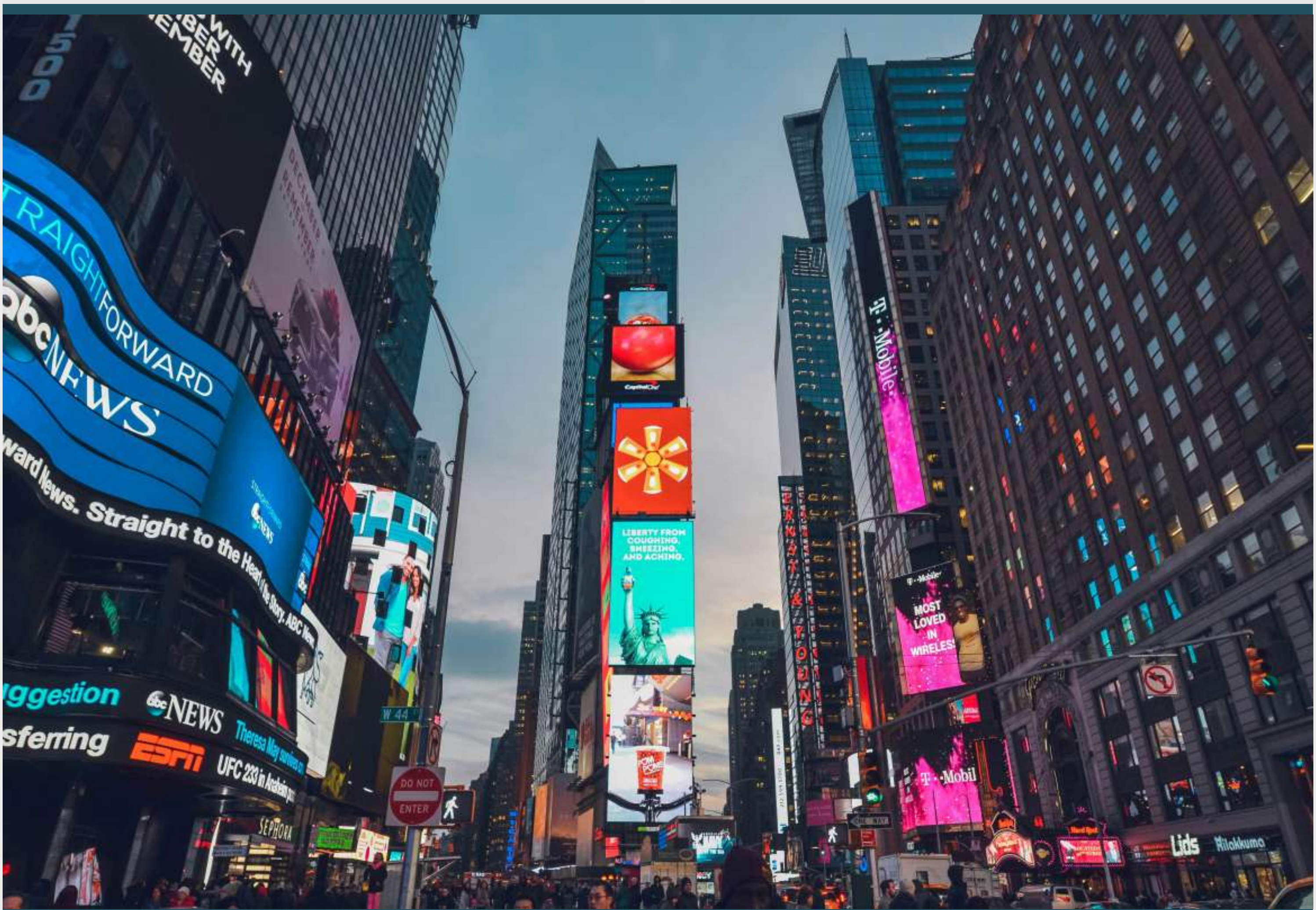
The Middle East has been able to see the highest recovery rate (126%) mostly because of higher levels of consumer demand for cities like Abu Dhabi and Riyadh, and new visa reforms, such as the UAE allowing tourists to apply for entry visas without needing a local sponsor in 2022.

Meanwhile, the Americas have seen a recovery rate of 97% because of consumers' growing demand for business and leisure travel in places like San Francisco and Rio de Janeiro. Additionally, Europe has seen a recovery rate of 96% due to improved air connectivity between its major cities and the cultural appeal of historical places like Rome and Athens. Finally, Asia and the Pacific have seen a recovery rate of 82% because of eased travel restrictions in countries such as Japan and South Korea, and the growing trend of eco-tourism leading to more consumers visiting rural areas in countries like Thailand and Cambodia.

Conclusion

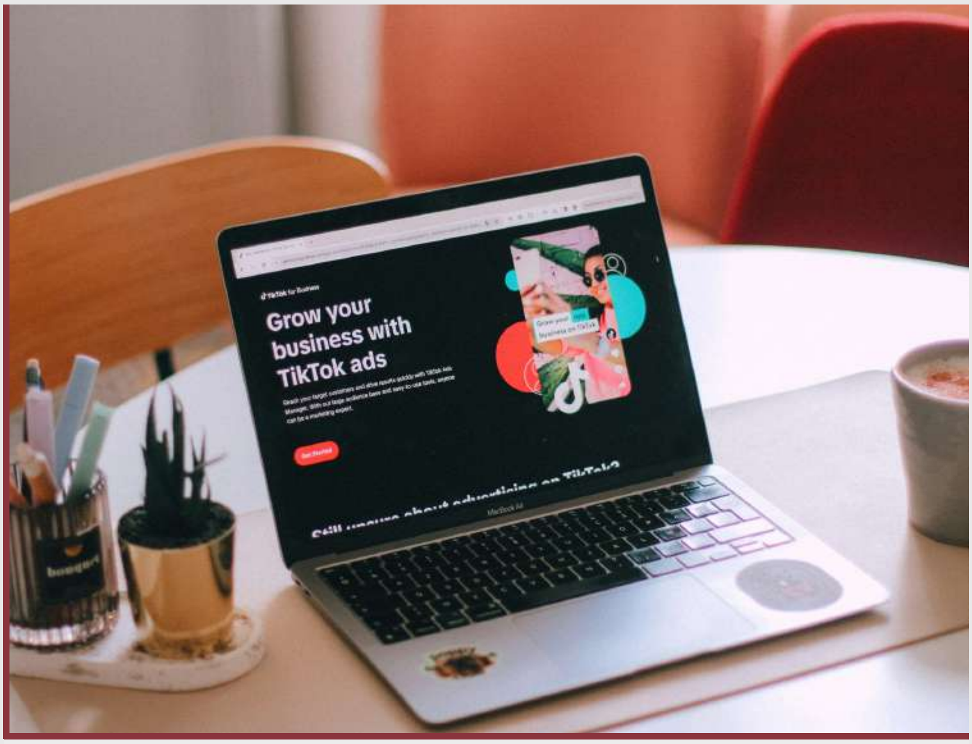
Tourism can be a powerful tool for economic growth and alleviating poverty - but only when thoroughly planned and inclusively managed. If it is irresponsibly used then it can become a burden to local communities, creating economic distortions, social tensions and environmental harm. The true measure of tourism's value lies in the quality of life it brings to local communities, not the amount of revenue it rakes in or the number of visitors there are. With sustainable policies and community contribution, tourism can indeed be more blessing than burden.

Written by Isla Marsden-Neill



THE CREATOR ECONOMY:
HOW DIGITAL CREATORS ARE REDEFINING WORK, MEDIA & MARKETING

The creator economy, also known as the influencer economy, is transforming how people work, communicate and earn a living. Powered by software platforms such as YouTube, TikTok, Instagram, X (formerly Twitter), Twitch, Spotify, SubStack and Patreon (all of which have recently come out with short-form video content), this new business model enables content creators to generate incomes directly from their audiences. With 300 million people across nine major countries now participating in this space and an estimated 5.24 billion users on social media, the creator economy has emerged as a driving force in the digital marketing landscape. Mostly coming from the rise of social media, short video content, and live streaming, influencers are changing the way brands advertise, connect with consumers and generate revenue.



Social media platform, TikTok, has led the way in popularising short-form content, acting as a large source of revenue for creators.

Why Is It Growing?

Record labels, book publishers, production studios and other media distributors once exerted significant control over which creators broke through and how much they were paid. Now, technologies like creator marketplaces, social media, content creation tools and payment processors allow creators to create on their own terms, both creatively and financially. Economic disruptions, such as the 2008 financial crisis and the Covid-19 pandemic, led to mass layoffs and a fundamental change in the workforce, accelerating the gig economy. This is when people take on project-based or short-term work as independent contractors until a long-term job is found. According to Upwork's annual report, 38% of the total US workforce performed freelance work in 2023 and some experts believe that freelancers will comprise 50% of the workforce by 2030. Creators are a huge part of this trend. With the growing number of content creators, this is significantly changing the shape of the labour force. Although there are many upsides to taking part in the gig economy, such as improved job satisfaction and worker conditions, there could potentially be challenges in the future however, surrounding job insecurity and a lack of benefits. There has also been a change in the way that different generations think. In parallel, younger generations: Millennials, Generation Z and Generation Alpha, have embraced the shift towards self-employment and entrepreneurship: many see the creator economy as an opportunity to build personal income as well as entire businesses. These reasons show that nothing is slowing down the creator economy especially when, in the US, it is already bigger than the agriculture and transportation sectors.

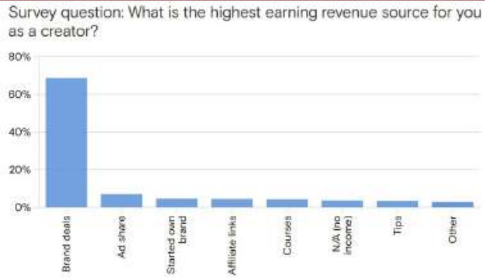
How Do Creators Make Money?

The growth of the creator economy is directly linked and is in line with estimated growth in global digital advertising spending.

- Analysts believe advertising via short form videos is the primary growth driver of the creator economy. Advertising enables creators to monetise their content by displaying ads to their audience.
- Sponsorships and brand partnerships are essential to the creator economy. By teaming up with creators, brands can provide the funding to enable them to bring their projects to life.
- Product sales can also be an important aspect, especially when it comes to merchandising. On average, merchandise accounts for 7% of a creator's revenue.
- Platforms such as Patreon allow for direct engagement between audiences and their favourite influencers through subscriptions.

According to research by Goldman Sachs, the creator economy was valued at $250 billion in 2023 with the potential to grow to nearly half-a-trillion dollars by 2027, with estimates predicting it to grow even more after that. It is expected that the 50 million global creators are to grow at a 10-20% compound annual growth rate.

Why Brands Are Investing



Source: NeoReach, Influencer Marketing Hub, data compiled by Goldman Sachs Research Credit: Goldman Sachs.

However, as seen from the graph, brand deals are the most important source of revenue. When comparing creator-led content to traditional brand content:

- 92% of marketers say sponsored content outperforms organic content.
- 90% report stronger engagement; and
- 83% link it to more conversions.

This is hugely changing the way that brands interact with their customers as consumers are more interested in products used and endorsed by their favourite influencers.

Leading brands are partnering with digital creators to enhance engagement, authenticity, and audience reach. These collaborations shape new business models as consumer trust is declining in conventional ads- only 38% of people trust conventional advertisements - therefore brands are turning to creators who have built loyal audiences and influence. Nike is a great example of where collaborating with fitness influencers to create viral workout challenges can increase brand engagement by 32% in key demographics. It's not just the major names benefiting: smaller influencers are increasingly securing partnerships with high engagement rates.

Driving Technological Innovation

The increase in tech-savvy content creators is generating a higher demand for media technology. Innovation ensures that marketing materials remain relevant and effective in achieving their intended goals. Innovations in media technology, AI, and immersive experiences are reshaping content creation and allowing for faster and higher quality content. In the early days, distributing and making content was something that only professionals with suitable skills could handle. Today, anyone can do this.

AI generative tools simplify writing posts and captions, and speed up time-consuming video editing. Immersive media is shaping the next generation of interactive content.

Emerging Challenges

Despite its growth, the creator economy is not immune to global economic pressures. The latest round of Trump's tariffs is affecting large retailers and manufacturers, but is also reshaping the way that creators operate. Trump's proposed 10% tariff on all imported goods and even higher rates on countries such as China, Vietnam and Japan are creating challenges for US-based creators.

From branded merchandise to digital products, many creators operate successful businesses that depend on overseas manufacturers and suppliers. According to FedEx, more than 70% of U.S. small businesses rely on imported goods for production or as merchandise to distribute domestically. This means these business owners will have the choice to either accept diminished margins or drive up their prices. They could have the choice to begin manufacturing domestically, but this would require rapid investment to avoid having to increase their prices.

As firms have rising expenses, they will begin to reallocate their budgets-most likely away from advertisement. According to the Interactive Advertising Bureau, 45% of advertisers plan to reduce overall ad spend due to the financial constraints from tariffs. Shein, a popular brand known for building their brand through influencer marketing, has temporarily paused their U.S. campaigns, as they begin to worry about the new expenses soon coming their way. Many creators are now struggling to find brands willing to collaborate with them due to economic issues and will now accept deals with rates 30-40% below their normal fees. However, although there are many upcoming challenges, this is a chance for many US based content creators to go beyond content and help brands communicate value, build trust, and stay competitive.

Policy, Regulation & The Future of Work

As the creator economy increasingly changes the labour market, there may be arguments over regulation, worker protections and the future of digital employment. Many creators lack health insurance (an especially pressing issue in the US), pensions, sick pay, or job security, despite working long hours and depending on the platform to survive. The unique platform creator relationship has sparkled debate over whether platforms should bear greater legal or financial responsibilities. In the US, discussions around platform accountability and creator tax reform are slowly gaining traction but the pace of these discussions are slow compared to the growth of the creator economy. Looking ahead, governments may need to consider including digital creation into laws about employment, labour rights and digital entrepreneurship. As digital creation becomes the norm, ensuring fairness and sustainability will be vital.

Conclusion

The creator economy is no longer just a cultural trend—it is an economic force reshaping industries, labour markets, and consumer behaviour. Creators have opened new doors for entrepreneurship, innovation, and brand engagement. Yet, challenges like algorithm dependency, global economic shifts, and job insecurity remind us that the creator economy is still evolving. As it ages, policymakers, platforms, and creators themselves will need to address issues of sustainability, fairness, and resilience. The creator economy could be the future of work.

Written by Alexandra Rooke

EGGFLATION: A SCRAMBLED MARKET

Recently, the United States has seen a massive rise in the price of its table eggs, with the average price of a dozen eggs in the US having reached $8.17 per dozen on March 2nd 2025, the highest it has been in the last 5 years, as shown in Figure 1. As a result, this has prompted numerous news agencies, such as BBC News, CNN and Reuters, to cover this egg crisis as it has unfolded.

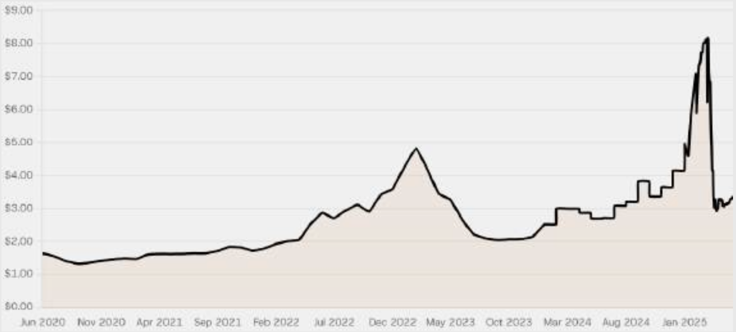


Figure 1: egg prices have surged in the US market. Credit: EggPrices.org

This article will discuss the causes of this increase in table egg prices. It will then cover the impacts that the spike in egg prices in 2025 has had on US consumers and firms, due to it being the most recent spike in egg prices. Next, it will detail how both the Biden and Trump administrations have responded to the causes of the rise in egg prices. Finally, it will end with an overview of the current situation in terms of egg prices and factors that relate to it.

Why Have Egg Prices Increased So Much?

One of the main causes of the rise in egg prices is the outbreak of highly pathogenic avian influenza (HPAI), or bird flu, that has infected poultry, dairy cows, wild animals, and humans in the U.S. since the first outbreak of HPAI was reported in wild birds on January 20th 2022. The resulting spread of the flu from wild birds to poultry flocks has forced farmers with infected poultry to kill their entire flocks, leading to a significant fall in the supply of poultry in the U.S. This is due to a federal government policy that requires farmers to kill their entire flocks any time a bird gets sick because of the risks posed by the deadly and highly contagious virus to other poultry, animals and humans, which would further disrupt supply and increase costs even more.

According to the Centre for Disease Control (CDC), around 169,329,161 hens have been culled since the start of the outbreak. Consequently, there has been a substantial reduction in table egg production in the U.S. because there are now fewer hens that can lay eggs that can then be sold in retail outlets. According to data from the U.S. Department of Agriculture (USDA), Minnesota has had the most flocks affected, with 186 flocks, comprising 141 commercial flocks and 45 backyard flocks, having died since the start of the outbreak. Whereas, according to the same data, Iowa has had the most bird deaths, with 30,656,034 birds having died in Iowa since the start of the outbreak. This significant disruption to the supply of eggs in the U.S. caused egg producers to raise their prices in order to maintain their profit margins, which caused U.S. retailers to raise their prices too in order for them to also maintain their profit margins, ultimately leading to a massive rise in U.S. egg prices.

How Have U.S. Consumers Been Affected?

According to research from Clarify Capital, 34% of Americans have stopped purchasing eggs due to the fall in their affordability. On average, these consumers say they won't begin buying eggs again until costs come down to $5 or less per dozen eggs. Figure 2 shows the other ways that American consumers have tried to cope with higher egg prices. The study also found that nearly 95% of Americans have noticed the significant rise in egg prices, with the average cost reported as $7 a dozen. Furthermore, the average American said that they would stop buying eggs when prices hit $8 a dozen. Finally, the study discovered that 42% of Americans have seen others panic buying eggs, but only 7% have admitted to panic buying themselves.

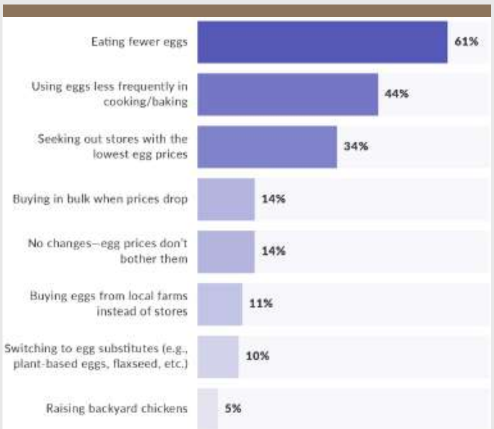


Figure 2: consumers have changed their habits In response to rising egg prices. Credit: Clarify C

Additionally, some American consumers have turned to renting hens in response to the rise in the price of eggs. The hen-renting company, Rent The Chicken, has reportedly seen a three to four times increase in the demand for its hens compared to a year ago. However, raising chickens at home isn't cheaper than buying eggs at a retailer. Two hens from Rent The Chicken can produce a dozen eggs per week and cost about $600 (£476.88). This works out to an average cost of approximately $25 per dozen eggs produced over the six month period, which is around 8 times more expensive than the current cost of a dozen eggs, $3.29 per dozen eggs. This suggests that consumers who rented hens might have rented them for different reasons other than price, such as: quality because the eggs are as old as however long it took the owner to pick them up off the henhouse floor; convenience because the eggs are relatively close to where the owner lives; and reliability because the owner is generally guaranteed to get eggs every week.

The Impact on U.S. Firms

Waffle House, an American breakfast chain with over 2,000 locations across the US, implemented a temporary surcharge of 50 cents per egg on all menu items that contain fresh eggs on February 3rd 2025. According to its website, Waffle House serves 272 million eggs per year, making it the chain's most-ordered item, with it being served more times than hash browns (153 million) and waffles (124 million). This means that after egg prices increased significantly due to the nationwide egg shortage, Waffle House was forced to raise their prices in order to still be able to make a profit on their egg-related menu items. Since Waffle House doesn't franchise its stores and all of its locations are company-owned, it doesn't disclose the average revenue of its locations, so it isn't publicly known how Waffle House's revenue and profits have been affected by this surcharge in recent times.

Furthermore, some retailers, such as Costco and Trader Joe's, have had to limit the number of eggs that consumers can purchase in their stores. In February 2025, Costco limited their customers to only being able to purchase a maximum of three cartons of eggs per customer, per day, in all their stores. Costco eggs are typically sold in two dozen, four dozen packs, and five dozen packs, therefore the maximum amount of eggs that can be bought per person at Costco is currently 180 eggs. On the other hand, in the same month, Trader Joe's limited egg purchases to one dozen eggs per customer, per day, in all Trader Joe's stores across the U.S. These purchase limits have been put into place by those retailers due to them lacking enough eggs to fully meet consumer demand and to prevent consumers from panic buying.

U.S. Government Response

Since February 2022, the USDA's Animal and Plant Health Inspection Service (APHIS) has paid out $1.46 billion in indemnity payments and additional compensation, as of January 22nd 2025. This includes $1.138 billion for the loss of culled eggs and birds, which were paid out to producers at the market value of their eggs and birds culled, and $326 million for measures to prevent the spread of avian flu. These payments are intended to encourage producers to quickly report poultry diseases and infected livestock, and to incentivise them to invest in biosecurity measures, such as installing netting and screens on barns to deter wild birds from coming near them in order to reduce the likelihood of the flu infecting producers' poultry. Consequently, if producers do act in this way, then the indemnity payments might lead to an improvement in the egg situation.

However, in reality, the indemnity payments might have led to a worsening rather than an improvement of the egg situation. This is because research conducted by Preventive Veterinary Medicine, that was published in June 2024, identified that indemnity payouts can, in some situations, cause the unintended consequence of encouraging lapses in biosecurity, which enables avian flu to spread to more hen flocks. This can potentially create a system where producers are too indemnified to fail, where the risks of operating a business highly susceptible to disease are absorbed by the government. This means that more hens might have died than would have otherwise died if the U.S. government didn't intervene in the market. As a result, it could be argued that the intervention might have done more harm than good for both producers and consumers.

On February 26th 2025, U.S. Secretary of Agriculture Brooke Rollins announced a $1 billion-dollar strategy to slow the spread of HPAI, protect the U.S. poultry industry, and lower egg prices. The five-pronged strategy includes an additional $500 million for biosecurity measures, $400 million in financial relief for affected farmers, and $100 million for vaccine research, action to reduce regulatory burdens, and exploring temporary import options.

On March 20th 2025, the United States Department for Agriculture (USDA) published a progress report on their five-pronged strategy to combat HPAI. It outlined that: more than 130 facilities have undergone assessments in 2025, with 38 assessments completed in one week alone; the indemnity rate for layer hens was increased by 2.41 times on February 27th 2025, raising compensation to $16.94 per bird; and new egg import commitments have been secured from Turkey and South Korea, with discussions ongoing with other countries to further expand supply in the short term.

Overview of the Current Situation

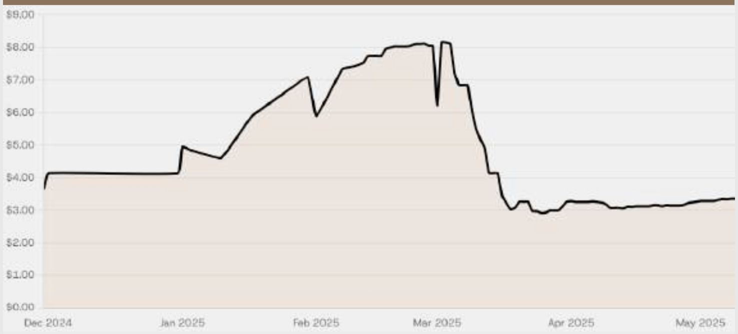


Figure 3: egg prices since December 2024 have varied. Credit: EggPrices.org

As of May 8th 2025, the average price for a dozen eggs in the U.S. is $3.36 per dozen. This is an increase of around 74.1% from the average price of a dozen eggs before the outbreak of $1.93 per dozen, which was recorded on January 31st 2022. On the other hand, this is a decrease of around 58.9% from the highest average price of a dozen eggs that was reached on March 2nd 2025, $8.17 per dozen. Additionally, the average price has seen a general trend upwards since the lowest price in the past 6 months, $2.92 per dozen, was reached on March 25th 2025, as shown in Figure 3. This is an increase in the average price of eggs of around 0.342% per day after March 25th. Overall, this shows that egg prices are stabilising at a relatively low price, given the high prices that have been seen previously, but they're still higher than they were pre-outbreak.

Furthermore, according to the USDA's May 16th 2025 publication of its Egg Markets Overview, 31,200,000 egg-laying hens have died in the first 4 months of this year. However, the number of hens that have died per month in 2025 has seen a significant reduction since January 2025. This shows that the USDA's strategy is working to slow the spread of avian flu in the U.S. Consequently, this could mean that future hen deaths due to avian flu might decrease further and so it may lead to a situation where avian flu no longer poses a significant threat to hen flocks in the U.S. A graphical illustration of the percentage share of hen deaths in 2025 per state is shown in Figure 4.

In addition, table egg production in the U.S. has been recovering, with 7.3469 billion table eggs produced in March 2025, roughly 10.2% more than the 6.6987 billion table eggs that were produced in February 2025. However, table egg production in March 2025 is around 8.33% lower than the 8.0146 billion eggs that were produced in March 2024. This indicates that though table-egg production in the U.S. is slowly returning to pre-outbreak levels, production levels are still lower than in previous years.

Overall, the current situation is relatively positive, as: egg prices are no longer as high as they used to be; hen deaths per month are lower than in previous months; and table egg production is recovering. In consequence, if this trend continues, then it could be believed that the future outlook on egg prices is appearing to be quite encouraging for both consumers and producers.

(Data correct as of 8 May 2025)

Written by Terry Zhang

Figure 4. Credit: U.S. Department of Agriculture

THE ECONOMIC ROLE OF THE BRITISH MONARCHY

Britain's monarchy is often viewed through its image of tradition, pageantry, and the constitutional symbolism it provides, however, behind the centuries of ancient customs, royal ceremonies, and pomp, there is a fascinating financial system that plays a significant role in funding the United Kingdom's government and economy. In the modern day, the monarchy is not just a relic of history, it operates as a powerful brand and public institution, providing economic outputs and contributing to the government's fiscal responsibilities. Critics of the monarchy often question the relevance and cost of maintaining the monarchy in the modern day, especially with the UK facing an ever-growing budget deficit year on year (increasing at an even faster rate since the 2008 financial crisis). The current budget deficit is estimated to be around £70.3 billion with overall borrowing at 95.5% of GDP. Moreover, there is increased public scrutiny and a move to push the UK towards more democratic values, such as the abolition of an unelected monarchy. However, supporters of the monarchy argue that it generates significant value to the UK, not just through its tourism, traditional roots and branding values, but also through its financial roles and global soft power that it provides to the UK.

To understand how the British monarchy is financed and the economic benefits it provides, it first requires a close examination of the two major components of the monarchy's finances: the crown estate (a sprawling portfolio of land and property in a trust) and the sovereign grant (a modern funding mechanism used to support the maintenance and upkeep of the royal estate, and to fund the monarch's official duties).

Evolution of the Monarchy's Finances

To understand how the monarchy is financed, it is important to understand how the Crown Estate and the Sovereign Grant came to be in the first place.

The finances of the monarchy are rooted back to the Norman Conquest of 1066 by William the Conqueror, in which he claimed ownership of all land in England, establishing the concept of a royal estate or demesne. As the Domesday book was being recorded in 1086, the king was noted to control over 18% of England, making him the largest landowner. Over the subsequent centuries, the size of the royal demesne has fluctuated due to the dynamics of politics, wars, and grants to the nobility. By the time of the restoration of the monarchy in 1660, the revenues of the crown's holdings had decreased significantly, which prompted a need to restructure their finances.

With the turn of the Georgians came a change to the finances of the monarchy. In 1760, George III surrendered the income of the crown estate over to parliament in exchange for a fixed annual payment, the Civil List. This relieved the monarch of the responsibilities of funding the civil government and allowed parliament to manage the Crown Estate's revenues. The Civil List primarily covered the costs of the royal household, staff salaries, and official functions. Over time, the Civil List faced criticisms due to a lack of transparency and adaptability to modern financial needs so therefore, by the dawn of the 21st century, calls for reform led to the establishment of a new funding mechanism for the monarchy.

The Crown Estate was formally established in 1760. It is a collection of lands and holdings in the UK belonging to the British monarch. It is a corporation solely owned by the sovereign, however, it is neither the monarch's private estate nor property of the government. The estate is managed by the Crown Estate Commissioners and includes a variety of holdings such as urban properties, rural land, and significant portions of the UK's seabed. In recent years, the estate has seen substantial growth, due to investments in renewable energy. Profits increased from £360 million in 2021–22 to £643 million in 2022–23, and a staggering £1.5 billion in 2023–24. This was largely driven by offshore wind energy projects.

The Sovereign Act 2011 replaced the Civil List and other grants relating to the monarchy with one single annual payment to support the official duties of the monarch. The grant is calculated as a percentage of the Crown Estate's profits, initially set at 15%. In 2017, this temporarily increased to 25% in order to fund the refurbishment of Buckingham Palace, with plans to revert to 15% as of its completion in 2027. As of the 2025-26 fiscal year, the sovereign grant is set at 12% of Crown estates' profits, amounting to £132.1 million - a 53% increase from the previous year.

In addition to the sovereign grant, the monarchy also benefits from two private estates, the Duchy of Lancaster and the Duchy of Cornwall. The Duchy of Lancaster was established in 1399, providing income to the reigning monarch. As of March 2022, it was valued at £652.8 million and generates approximately £24 million annually. The Duchy of Cornwall is traditionally held by the eldest son of the reigning monarch, generating approximately £24 million annually, contributing to the personal wealth of the Prince of Wales. Both Duchies are held in trusts and are not subject to corporation tax or capital gains tax, although the monarch has voluntarily paid income and capital gains tax since 1993.

The Crown Estate

The Crown Estate is one of, if not the most important, component of the monarch's financial structure. Despite its title, it is not the private estate of the reigning monarch and is not owned by the government; rather, it is an independent corporation set up by an Act of Parliament, and is managed by the Crown Estate Commissioners. All the profits of the estate are surrendered to the treasury, and from that pot, a percentage is returned to the monarch through the sovereign grant.

The Crown Estate comprises an extensive portfolio of holdings, including land, property, and natural resources across the UK. This includes:

- Real estate across central London, comprising 230 holdings across parts of Regent Street and St James's.
- A rural estate comprising over 287,000 acres across England, Wales, and Northern Ireland (the Scottish estate is separately devolved).
- Larger portions of the UK's foreshore and seabed, covering more than 12 nautical miles from the coast, including beds like the Dogger Bank.
- Offshore wind farms and leasing rights.

The estate is held in the right of the crown, it is passed from monarch to monarch, and cannot be sold for personal gain.

The Crown Estate operates like a large commercial property company, aiming to deliver long-term value for the nation. As one of the largest property managers in the UK, it has seen significant financial growth in recent years from the renewable energy sector. These profits for the crown are primarily due to the many lucrative agreements they hold for leasing seabed rights to energy companies for wind farm development. This surge in profits has positioned the Crown Estate as a major stakeholder in the UK's transition to green energy.

All profits generated by the estate are paid directly to the treasury, not the monarch. These profits, in turn, help to fund public services and national infrastructure. In the last decade alone, they have contributed over £4 billion to the treasury. The treasury then allocates a portion of this income, currently 12%, to the monarchy in the form of the sovereign grant. The remaining 88% supports general government spending. Notably, in 2022-23, the newly crowned King Charles III asked that profits from offshore wind leases not be used to increase the sovereign grant. This decision reflects his own environmental leanings and the growing public pressure to curtail royal spending, especially during a time of economic hardship in the UK.

The Crown Estate is governed by the Crown Estate Act 1961, which defines its operational independence. It is required to:

- Submit annual reports and accounts, which are publicly available.
- Operate on commercial principles.
- Hold themselves accountable to parliament.

The structure of the estate ensures that the monarch can not unilaterally control or divert funds from the Crown Estate for personal use, which supports the government's emphasis on financial transparency and the responsibility of the monarchy.

Sovereign Grant

The Sovereign Grant is the primary mechanism by which the monarchy is 'publicly' funded.

It was introduced to simplify and modernise royal finances, replacing the Civil List and various grants in 2011. Unlike previous arrangements, the grant is explicitly tied to the financial performance of the Crown Estate, which establishes a formal link between the monarchy's public role and one of the UK's most valuable real estate portfolios.

The sovereign grant is an annual payment from the UK government to support the official duties of the monarch and maintain the royal household, covering a wide range of expenditures, including:

- Upkeep of royal residences (Buckingham Palace, Windsor Castle, etc).
- Hosting dignitaries and state functions.
- Staff salaries and pensions (about 500 employees).
- Royal travel and engagements.
- Maintaining IT infrastructure, communications, and security.

It does not cover members of the royal family's personnel expenses, nor does it include funding for the police or military security provided to the royal family; this cost is separately borne by the Home Office and is not publicly disclosed.

In 2023-24, the sovereign grant was £86.3 million, this had increased to £132.1 million in 2025-26, reflecting an increase of 53% after 2 years of lower allocations. This surge is tied to record-breaking net profits for the estate in recent years.

The sovereign grant can be broken down through publicly available records, in its most recent report, spending included:

- £24 million: Property maintenance and refurbishments
- £25 million: Staff costs
- £13 million: Travel and engagements
- £2.3 million: Hospitality and events
- £9 million: Utilities, insurance, IT, and administrative services

The grant is subject to parliamentary scrutiny and auditing by the national audit office, making it one of the most transparent royal funding models in the world.

Despite the safeguards in place to ensure that the monarch does not exert too much financial independence and power, the grant often still faces criticism, especially during times of economic hardship, such as in recent years. Critics argue that the monarchy is an unnecessary expense or burden for taxpayers and that royal wealth is underestimated or hidden. However, supporters claim that the monarchy is a cost-effective institution compared to the presidential system. Polling data also suggests that there is a generational divide, with older generations supporting the public funding of the monarchy, while younger demographics show increasing scepticism, particularly following recent controversies around members of the royal family.

There are ongoing calls to reform the grant by introducing a maximum/minimum cap, increasing transparency around security costs (these are not publicly disclosed), and calls to reassess the royal family's tax status, as although Charles pays a voluntary income and capital gains tax on his private income, there is no legal obligation to do this.

Economic Impact

While the cost of the British monarchy is often debated, less attention is generally paid to the significant economic value it generates for the UK. The monarchy not only functions as a constitutional institution, but also as a global brand and cultural symbol, creating a magnet for tourism and international attention. From generating billions in tourism revenues to underpinning the UK's global soft power, the monarchy plays a key economic role that extends well beyond state funding and royal pomp.

The monarchy is an essential part of the UK's tourism economy, as iconic royal palaces and buildings such as Buckingham Palace, Windsor Castle, the Tower of London and Sandringham House, consistently attract millions of visitors annually. In 2019, prior to COVID-19, it was estimated that royal attractions contributed an estimated £550 million in direct tourism value, with historic royal palaces welcoming over 4.5 million visitors that year.

The monarchy functions as a powerful soft power tool through its globally recognized symbol of stability, heritage, and as a cornerstone of British identity. This creates a strong marketing brand for the royal family, with the consultancy firm, Brand Finance, estimating in a 2017 report, that their brand value amounted to £67.5 billion, with an annual economic contribution of £1.8 billion, (£550 million in tourism, £200 million in merchandise and licensing, £150 million in media and public relations and invaluable contributions to diplomacy e.g. hosting of foreign dignitaries). The global visibility of royal events such as weddings and coronations brings in vast short-term boosts to tourism and retail. For example, Prince William and Kate Middleton's wedding in 2011 reportedly brought in £107 million in tourism and merchandising sales.

The monarchy generates a vast amount of global media image due to its vast popularity abroad, allowing for large media exposure, tourism, increasing British cultural exports such as film and fashion, and reinforcing the monarchy's role as a cultural hegemony within British society. Over 29 million people in the UK watched Queen Elizabeth's funeral alone, with hundreds of millions watching it globally. Another key example is King Charles III's coronation in 2023, which was broadcast to more than 100 countries, showing a large global interest in the British monarchy.

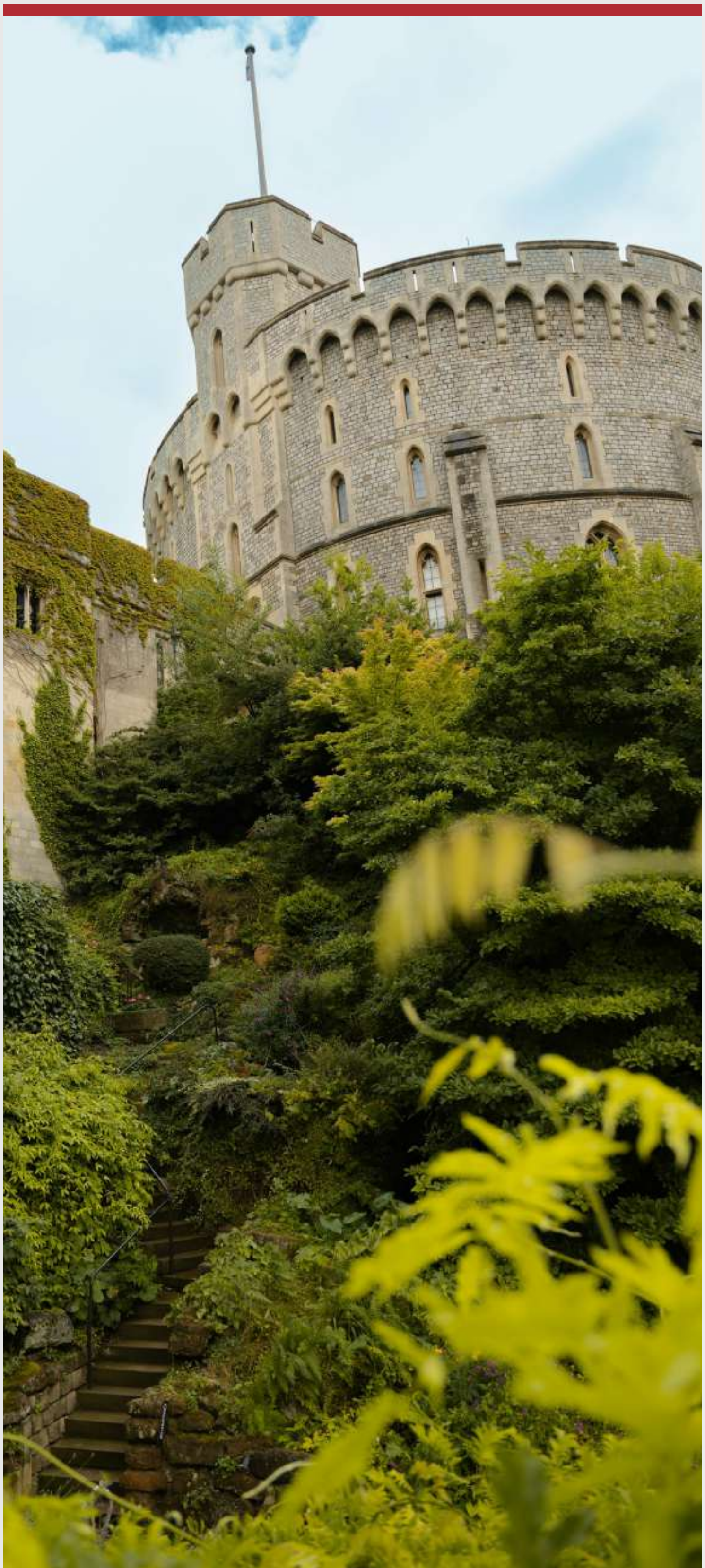
Beyond its economic benefits, the monarchy enhances Britain's global standing by playing a key diplomatic role and serving as an important pillar of the UK's soft power. Royal visits are highly choreographed diplomatic events aiming to promote trade, goodwill, and foster deep international relations. Queen Elizabeth II undertook over 270 state visits during her reign; her role as a diplomat often smoothing over diplomatic tensions and reinforcing alliances. While Charles is more known for his environmental advocacy rather than diplomatic nuances, he has taken a more cause-driven approach, which aligns the monarchy with global issues such as climate change. These contributions to Britain are not easily quantifiable but are often seen as a cost-effective alternative to traditional forms of diplomacy.

While it can be said that the monarchy generates significant indirect economic value, critics often argue that the financial returns are overstated. Many point to other palaces across the world that still attract a large number of tourists despite a lack of monarchy, such as Versailles in France, and therefore critics argue that the royal properties in Britain would still attract tourists regardless of the monarchy. Some economists go as far as to argue that the economic benefits are dispersed throughout the country and are hard to attribute directly, and do not justify the cost of maintaining the monarchy. Additionally, public trust and approval ratings fluctuate particularly between generations, which could reduce the monarchy's brand value over time.

Conclusion

The monarchy is often seen as a relic of the past, a forgotten time when Britain ruled the world and the monarchy stood at its head; however, it is in fact deeply embedded into the present-day economic fabric of the UK. Financially, the Crown Estate and Sovereign Grant anchor the monarchy to the public through a unique blend of tradition, public accountability, and commercial prowess. The monarchy is far from being symbolic, operating within a complex economic environment that generates substantial revenues for the state, while propping up a global brand synonymous with British culture. Historically, the transition from royal ownership to state-managed finances, through the Crown Estate and the Sovereign Grant, was seen as a pragmatic shift. This arrangement continues to deliver significant returns, with the Crown Estate reaching record-breaking profits, while only a small fraction is allocated to royal finances. This underscores the monarchy's evolving role, not merely as a beneficiary, but as a net contributor to the public purse. Beyond government, the monarchy's wider impact on tourism, media, and soft power projects the royal family as a potent driver of international attention and recognition. Ultimately, the economics of the monarchy raises a fundamental question, 'Is it worth the cost?' I firmly believe that although there are some caveats, with the institution continuing to evolve and its ceremonial role requiring growing fiscal demands, its push towards fiscal responsibility and transparency, along with its increasing contributions to British society, make it worth the cost.

Written by Oscar Finlay



INSTITUTIONAL CHAOS IN A GALAXY FAR, FAR AWAY

See the 'Galactic Senate' pictured above.

Since its debut in 1977, the Star Wars franchise has intrigued many with its soul-stirring narrative. However, with the lightsabre duels and intergalactic dogfights came a framework that shows the economic and institutional impacts of an interstellar economy, and how those driven by profit or propaganda may lead to its destruction.

The Republic

In the prequels (the first three films chronologically), the main governing body is the Galactic Republic. They represent a federal system that has governed thousands of star systems for over a thousand years. Initially, they were a well-oiled liberal democratic order which used a representative governance system, which is shown through the Galactic Senate. However, in its final centuries, this system became increasingly dysfunctional.

The Republic's Problems

Inclusive institutions are characterised by fair and equitable access to opportunities, resources and benefits for all members of society. They promote widespread participation in the economy and political processes. As a result, they foster competition, innovation and are ideal for sustainable growth.

At its peak, the Galactic Republic perfectly embodied these values as all star systems kept autonomy, trade was free, and there was legal adjudication through the Galactic court. However, over time, political and corporate elites, such as the trade federation, the Banking clan and the Techno Union, captured the policymaking process. Therefore, these entities used their influence to secure favourable trade tariffs, exclusive mining rights and access to military contracts. Due to this, the economic structure became distorted and public policy served narrow corporate interests, increasing inequality across regions of the galaxy. Corruption became a large problem in late-republic politics. Senators (representatives for planets and sectors) were routinely bribed or influenced by commercial interests, leading to rent-seeking behaviour, which took away resources from productive users. This led to one of the republic's key economic failures, the under provision of essential public goods. Core planets such as Coruscant enjoyed advanced infrastructure, stable governance and prosperity. Whereas, the outer rim system lacked even basic services.

This uneven distribution created dependence on exploitative firms and illegal businesses for regular people to have decent living standards in the outer rims. This, in turn, created a resentment for the Galactic Republic in the outer rims. Many outer rim systems separated from the Galactic Republic, forming the separatist movement. This movement had a representative known as Count Dooku - a former Jedi knight who had converted to the Dark Side and had become the apprentice and puppet of Darth Sidious.

The Fall From the Stars: Palpatine's Scheme

Darth Sidious was a Sith lord who, rather than using brute force, used his intellect to overtake the Galactic Republic. His real name was Sheev Palpatine, and before the clone wars, he had made his way to become a member of the Galactic Senate. In order to gain more power, he ordered Count Dooku to rally the newly allied Outer Rim planets against the Republic. In addition, unbeknownst to most in the Galactic Republic, a large amount of resources had been pooled by the Trade Federation in an outer rim planet known as Geonosis to build a droid army. Both of these factors combined, leading to a galactic war known as the clone wars where Count Dooku under Palpatine's command, along with the allied Outer Rim and droid army from the Trade Federation, waged war on the Galactic Republic.

See the 'Droid Army' pictured above.

The Republic's decay resulted in a war, during which Palpatine was voted to become Supreme Chancellor of the Galactic Republic to help restore order. As war began, Chancellor Palpatine' s term came to an end. To avoid losing his position, he exploited the fears of the senate to manipulate the use of emergency powers to extend his term as chancellor, effectively making him an emperor. This played right into his hands, as before the war, Palpatine manipulated a Jedi master known as Sifo-Dyas into ordering the creation of a clone army, which was vastly superior to the droid army. As such, Palpatine nationalised the clone army and consolidated defence contracts under his new imperial control. This shift from inclusive to extractive governance signalled the demise of the Galactic Republic and the beginning of the Empire.

See the 'Clone Army' pictured above.

The Empire

The economic foundation of the empire was a command-style system. Palpatine's regime nationalised key industries such as weapon production and the clone-based military. This meant all economic power was essentially consolidated under the Empire's rule. In theory, it would lead to the reduction of political conflict, which would eliminate the inefficiencies of decentralisation and would direct resources towards the military and state building.

How Did They Operate?

To begin with, this model achieved its goal as the Empire restored Galactic order after the chaos of the clone wars. They improved the core infrastructure and expanded their military-industrial complexes to project the power of the Empire across the galaxy. However, this newfound distribution of resources was heavily skewed. A large amount of resources were put towards achieving military objectives. Resultantly, it consumed vast portions of the Empire's GDP. This led to the crowding out of investment in social infrastructure, planetary development and civil services, particularly towards the outer rim planets. While this new authoritarian system enabled swift mobilisation, it lacked the economic feedback necessary to assess the dire misallocation of resources.

How Did This System Influence the People?

This regime stifled innovation due to the prioritisation of military research over civilian advances, leading to the suppression of intellectual freedom. This resulted in stagnation in crucial areas such as education and medicine. More importantly, this new system led to an extreme 'brain drain'. This was due to two factors. One of which was the eradication of the Jedi by order of Palpatine. The Jedi were guardians of knowledge and diplomacy, and their eradication led to a severe reduction in intellectual capital. Furthermore, scientists and intellectuals were either coerced into military research programs or exiled. The long-term result of this was the erosion of the intellectual capital necessary for sustained growth.

The Empire also had a large amount of repression. Initially, this reduced crime and piracy in core systems. It did this by imposing high compliance costs on local economies. They also used fear-based governance, which created economic uncertainty, especially in outer systems. Planetary economies were forced into compliance through garrisons, quotas and taxation. Trade routes were strictly controlled, and any resistance would lead to sanctions, blockades or total destruction. In addition, centralised surveillance and regulation greatly stunted any entrepreneurial initiative. Regional governors (Moffs) also commonly engaged in predatory extraction as they knew any resistance would be swiftly dealt with. This all resulted in a system meant for control and not sustainable development.

Why Did They Fall?

Despite the Empire having an initially strong appearance, it was institutionally fragile. It relied entirely upon Emperor Palpatine's personal authority with no checks, balances or inclusion of citizens' opinions in policymaking. After Palpatine was eliminated in the Battle of Endor, the regime collapsed immediately. The Empire's failure to build an inclusive institution or develop a sustainable, long-term governance meant that no political or economic order replaced it after its fall. This resulted in a power vacuum, which was filled by fragmented governance. The galaxy was now ruled by Warlords, Crime syndicates and eventually the rise of the First Order.

The Rebel Alliance

During the reign of the Empire, the Rebel Alliance emerged. This was a group of individuals who opposed and fought against the Empire's authoritarian rule. They represent a decentralised, informal and insurgent economic model. They operated in extreme resource scarcity, military asymmetry and political repression.

How Did They Circumvent the Empire?

The Rebel Alliance had an overwhelming disadvantage in their conflict with the Empire, especially in manpower and capital. To offset these issues, they had to compensate with superior adaptability and intricate supply chains.

See an illustration of 'The Battle of Ender' above.

Due to this, smuggling and informal trade became the backbone of the Rebels' logistics system. Illegal or semi-legal economies were also a lifeline for the Rebels, and they were a result of the empire's failure to create regulated and trusted markets. The Empire's system of governance also left many choke points: trade routes were patrolled, currencies devalued, and planets were frequently pressured into compliance. In response, an intricate network of the informal economy (shadow economy) emerged. Goods, information, personnel, and weapons were moved through hidden trade routes and alternative currencies or bartering were used for transactions. This structure resembles the concept of shadow economics in conflict zones, where informal systems are more efficient than state-controlled systems under repression and war.

The Rebellion System

A defining feature of the Rebel movement was its decentralised structure. Unlike the hierarchical control of the Empire, the rebellion operated through semi-autonomous units and sector command structures. Economic decisions were made democratically, showing principles of participatory governance and collective resource management. This system increased their resilience as there was reduced risk of catastrophic failure, as even if a base was destroyed, others could still operate. It also promoted innovation and localised problem solving, which was a key asset in an economy where standard supply chains were unreliable or non-existent.

A New Hope For Governance

Beneath the starships, lightsabres and monologues, Star Wars is a surprisingly profound analysis of institutional collapse and economic transformation. The fall of the Galactic Republic was caused by inclusive institutions giving way to extractive ones, where corruption, corporate influence, and inequality eroded the foundations of the government, eventually giving way to authoritarianism in the form of the Empire.

The Empire guaranteed stability, but at the cost of economic freedom and intellectual vitality. By centralising power and devoting all its resources to sheer economic inferiority and military dominance, it created a weak and unsustainable structure. As we learn from history (and Star Wars), you can't bomb your way to prosperity.

In contrast, the Rebellion achieved victory not through riches or firepower, but through decentralisation, resilience, and ideological commitment. With limited resources, they created a robust, adaptable model of resistance based on underground economies, hidden support, and a high sense of purpose. Their achievements underscore the premise that even in repressive systems, belief in collective action and decent governance can be powerful capital.

In the end, Star Wars shows us that economic systems and institutions control the fate of galaxies as much as heroes and villains do. Stability without equity is brittle, and power without accountability results in collapse. Whether in fiction or in our world, rebuilding better means investing in inclusive structures, resilient communities, and shared purpose. So, as we look to the stars and perhaps to our own systems, may the funds be with you.

Written by Xavier Bogie-Keyede & Fred Meineck

DERAILING PROGRESS:
BRITAIN'S INFRASTRUCTURE DREAMS, "CANCELLED DUE TO ENGINEERING WORKS"

The UK doesn't lack ambition, rather, it lacks the institutions, incentives, and political will to deliver it. HS2 is just the latest casualty.

Britain, once the pioneer of railway, now finds itself unable to even deliver a single high-speed line without significant delay, controversy, and spiralling costs. The HS2 project, once billed as a transformative project to "level up" the North and revolutionise contemporary national transport, has become a mere tale of political drift, institutional dysfunction, and political short-termism. Meanwhile, nations like Japan continue to expand vast high-speed rail networks with both public support and profitability. Successive governments have failed to identify the constraints that prohibit Britain from building, so what is everyone else doing right?

The Failures of HS2

From its very conception, the High Speed 2 project was in search of a purpose. Sold as a high-speed link to "level up" the North, HS2's planning was centred so much so around the capital and in disconnect from regional transport connections that it seemed little more than a political ploy from the outset.

The high-speed route was chosen before a clear integration plan with existing transport networks was in place; this was particularly the case in the North where connectivity was needed most. Furthermore, the project management was imposed top-down as opposed to being co-designed with the regions it was meant to serve and its feasibility was presented leaning heavily on out-of-date assumptions about time savings and cost-cutting for business travellers. This gave little consideration to the broader economic benefits of regeneration - later dubbed "levelling up" by consecutive administrations - housing development, and labour mobility. Worse, the project was persistently thrown into political promises and announcements before technical designs had been completed, effectively locking in costs, benefits and timelines that lacked any sense of realism or evidential backing.

The cost trajectory of HS2 emphasises just how poorly the project was managed. What began as a £33bn project has since breached the £100bn mark, despite having delivered a fraction of its original scope. A large proportion of this inflation is derived from a culture of supposed "gold-plating", in which parts are designed for theoretical maximums rather than practical needs. An example of this was the insistence of 225 mph speeds which added sizeable complexity and cost to the project, while offering marginal real-world benefit. With this came patchy oversight and contracts being let before costs had been locked down; the result is a project that has become more famous for its invoices than its infrastructure.

Governance was no better. High Speed 2 Limited (HS2 Ltd) operated in a bureaucratic vacuum, with blurred lines of accountability to the Department for Transport. As ministers came and went, each tweaked the project and its timeline, turning it into a political ping-pong. Unlike France's SNCF Réseau or Japan's JRTT, there was no independent delivery body with the authority or continuity to manage a project of such scale. It was, simply, an undermined mess that no matter the change in scope, leadership, or story - the outcome remained constant: underdelivered.

Economic Restraints

While Britain's infrastructure paralysis is often blamed on austerity, the deeper issue lies with the orthodoxy of the Treasury. The long-standing institutional mindset that prioritises short-term fiscal restraint over long-term investment has treated infrastructure as a cost centre as opposed to a strategic asset, leading to a chronic underinvestment even when borrowing has been cheap and economic returns seemingly high.

Moreover, with HS2 having consumed a significant portion of funding, the Department for Transport's capital budget has effectively been frozen for the duration of the project. This has led to other projects, namely East West Rail, the TransPennine upgrades, and the Midlands Rail Hub, having been delayed, scaled back or shelved in their entirety due to planning and funding bottlenecks.

Private investment has also dried up. The Rail Network Enhancements Pipeline - a government approach for managing rail projects requiring public funding - hasn't been updated since 2019, despite intentions to be updated annually. This has left investors in the dark without clear project pipelines, land value capture mechanisms or consistent policy to create an incentive for long-term capital to engage. In other words, the money is there, but the system to implement is not.

Regulatory Dysfunction

Britain's rail system lies in fragmentation: Network Rail owns the tracks; train operating companies run the services (for now until franchise contracts expire under plans by the current government to re-nationalise the network); and the Department for Transport sets the policy while the Office of Rail and Road (ORR) regulates safety and access. There is not one single body that has end-to-end control.

Ever since leaving the European Union, the UK has had the chance to streamline regulation. Instead, it retained the worst of both worlds: EU-derived rules without EU-derived investment. The ORR's periodic review process is slow, adversarial and poorly suited to the requirements of the modern day. This persistent turnover of institutional change has only made things worse. From Railtrack to Network Rail, franchising and now Great British Railways, the system has been in a constant state of permanent reorganisation with no legislative timetable to follow.

Where to Look: Japan's Integrated Model

In Japan, railways are not solely a mode of transport, but a business model. The Japan Railways (JR) companies, formed after the breakup of the state-owned JNR in the 1980s, are vertically integrated: they own the tracks, the trains, the stations, and crucially, the land around them. JR East, for instance, generates more from shopping centres, office towers, and residential developments than it does from ticket sales. Under this model, stations are not just platforms, but act as economic engines for enterprises.

The funding model is equally as eloquent. Infrastructure is built upon a blend of national and local government funding. This is typically comprised two-thirds from the centre, one-third from municipalities and then is leased to operators through the Japan Railway Construction, Transport and Technology Agency (JRTT). This structure brings together collective incentives. The operators are motivated to expand ridership, invest in local development, and maintain high service standards - an element certainly lost in British services - because they directly benefit from the prosperity of the areas they serve.

The result of this is a system that continues to act in a shared interest between stakeholders. As stations become hubs of commerce and community, rail drives footfall, footfall drives retail, and retail drives revenue. The cycle is a drive for economic prosperity. In Britian, on the other hand, stations are often bleak and underutilised, designed for throughput rather than place-making. The UK builds infrastructure in isolation. Japan builds it as a part of something bigger.

Other Global Models

Despite what it seems, Britain is not alone in the troubles it faces, but it is unusually poor at resolving them. France's SNCF, for example, benefits from long-term political backing and a planning culture that shields infrastructure from short-term politics. Investment decisions are taken with national coherence in mind, avoiding piecemeal regional lobbying. The latest TGV M trains, developed with Alstom, were designed to maximise energy efficiency and minimise lifecycle costs - exemplifying how innovation and a tight budget can coexist.

Second, Germany's Deutsche Bahn operates under a federal framework, coordinating with regional governments to deliver services on both a national and local scale. Following a current €40 billion modernisation programme to digitalise and automate signalling and traffic management, the "Digital Rail Germany" initiative aims to increase capacity without laying new track. This shows how federal cooperation and long-term investment can be utilised to modernise a legacy infrastructure, such as that of the UK, without endless reinvention.

Conclusion: A Call for Institutional Reinvention

This uniquely British inability to build is not an innate matter of fate, it's a matter of design. The institutional focus on political short-termism over key strategy and a misfocus that lacks integration means the only way to reverse course is to think again: the institutions that deliver infrastructure must undergo fundamental change.

This means creating an independent delivery body with not only power, but cross-party backing and funding that transcends the electoral cycle so that the value such infrastructure creates can be reinvested locally. Furthermore, it is imperative that transport be embedded in a broader vision of housing, skills, and regional renewal and growth.

It is until then that Britian will continue to lay tracks that lead nowhere: expensively, at the cost of the taxpayer, slowly, and with a press release at every milestone.

Written by Owen Douglas

WHY THE MODERN ECONOMIC SYSTEM IS TRULY BROKEN...
...and how we can fix it

On August 15th, 2024, JP Morgan reported that the likelihood of an economic crash had risen significantly to 35%. Over the past 100 years, we've seen five major financial crises (from the Great Depression in 1929 to Covid-19 in 2020) each causing mass unemployment, major GDP losses, and long-term shifts in economic policy and regulation. Despite repeated cycles of collapse and recovery, we have yet to crack the code to prevent these recurring crises.

The Modern Economic System

The modern monetary and banking system in most Western economies is based on fiat money, currency not backed by physical commodities like gold or silver. Its value depends solely on trust in the government and central banks. Historically, money was tied to gold and silver, limiting supply and keeping purchasing power relatively stable.

Today, however, most money in circulation (about 97% in the UK, with similar figures in the US) is created not by governments or central banks, but by private banks when issuing loans. Decoupling money from gold and silver effectively gave the power to create money to those who control the payment infrastructure—banks.

For instance, when a loan is taken out, whether for property, cars, etc., the bank doesn't loan out money it physically holds (like Harry Potter at Gringotts, where a goblin retrieves gold from a vault). Instead, in the digital age, it creates new money by crediting your account with the loan amount, thereby expanding the money supply. When large loans are issued, people rarely withdraw the full amount in cash. Most large transactions are done by transferring digital money from one account to another. You wouldn't take out £300,000 in cash to buy a house- it's simply not practical. As Lord Josiah Stamp, former director of the Bank of England, put it: "Modern banking manufactures money out of nothing."

Flaws of the System

However, the system has flaws. This newly created money isn't free. It comes with interest. Borrowers must repay both the loan and the interest charged by the bank. As more loans are issued, more debt enters the system, fuelling a cycle of dependency. This rising debt is the lifeblood of the modern economy but also drives inflation, as the value of currency decreases with more in circulation. As a result, prices rise over time. For example, a Freddo that once cost 20p in parts of the UK now costs £1.

There is no longer enough money in the system to repay all debts. More debt must be issued to keep the cycle going. If it stops, markets crash, forcing even more borrowing. This makes us increasingly reliant on the modern banking system.

Over time, the system has become dependent on constant borrowing. People, businesses, and governments must borrow more to pay off existing debts, creating a vicious cycle. When this falters (like in the 2008 Financial Crash), low-income households suffer most, while the wealthy often avoid the worst. The 2008 crisis, caused by excessive lending and speculation, triggered a housing bubble that burst, destroying trillions in global wealth and leaving millions without homes, jobs, or savings.

What Happened to the Banks Which Caused It?

Many banks were bailed out by governments. According to the Special Inspector General for the Troubled Asset Relief Program, the US government spent over $475 billion to rescue the financial sector during the crisis, while ordinary, working-class people faced foreclosure and bankruptcy. Protections like the Financial Services Compensation Scheme (FSCS) and the Federal Deposit Insurance Corporation (FDIC) offer reassurance to customers. However, such protections encourage people to trust banks more, leaving their savings in the banks' hands- funds the banks then use to conduct their daily operations.

What If the Bank Fails?

It was the taxpayer who funded the banks' profiteering, as their money enabled bank operations. And when banks neared collapse, the public again bore the cost, since these institutions were deemed too vital to fail. FSCS and FDIC protections can mask the true risks of banking. Ultra-high net worth individuals don't rely on these schemes; instead, they assess a bank's creditworthiness and activities to decide if it's safe, as they expect the bank to return their money on demand. For most people, this level of scrutiny isn't practical. Instead, they rely on FSCS protection, which removes due diligence from the banks themselves- ultimately allowing them to act with less accountability.

Although regulation has increased since the 2008 Financial

Crash, the core issue remains: giving bankers unfair protection and allowing them to use public deposits for profit leads to exploitation at the expense of ordinary people. The financial system is fundamentally structured to benefit the wealthy, who can access cheap loans to invest in real estate, businesses, and markets (assets that tend to appreciate). Billionaires use loans not only to expand businesses but to leverage low interest rates, generating returns that far exceed borrowing costs. The money created and given to bankers is typically directed toward asset-backed investments, further enriching those who already own assets.

Wealthy individuals and corporations own the most productive assets that generate income and appreciate over time. For example, in the USA, the top 1% of households hold over 50% of stock market wealth, while the bottom 50% own just 1% (Motley Fool). Tax avoidance worsens this inequality. Through complex loopholes and offshore accounts, the wealthy evade taxes; in 2021, the International Consortium of Investigative Journalists revealed billions avoided via offshore havens. Meanwhile, the poor are trapped in debt, relying on high-interest loans to cover basics. Payday loans, with rates up to 400%, formed a $9 billion industry in 2020, serving millions of low-income families. By comparison, the US Bridge Finance Market, used by property developers, is worth $50 billion, only modestly larger than the predatory payday loan market.

Student Debt

As of 2023, according to the Education Data Initiative, Americans owe around $1.7 trillion in student loans. Many graduates spend decades paying off their loans, limiting their ability to save, invest or buy homes. In fact, a study from the Pew Research Centre found that student debt disproportionately affects low-income and minority students, contributing to wealth inequality across generations. Meanwhile, wages for the poor and middle class have stagnated, and according to the Economic Policy Institute, productivity in the USA has grown by 69% since 1979, but wages for the typical worker have only grown by 11%. This disconnect between productivity and wages further exacerbates that inequality.

Columbia University has amongst the highest annual tuition fees in the world, with fees reaching $65,524. Source: Amber

Is There an Alternative?

An alternative economic system, referred to here as "The Great Alternative Economic System," proposes a new banking model based on ethical and social justice principles. This framework aims to balance wealth, ensure fair transactions, and promote community welfare.

How Would It Work?

"The Great Alternative Economic System" is based on key principles that contrast with today's finance systems. Its primary step is to abolish interest and usury, which create advantages for lenders and place increasing burdens on borrowers, especially the poor. Instead, it proposes profit-sharing models where lenders and borrowers share both risks and rewards. For example, investors provide capital while entrepreneurs manage the business; if successful, profits are shared, and if it fails, the investor bears the loss. This shared approach aligns incentives, reduces exploitation, encourages ethical investments, and may lower the risk of financial crises caused by excessive debt.

This system creates a more level playing field by promoting partnership-based financing instead of automatic reliance on debt. This encourages genuine interest in a business's success, leading to more thoughtful investments and support for ventures with higher chances of success. Unlike the current system, where banks lend based on collateral without caring about the business, this approach reduces reckless lending and the creation of unseen bubbles. Borrowers avoid growing interest debt; instead, financial success is shared, and losses are borne by those who can afford them.

The second key principle of the "Great Alternative Economic System" is mandatory wealth redistribution, requiring everyone to give 2.5% of their wealth (after expenses) to those in need. This aims to prevent wealth concentration, support the disadvantaged, and encourage productive investment. This redistribution would be a social responsibility rather than charity, helping reduce inequality by circulating wealth throughout society. If the wealthiest gave 2.5% annually, it could generate hundreds of billions of dollars—enough to significantly reduce global poverty. The World Bank estimates $175 billion annually is needed to end extreme poverty by 2030, and this system could meet that goal if properly implemented.

The third key principle of the "Great Alternative Economic System" is to eliminate speculative behaviour, buying assets mainly for quick profits rather than their value, and to avoid investments in industries that harm society, such as alcohol and tobacco. This approach excludes zero-sum games and gambling, which can lead to addiction and poverty. Harmful industries impose significant costs on public services, with tobacco costing the UK NHS £2–6 billion annually and alcohol £3.5 billion. Redirecting funds from these sectors to public services like healthcare, education, and welfare could improve living standards. The current financial system thrives on speculative trading and zero-sum games, often causing market bubbles and economic instability. Prohibiting these activities aims to create a more stable and prosperous society.

Therefore, by focusing on profit sharing, ethical investments and wealth redistribution, this "Great Alternative Economic System" could suggest another way of doing things.

Addressing the Problems

Firstly, without interest, debt becomes

less exploitative. Borrowers avoid endless interest payments, and financial institutions are encouraged to invest in productive, real-world activities instead of speculative products.

Secondly, wealth redistribution, with mandatory spending of a certain percentage of a person's wealth after expenses, will result in wealth naturally flowing from the rich to the poor. This ultimately helps alleviate poverty and reduces inequality across society.

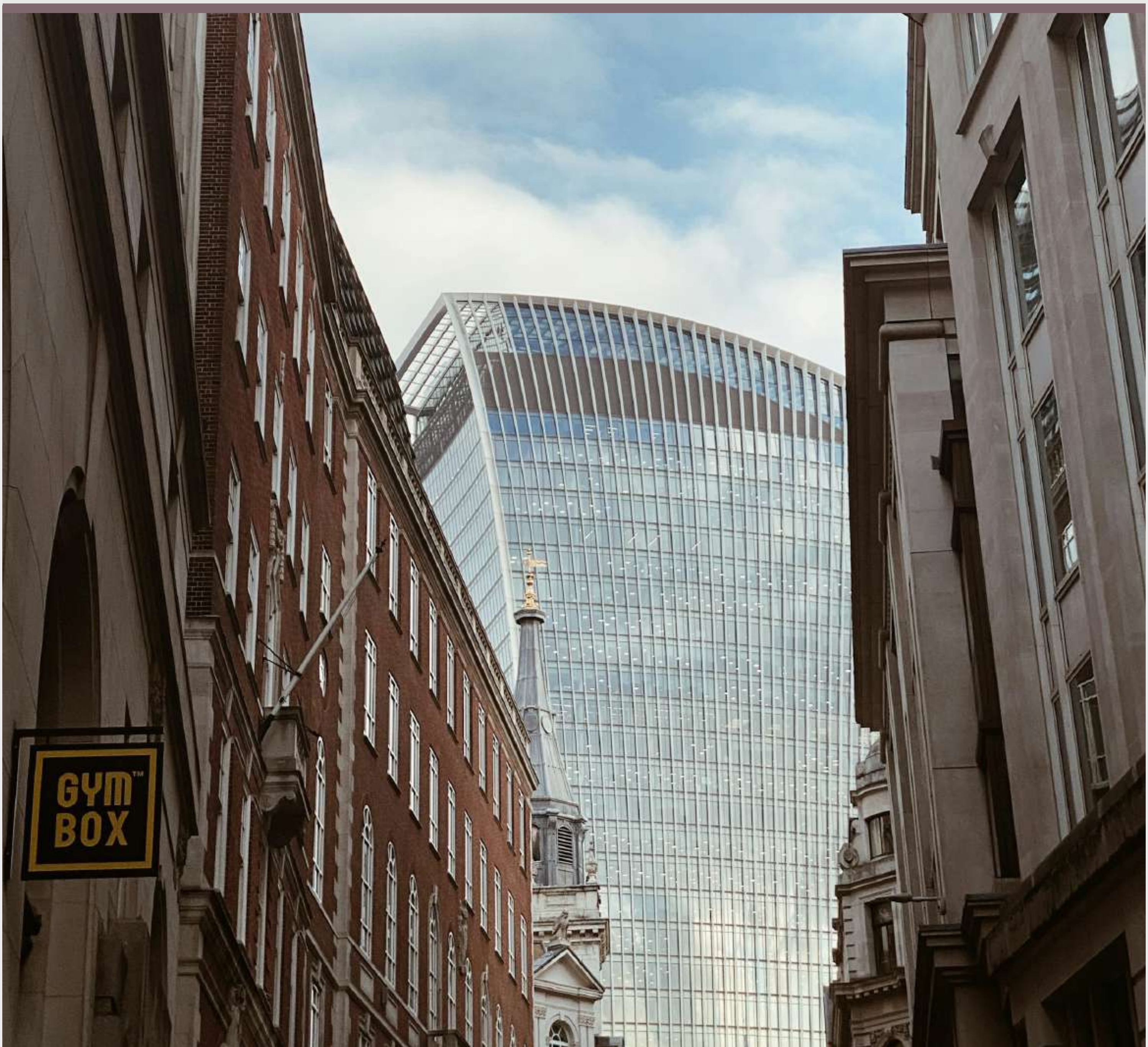
Ethical investment is another key aspect of the "Great Alternative Economic System." By eliminating harmful and speculative practices, funds would flow more toward socially beneficial activities instead of gambling, tobacco, and alcohol industries.

Finally, this system emphasises community welfare by mandating the distribution of 2.5% of individual wealth after expenses and supporting charitable funding. This could raise hundreds of billions to fund schools, hospitals, social infrastructure, and other initiatives benefiting all of society.

Conclusion

In conclusion, one might come to the understanding that the modern financial system is designed to help the wealthy stay wealthy, and makes it very difficult for those who are trapped in the poverty cycle to break out of that. The "Great Alternative Economic System" offers a real and viable alternative system that is based on justice, fairness and ethical investment. Whilst we are not saying that there will be no economic problems with this alternative economic system and that it is easy for us to get there, the point of this article is to show that with a radically different framework that prioritises community welfare, ethical business practices, and a fairer distribution of wealth, we can actually create a much better looking world for everyone.

Written by Ahmed Riad



GUEST SPEAKERS

Chris Rooke

On 21 May 2025, the economics class was visited by Chris Rooke, former Head of European and USD Funding and Liquidity at Nova Scotia. The purpose of his visit was to give an insight into his experience working as a trader in the money markets in order to provide greater perspective surrounding the many jobs that Economics as a subject can offer.

Chris described a typical day in his profession, trading in the short sterling futures market, speaking about the importance of keeping up-to-date with global events and economic figures, such as retail sales figures and inflation, in order to predict the movement of sterling interest rates and the resulting shift in the yield curve.

He explained how his day would consist of having to process several flows of information simultaneously and having to "compartmentalise your thinking" to be able to build a picture of where the market is headed both in a short-term and also in a longer-term view.

Questions

"What was your best and your worst day moneywise?"

Working on the off-balance sheet there were days where we would make two-three hundred thousand pounds or lose two-three hundred thousand pounds. With the cash desk - running the bank's assets, liabilities and physical cash - when we had those succession of interest rate cuts in 2008-09 we made an awful lot of money.

"How does the government control exchange rates?"

It's very difficult to control exchange rates, it is probably the last remaining market that governments can't really control as well. The foreign exchange rate is very much the sort of stabilising product [of the economy] in the same way that 20 years ago the bond market had. You can argue that now with central bank and government quantitative easing suppressing the real interest rate of government bonds, that function of bonds being a stabilising product has massively decreased since 2008.

"From your experience, how difficult is it to predict the way markets will go in the future?"

It's increasingly difficult. We have a situation where we have quantitative easing, which has a dampening effect on interest rates; we have had Covid where we have seen a massive spike in inflation; and we have this increasing problem of enormous government overspending and fiscal deficits.

It is in the government's interests to keep interest rates low because an increased proportion of the government's budget is spent on interest payments on the existing stock of government debt. There is a massive demand to spend money yet no money to spend, so the question is what is the way out of that?

The way out of that is a combination of trying to create economic growth and having to cut government expenditure in order to bring it back into balance, because what happens if we don't - the financial markets will bring it back into balance for you. There comes a point where there won't be a choice, when people no longer want to buy guilts and fund big fiscal deficits. So essentially the 10-year cost of borrowing in the UK could go from, say, four-and-a-half percent to six percent, making it far more expensive.

Owen Selby

On 13 March 2025, the school was visited by Owen Selby, a financial services regulator at the Bank of England. Owen delivered a presentation to the Year 12 Economics class about the functions and responsibilities of certain institutions within the Bank, his role at there, and the career pathways that the Bank of England offers to students aiming to work there in the future.

The presentation reinforced ideas about monetary policy and also educated the class about the role that the Bank plays in keeping the financial system stable. At the end, there was an opportunity to ask further questions about Owen's experience there and the career paths that can arise from studying Economics.