the ST ANDREWS ECONOMIST
Bringing economics into perspective.

JANUARY 2023 | SPECIAL EDITIION

2023: A TURNING POINT?

Editors' Foreword

Before writing this foreword, we brainstormed some of the main themes of 2022. Some that came to mind were Ukraine, inflation, recession, cost of living, the Queen's death, the World Cup, and so on. For us personally, it's hard to believe that all of these things happened in just one year. Although 2022 may not have been an overwhelmingly positive year, it was definitely a significant one, being the first year where Covid wasn't a part of our daily vocabulary. In this year's special edition, our writers reflect on some of the main themes of 2022, and whether 2023 can serve as a turning point.

In African Energy: A Comprehensive Outlook, **Matthew Candau** takes a look at the effect of the Ukrainian invasion on energy in Africa, and how the continent is looking to renewables as a future solution. Following along the lines of climate conversation, **Rudra Sen** takes a look at the action being taken to mitigate climate change, and why this isn't enough in **Mitigating Climate Change: Same Conversation, Minimal Action**. Not only was there significant attention brough to economic issues, but Iran also saw large calls for social change. In **Do Iran's Calls for a Change in Social Climate Highlight Suggest Knock-On Effects to their Economic One**, **Ashwaty Nambiar** explores the link between Iran's economic and social climate.

Arguably, one of the biggest events of the year was the FIFA World Cup held in Qatar. Although Argentina's win was largely celebrated despite criticisms surrounding the tournaments host country, **Lily Bolash** highlights that there's a lot more going in in Argentina in **A Messi Economy: Argentina After its World Cup Win.**

Moving closer to home in the UK, one of main themes that couldn't go unmissed was the pervasive strikes that brought the country to a shutdown. In **Strikes in Crisis: UK protests at a Time of Economic Change**, **Natalie Olofsson** gives a summary of what strikes occurred in the past year, and how things may transition into the following year. Along with the strikes, the UK seemed to be in a state of constant crisis. **Harry Gillespie** ponders whether the country could be hit with a period of stagflation in **Stagflation for the Nation?** With these economic concerns in mind, the UK government is desperately trying to revive the economy, with a major policy announcement being a proposed 'Big Bang 2.0', but as **Ming Lee** analyses, this policy may not live up to its name in **Big Bang 2.0? Not Really.** Looking to the new year, the UK government will have more to deal with, as **Mark Connolly** analyses T**he Northern Ireland Question: Sunak's First Political Headache of 2023.**

Over in Europe, the year was no less eventful. In his article, **Stanislas Zagun** takes a look at Macron's controversial pension policy in **Something is Rotten in the State of France – Emmanuel Macron and Pension Reform**. Following chaos that has persisted in Turkey following its unorthodox policies throughout its recovery from the pandemic, **Brynna Boyer** gives an analysis of the country's upcoming elections in **2023 – A Turning Point for Erdoğan and the Republic of Türkiye**. As the Russian invasion of Ukraine has affected energy costs globally, but especially in Europe, **Tom Fort** takes a look at Azerbaijan's new energy deal with Europe in **Hope for the East? The Question of Azerbaijan's Role in Keeping Europe's Lights on.**

Across the Atlantic, there were many political highlights for the US's political and judicial systems. **Jack Horrigan** reflects on the changes the Supreme Court has faced in the past year and its members political ties in **Conservative Crossroads: The Supreme Court's Activist Experiment**. 2022 was the year that Nancy Pelosi stepped down from her tenure as Speaker of the House. **Ross Alexander Hutton** pays an homage to her iconic tenure in **Madam Speaker, We Shall Not See Your Like Again**. With the struggle that was Kevin McCarthy's election to take Nancy Pelosi's place, **Ben Kushner** reflects on the fragile nature of the House of Representatives, and what changes should be made to the system in **Better for Lawmakers, Better for Americans: Expanding the US House of Representatives.**

With all that's gone on in the world, it's no wonder that businesses have struggled too. In **Please Fasten Your Seatbelt**, **Laura Gillies** takes a look at the turbulence that the American aviation industry has been going through. With the tech stocks soaring during the pandemic, they took a tumble in 2022 alongside most industries as high interest rates and economic downturn hit markets. **Finn Watson** analyses at what's in store for Big Tech in **Turbulent Tech: Market Disruptions and the Future of the Tech Sector**. Finally, the music and concert industry was one which was able to finally recover after years of postponed and cancelled in person events. However, as **Pearce Hopkins** analyses in **Ticketmaster and The Monopolisation of The Live Events Industry**, the industry seems to have more obstacles to face.

As we wrap up this foreword, many of last year's messages still remain true, where we enter yet another year of uncertainty. We hope that our Special Edition brings to light and reminds you of some of the many events themes of the previous year, and gives some insight to what's in store for 2023. As always, at the St Andrews Economist, we hope to continue to bring economics into perspective, with the following year likely to be as eventful as the previous, and perhaps show some hope of an upcoming turning point.

Editors in Chief
Ming Lee & Ross Alexander Hutton

Contents

NORTH AMERICA

BUSINESS

African Energy: A Comprehensive Outlook

By Matthew Candau

2022 brought more than its fair share of difficulties to the energy sector. With the lasting effects of COVID-19 era policies and Russia's invasion of Ukraine, the year was characterised by high inflation across the world, particularly in fossil fuels and other means of energy production.

The African continent in particular suffered immensely from this economic downturn. In South Africa, fuel prices had skyrocketed 45% by June. As a result, many governments suffered substantial budget deficits to account for the increased costs of basic goods, and spent money that could have been used for infrastructure development on other subsidies just to stay afloat.

Despite these imminent problems, there are dozens of newly and soon-to-be-completed projects in 2023 that will help bring much of Africa away from its widespread energy poverty and usher in a new era.

Fossil Fuels

The Russia-Ukraine War has had devastating effects on most of the globe, as sanctions/bans on Russian oil and coal have led to staggeringly high inflation in energy costs in 2022. Russia in itself normally accounts for over 11 billion barrels of crude oil per day (the third highest in the world), and nearly 700 billion cubic metres of natural gas per year (the second highest). To fill this output gap, the United States, Saudi Arabia, and Iran have heavily increased their production and exportation, but not nearly enough to fully account for the disparity. This puts African countries in a unique position for economic development. Several nations across the continent have begun to seize this opportunity.

Libyan Oil Minister Mohamed Oun stated the country had the ability to increase oil production to 1.6 billion

barrels per day, a whopping 41% increase from November 2022. Angola's Zinia Phase 2 project has also been successful, which will heavily increase its oil production and tap into a vast well of over 60 million barrels. Nigeria's massive Dangote Oil Refinery has finished its first two phases and will be completed in mid-2023; it is expected to produce an additional 650 thousand barrels per day for the oil-rich country. Furthermore, Australian company Woodside Energy has commenced drilling operations in the Sangomar Oilfield south of Dakar, Senegal, with an aim to officially begin oil production in 2023.

Several natural gas projects are also underway. BP and Kosmos Energy started to work on their Mauritania-Senegal offshore gas project in 2022, which will produce over 2 million metric tons per year in its first phase. The Coral South FLNG facility off the coast of Mozambique started its development in early 2022 as well, digging into a reserve of over 16 trillion cubic feet. Other countries such as Tanzania and the Republic of Congo have received heavy investment from foreign companies in their liquified natural gas (LNG) reserves.

This expansion in fossil fuel infrastructure places African leaders in a tough position. On one hand, the production and distribution of oil and natural gas with the help of foreign investment can significantly increase the country's income and thus government revenue and expenditure. Yet, African countries are feasibility of a floating solar plant in the man-made Kpong Hydropower Reservoir. If constructed, this plant would make a serious dent in the country's coal and oil usage, as well as provide power to some of the over 4 million people in Ghana without electricity.

Some African countries are diving deeper into other alternative sources of power. In Namibia, French company HDF Energy has begun work on the continent's first hydrogen power plant. The project is expected to dissolve Namibia's reliance on South Africa, which currently provides the country with around 40% of its total power. In addition, the Savannah Tarka Wind Power Station in Niger is expected to break ground in 2023. Sani Mahamadou, Niger's Minister of Petroleum, Energy and Renewable Energies expressed his excitement for the project, saying that "such a project is expected to stimulate a significant increase in economic activity across our country, directly and indirectly creating thousands of jobs over the course of the next decade."

The Future of African Energy: Short-Term and Long-Term

Overall, the energy sector across the African continent will experience major growth in 2023. With the completion and commencement of several non-renewable and renewable projects alike, this year is shaping up to be one of the most significant in combating energy poverty and increasing the quality of life for many Africans.

In order to fully address and combat the issue of energy poverty, many countries will likely focus their resources on increasing fossil fuel usage, because of existing infrastructure as well as the global power associated with big oil and gas companies and their foreign investment schemes. While the long-term health and environmental effects of this decision may be consequential, leaders in many of the less-developed Sub-Saharan African countries as well as those such as Nigeria that rely on oil for their economy will likely support increased production and consumption of fossil fuels to boost their output, income, and expenditure. This would benefit countries such as Chad, South Sudan, and Burundi in particular, as they are the three countries in Africa with the least access to electricity (less than 12% of the population).

The fossil fuel industry will remain a centrepiece for African economics and energy generation this year, but the rapid emergence of renewable projects and the bolstering of existing systems cannot be overlooked. Only 23% of power generation in Africa came from renewable sources in 2022. However, as more plants and projects are funded and completed and the dependence on coal in some countries such as South Africa and Egypt decreases, this number is expected to increase dramatically to 32% by 2025. Even so, Sub-Saharan Africa reigns as the region that uses renewable energy as its greatest share of energy production, at 68.1%. As wind, solar, and hydrogen power become cheaper, more competitive, and more powerful industries, an even more unified transition is destined to happen in the near future.

Regardless of how it is produced, it is undeniable that the upcoming year will be extremely consequential in the quest to eliminate energy poverty and to further economically develop Africa. As we head into 2023 and beyond, the future has never looked brighter for energy production and distribution across the African continent.

The views expressed in this article are the author's own, and may not reflect the opinions of The St Andrews Economist.

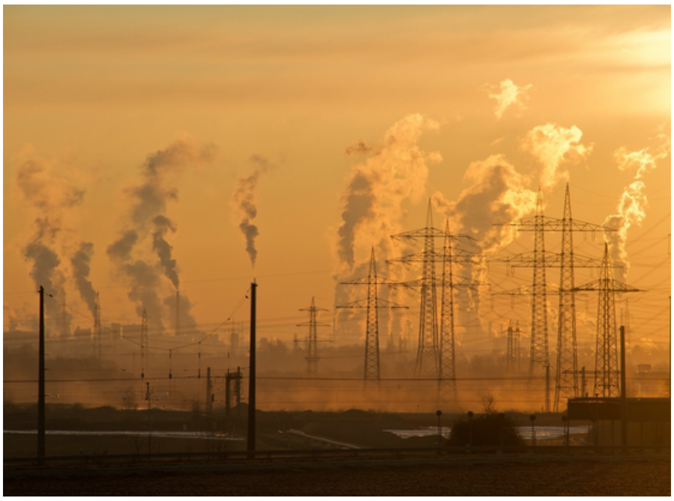
Image Source: MAN Diesel & Turbo

Mitigating Climate Change: Same Conversation, Minimal Action

By Rudra Sen

While the previous year witnessed an increase in disruptive protests led by climate activist groups such as Just Stop Oil and Extinction Rebellion primarily in Europe, several crucial steps were taken in the mitigation of climate change by the international community. Most significantly, the United Nations Climate Change Conference held in Egypt or commonly referred to as COP 27 concluded with developed states agreeing to pay for the loss and damage incurred by those developing states who are vulnerable to the effects of climate change. Developed states acknowledged that those states who were least responsible for this crisis were affected more than others. For example, in 2022, Pakistan suffered severe floods that the United Nations has touted as it is the state's 'greatest climate disaster'. The floods in Pakistan affected over 33 million people and washed away more than 27,000 schools. Additionally, developing countries rely heavily on its agriculture sector which has suffered significantly due to the adverse effects of climate change. In South Asia for instance, the agricultural sector is predicted to be hit with extreme levels of precipitation, unseasonal rain, and increased levels of humidity that will negatively affect crop yields and threaten food security too.

Developed states reaffirmed the notion of 'common but differentiated responsibilities' by agreeing to pay for the losses and damages incurred on account of climate change to developing countries. The norm of 'common but differentiated responsibilities' was first adopted in the Kyoto Protocol in 1992 to highlight the fact that sovereign states in the international arena had varied capabilities and therefore differing responsibilities towards achieving the shared objective of combatting climate change. This notion stems from the rationale that developed states had the opportunity to advance their economies through the process of industrialisation and developing states should not be deprived of the same by the imposition



of stringent environment regulations and standards. This norm reiterated the need for developed states to do more than developing states in the mitigation of climate change. However, critics of COP 27 argue that though there is an agreement to pay for the losses and damages to vulnerable states, there is no clear consensus as to which states should pay and to what extent. The damages caused by the increase in surface temperatures and rising sea levels are estimated to be over $500 billion in the last two decades and it is set to increase as well. Although, these compensations are a crucial step towards achieving climate justice and promoting equity in this sphere, the absence of a comprehensive framework around the same discredits its efficiency.

Though the calls for collective and coordinated global action has been echoed across the aisle to mitigate climate change, security and economic goals have instead been prioritised by states. For instance, the Russia-Ukraine war has transcended into a global energy crisis that has led to a sharp rise in energy prices and uncertainty. Such an energy crisis has emerged as several countries and regional blocs have decided to boycott or phase out Russian energy exports in the form of oil and natural gas as a response to Russian aggression in Ukraine. Moreover, Russia is among the world's largest exporter of oil and its natural gas supply powers Europe. Retaliation to the Russian aggression can be noted in the Versailles Declaration of the European Union that seeks to phase out their dependence of Russian fossil fuels as soon as possible. The reliance of energy on a limited number of countries has also revealed the increased degree of foreign dependence that states have for energy security. Concerns over this issue and in the pursuit to decrease foreign dependence has led to states embracing renewable sources of energy more rapidly than ever before. States like France have already pledged to increase their solar capacity and build fifty offshore wind farms to reduce Russian dependence. Nonetheless, the energy crisis has also prompted states like Germany to ramp up their coal power generation capabilities and mark a reversal to their energy policy.

Whilst states such as Germany are widely criticised for embracing coal which is considered as one of the dirtiest fuels in the energy market, civil actors shy away from such a degree of scrutiny. Multinational companies are cognisant of stringent environmental regulations in the West and are trying to diversify their operations by investing in fossil fuels in the Global South. International discussions on the increased use of renewable energy or becoming carbon neutral holds no value when there are parallel discussions to finance and expand efforts for oil and gas exploration in the African continent.

On the other hand, the role of developing countries in mitigating climate change when they are still reeling from the economic effects of the pandemic more so than the West is somewhat of a slippery slope. In COP 26 held in Glasgow, developing states agreed to 'phase out' fossil fuels but did not commit to completely reduce reliance on the same to meet their energy needs. That said, the capabilities of developing states to mitigate climate change is lower than that of developed states. It is argued that the losses and damage fund can be the steppingstone for climate finance which can help in enabling developing states to effectively tackle this challenge. Nevertheless, there are positive signs in the energy transition in developing states such as India. The Indian Prime Minster, Modi has recently announced that India aims to reach net zero emissions by 2070 and will try to meet half of their energy requirements from renewable sources. Yet it can still be contended that these announcements relating to India's energy transition is a pragmatic response to achieving self-reliance on energy security in times of global uncertainty.

The UN (United Nations) COP conferences have taken place every year since 1995 and have not yielded any international consensus that significantly reduces fossil fuel production and consumption. These conferences as a whole have contributed to mitigating climate change as much as a Model UN conference has helped promote global peace. Although states have ambitious targets in the area of sustainable development, they are often side-lined for economic and security objectives. For instance, a report by Climate Action Tracker found that almost every state is not meeting its commitments as per the Paris Agreement and will fall short of realising them by 2030. Even the targets adopted by states are not in line with scientific advice to stop irreversible climate change. The lack of significant action to combat climate change can also be attributed to factors on a more microscopic scale such as the relentless and perpetual election cycles faced by politicians which require them to primarily address the concerns of today's generation rather than tomorrows. Also, it is far easier to place blame on the past generation for this anthropogenic crisis.

A question that appears in this conjecture and often resonates with climate activists is that "Are we doing enough to save the planet?" The clear answer to this question is no. The COP process, which is considered as the most important forum to reach global consensus to reduce greenhouse gas emissions and have binding and ambitious targets, has failed in 2022. The conference scheduled in 2023 in Dubai does not look promising either. This process has certainly raised a lot of awareness about environmental issues that threaten our shared future but has been extremely slow in reaching consensus among various states and to set up an effective framework to mitigate climate change. Whilst throwing soup cans on paintings is not the answer to this multidimensional challenge, the intertwining of energy security issues with that of climate change may be a beacon of hope in this tragedy of the commons.

Do Iran's Calls for a Change in Social Climate Highlight Suggest Knock-On Effects to their Economic One?

By Ashwaty Nambiar

Change, transformation and revolution are three of many words used to describe the current economic and social climate of Iran. While said climate in Iran has always aired on the tumultuous side, September 2022 marked the start of a new era of protests, sparked by the outrage following the death of Mahsa Amini, following her arrest by Gasht-e-Ershad, Iran's controversial 'morality police'.

Though the case of Amini may be served as the breaking point regarding these protests, the deemed inadequate state of Iran's economic climate, and therefore living standards of their residents have greatly fuelled the call for a revolution led by the current generation of Iranians.

Taking a look at the macroeconomy, among the largest indicators of economic health is the rate of inflation. Rising poverty and social unrest in Iran have been exacerbated by the country's persistently high and fluctuating inflation. Where the Consumer Price Index (CPI) is a measure of consumer price changes over time relative to a representative basket of goods, it should be noted that the variations in Iran's CPI figures are dramatic, annually averaging a CPI inflation rate of 20%; when compared to regional peers such as MENA nations such as India, Turkey, and Russia, Iran's inflation rates and volatility surrounding are much higher. In addition to the effect of US sanctions, the COVID-19 pandemic hit Iran's economy hard, aggravating supply constraints, and annual CPI inflation reached nearly 50% at the end of 2021's financial year, and averaged 40% during the following.

Such volatility in the macroeconomy generates a high level of uncertainty, further exaggerating the economic issues seen. To simplify, higher levels of uncertainty lowers the amount of consumption, investment, leading to a reduction in positive economic activity, creating a cyclical structure to the economy in its deteriorating health. This cycle becomes more pronounced in the consideration of Iran's foreign depleting currency reserves as a result of their weakening currency. While not directly related, the depreciating currency can be taken as a reflection of a lack of purchasing power, demonstrating how, without intervention, access to certain baskets of goods and overall living standards of Iranians, especially amongst those with low incomes, will continue to worsen.

In addition, Iran's currency, the Iranian Riyal (IRR), is not pegged to any other currency and its exchange rate changes value on a floating basis, opening up further opportunities of volatility. In the midst of the protests, the Rial continued to depreciate against the USD, falling to the lowest rate ever seen in the country's open market in December. The Rial crossed the

400,000 mark for the first time in the nation's history, raising worries in the foreign currency market and in the financial community. Market analysts estimate that Iran's currency has declined by over 20% since mid-September, when the protests first broke out. As mentioned, this points towards the prevalence of the uncertainty and pessimism sentiments surrounding the economy, this can be further evaluated in consideration of long-term factors, such as economic growth.

Iran's economy is comprised of three main sectors; these being the hydrocarbon, agricultural and service sectors. While ranking second globally for natural gas reserves as well as fourth for proven crude oil reserves, there is still an element of volatility and uncertainty present in the economy. This is a result of the shocks the Iranian economy have endured and therefore, has severely impacted economic growth. Iran also has seen numerous sanctions and other factors presenting volatility such as changes in commodity price which affecting supply chains. Resultantly, the economy faced a "decade-long stagnation" lasting until 2020.

Accounting for the previously discussed levels of inflation, levels of purchasing power continued to fall. This has a knock-on effect, leading to a fall in consumption, demand and overall output, all being causes of rising unemployment. While the economy started to see improvements post-pandemic, given the current social climate of Iran, Iranian contributions to the global economy are likely to be much lower than in past years as well as overall being seen as less attractive trading partners on an international scale.

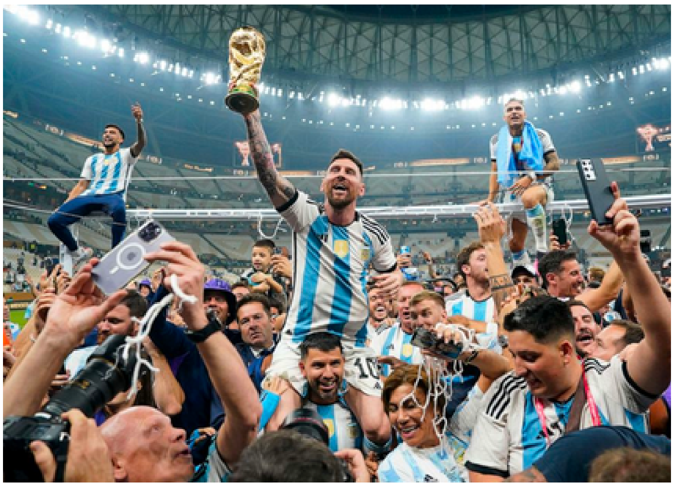
Considering the scale and atmosphere surrounding these protests, action taken by both protestors and the government have had extremely impactful effects on the economy. Firstly, Iranian security services responded to protests by the complete cut of internet access, thus, halting associated production, and therefore consumption. The impact of one day of internet outage bears the Iranian economy a cost of over US$38 Million. In addition to this, the physical damage to infrastructure has also resulted in a disruption to supply chains as well as a need to reallocate resources to rebuild these structures, further contributing to the issue.

Finally, alongside the boycotting of companies associated with the Iranian Revolutionary Guard Corps (IRGC), overall lower purchasing power, the weakening currency, and high inflation rates contribute to a World Bank projection of a significantly lower economic growth rate relative to previous years, portraying the true effect of the ongoing protests.

Accounting for the fact that the social and economic climate in Iran remains volatile, it cannot be predicted with any certainty the scale in which the Iranian economy will be affected. What can be said for certain is that social and economic factors are irretrievably linked, where a change in the social climate would also lead to a change in the economic one. However, in consideration of the discussed factors and previous economic trends, it should be noted that the negative economic trends currently seen are likely to persist throughout 2023, with long-term effects carrying into 2024. It seems that Iran will have difficulty in finding its turning point.

A Messi Economy: Argentina After its World Cup Win

By Lily Bolash



Events that can unify an entire nation are few and far between. More often than not, such moments are laced with tragedy. But the only tears shed on the streets of Argentina following its World Cup victory on December 18, 2022 were those of unabridged joy. The result of the tense final match has put a temporary graft on Argentine morale. Yet after the confetti falls, how promising are the country's prospects beyond football?

Lucky number three

The 2022 World Cup squad brought home Argentina's third trophy from the world-renowned FIFA tournament. Each time, their victories have come embroiled with controversy. In 1978, Argentina hosted and won the tournament under the shadow of a military coup that had occurred just two years prior (1). In 1986, Argentinian star Diego Maradona scored a highly disputed goal that allowed the country to advance into the semifinals, and eventually secure victory in the final (1). This goal – known as the "Hand of God" – was scored in a 'knock-out' match against England, a matchup that was politically tense given the recent occurrence of the Falklands War.

Finally, in 2022, the World Cup tournament itself was shrouded in controversy due to the host country, Qatar (1). The Middle Eastern nation – the first to ever host a World Cup – was accused of foul play when bidding for the host role, mistreatment of labourers building the stadiums, and human rights violations due to its stance against LGBTQ+ individuals. This overarching climate, coupled with questionable behaviour by Argentinian players during certain matches and celebrations, has once again clouded the nation's trophy with an air of misgiving.

Man of the moment

Any of these concerns, however, are easily forgotten in the name of Lionel Messi, captain of the Argentine squad and one of the greatest footballers of all time. At age 35, the Qatar World Cup was widely anticipated as Messi's last chance at the trophy, a key piece of hardware which had been missing from his enormous collection. His name and number were adorned by supporters around the world: those from Argentina itself, countries who didn't qualify, and countries who dropped out as the tournament progressed.

While the entire Argentinian team boasts impressive talent, it was indisputably Messi's leadership, skill, and pursuit of legacy that unified the squad and led them to their historic victory.

Crisis off the pitch

Players like Messi are just one example of the wealth of human capital in Argentina (4). However, it has too often gone underexploited – as observed by the former president of the Central Bank of Argentina Mario Blejer, talented Argentinians tend to emigrate to countries where their efforts are appreciated in the market and protected by consistent government policy. This is one of many factors contributing to the desolate state of the Argentine economy. In November 2022, the national annual inflation rate was reported at a staggering 92.4% (3). In comparison, Great Britain – which is suffering a cost of living crisis – reported the same figure at a mere 14.8% in October 2022 (5).

Additionally, the national interest rate of Argentina is a staggering 75% (3). In the United States, the same figure is just 4.4% (6).

These statistics indicate bleak economic prospects for Argentina. The national star, Messi, has an estimated net worth of £519 million; while most Argentinians have shared in his victory, they do not share in his prosperity. Fluctuating government policies and over-intervention in the economy have stalled growth for years (4). Argentinians may eat, breathe, and sleep football, but no amount of trophies can keep their businesses open, children fed, and economy running.

A future after football

The post-victory celebrations halted everyday life in Argentina. Millions of fans flooded the streets in their iconic blue-and-white striped jerseys boasting the 'AFA' patch. Viral internet videos showed both birds-eye and up-close views of the sheer numbers that turned out to celebrate the nation's success. It was a necessary morale boost for the country, which has been riddled by political turmoil as well as economic failure. Some hope that the World Cup win will boost tourism, thereby creating jobs and raising its global profile (3). It is even predicted that Argentina could experience a tangible, 0.25% boost in the upcoming two economic quarters (2).

However, it is unclear whether the impacts of the World Cup will be enough to calm the Argentinian economy and steer it to success. In fact, the statistics clearly suggest otherwise. Radical political change – not another successful round of penalty kicks – is what has the power to right the economy's course. There is every cause to celebrate the national accomplishment that is a World Cup win; there is every likelihood that newfound unity may come as a result. Nevertheless, the future of Argentina is no longer in the hands of its footballers, but the citizens who support them. The next fiscal year will be their tournament of a lifetime.

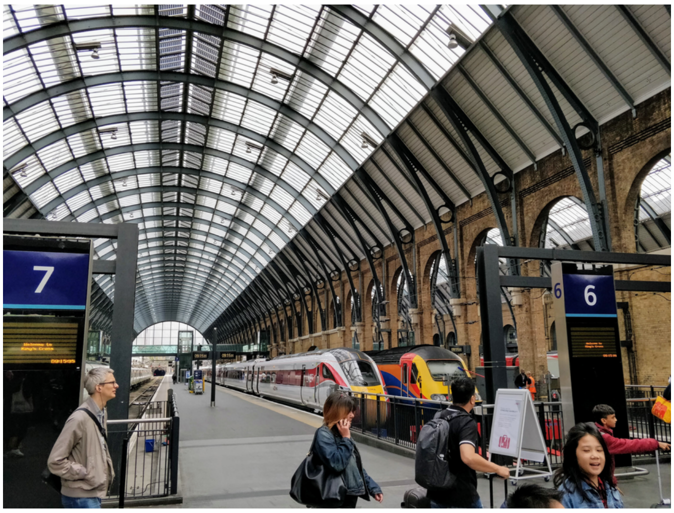
Strikes in Crisis: UK Protests at a Time of Economic Change

By Natalie Olofsson

The UK 2022 holiday season was marred by a series of train, mail, and education strikes. In the busiest travel period of the year such strikes have been heavily detrimental to both those travelling for Christmas and the train and mail industries, which rely strongly on the Christmas season for their yearly revenue. However, such strikes during a period of increased economic activity will have the strongest impact on policy regarding wages: by demonstrating the influence of said industry on nationwide lifestyles, unions have higher bargaining power for members' needs. Regardless of the effects such strikes have on consumers and passengers, they demonstrate a desire for wages which keep up with the nation's energy crisis and inflation changes.

Strikes in December can be divided into a number of industries: namely shipping, transport, healthcare workers, and education. The given sectors rely on both private firms and government policies on wages in order to suggest annual improvements. Many of these public sectors have seen little to no pay increases over the past decade; in contrast the private sector has seen proportionately higher increases to annual salaries. With inflation at 11% in October, largely due to increased energy costs, many workers feel the added pressure of budgeting at a lower real wage than when starting their current positions.

Royal Mail, which employs nearly 160,000 workers in the UK, saw employees strike on December 9, 11, 14-15,



and 23-24. With the busiest time of year for shipping parcels — due to higher spending on consumer goods in preparation for Christmas— those who did not strike felt added pressure to increase work hours during the holidays. Further, consumers observed Christmas parcels arriving after Christmas.

In regards to transportation the UK saw strikes in the train sector and regional buses. Train strikes have seen arguably the most media attention, with mid-December strikes halting much of the affordable travel during the month. Leader of the National Union of Rail, Mick Lynch, is at the forefront of a campaign for an increased pay offer for workers. Compromises between the government and labour unions yield concerningly little headway: current Prime Minister R. Sunak reiterated in a public statement the government's inability to institute pay rises. A similar sentiment, in which public sector unions struggle to influence their members current salaries, is seen in employee discontent for educators.

For those in the Scottish education system, both university students and those in secondary school find their education affected by strikes. In early December the Scottish Secondary Teachers' Association and NASUWT unions began two days of strikes, in reaction to a dispute over pay. These strikes affect schools throughout the country. Although the nation's teachers have not striked in nearly 40 years, in response to a pay deal which has not gone through many are facing the same cost of living disputes as those in other public sectors. It is unclear whether the same disputes will result in strikes in England and Wales.

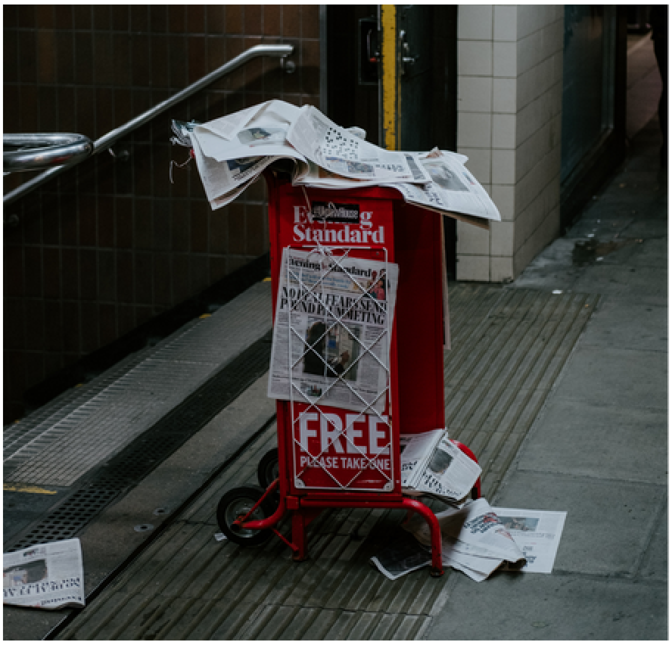
2022 turned out to be a year of strikes in other European countries as well. Disputes are primarily in regards to pay, as well as some over working hours and poor labour conditions. Factors such as energy costs — which due to the Russo-Ukraine war have disrupted Europe's reliance on fossil fuels — have increased the cost of living continent wide. Eurostar and Ryanair, which are major contributors to the rail and air transport sectors, respectively, have strike actions planned throughout December. Fragments of the firms have been striking continuously: union members for Ryanair Spain are continuing an ongoing strike beginning in June.

Although trade unions have seen dwindling membership in the UK since their peak in the late 70s, there has been a contrasting increase in membership for the past four years. This rise in union participation is seen particularly in the public sector, whilst private sector membership remains stagnant or diminishing. Such a discrepancy aids in explaining why recent significant strikes are concentrated in public infrastructure — in particular healthcare, transportation, and education.

This year's round of strikes is indicative of a dissatisfaction in wages for the public sector: as a consequence of a rising cost of living, which government funded services may fail to account for in yearly wages, the sectors' unions view striking as the strongest way to voice their convictions. As the December 2022 strikes recede and economic predictions for 2023 come to fruition, the wellbeing of public workers is crucial to the stability of the nation's transportation, healthcare system, and education. Whether it is providing reliable transportation or improving continuously overrun NHS services, the first quarters of 2023 will rely on improvements to worker conditions to keep the nation's services running.

Stagflation for the Nation?

By Harry Gillespie



Last year proved to be a tumultuous one for the United Kingdom. We saw the pound drop to one of its lowest ever values, felt the crunch of a debilitating cost-of-living crisis and withstood wild swings in government policies thanks in no small part to the revolving door at 10 Downing Street. Naturally, we must remain hopeful that 2023 will bring an uptick in our fortunes, however it is crucial to balance this will a healthy dose of caution. The coming year is unlikely to be plain-sailing, especially given the recent announcement that the UK is in recession, and is likely to remain throughout 2023, as well as still elevated price levels, with CPI at 10.7% in November 2022. This poses a difficult dilemma for policymakers and could prove to be disastrous for an economy only recently recovered from the damage done by the pandemic. Stagflation, which last occurred in the United Kingdom in the 1970s, describes a situation marked by persistent high inflation and unemployment, and low growth. It can be incredibly damaging for the economy, as it provides a situation in which the policy tools to help improve one economic indicator, such as higher interest rates to curb inflation, may negatively impact the other. The term itself was coined by Conservative politician Iain Macleod in 1965 and became popular to describe the economic conditions of the following decade.

Causes of the problem

Stagflation can be caused in a few different ways, most notably supply-side shocks and mis-aligned economic policy. High inflation has been a hallmark of economies across the world following the pandemic, largely as a result of global demand recovery outpacing supply capacity. The fact that prices show no sign of abating, coupled with more recent growth fears, has led us into stagflation. The energy crisis specifically has driven both inflationary pressures, as well as reductions in growth. This is because energy prices are relevant for the production of all other goods in the economy, thanks to transport and industrial costs. This may result in, not only sustained price increases of goods, but also real reductions in the country's productive capacity. This problem is compounded by countrywide labour shortages: according to the UK government, in November 2022, 13.3% of businesses reported shortages of workers. This has principally been as a result of a post-pandemic 'hangover' of reduced labour supply, coupled with a strong recovery driving high demand. Furthermore, the policies adopted by the Bank in order to combat high inflation, namely the recent interest rate hike to 3.5%, have had negative consequences for growth. This is in the form of reduced spending and increased borrowing costs – which is especially negative for business investment. The country has experienced a 'hard landing' from the Bank's monetary policy tightening, entering recession, and hence the dreaded state of stagflation.

So why is stagflation such a bad thing?

Firstly, it is very hard to successfully counter such a situation. The tools available for policymakers tend to have a contrasting effect on inflation versus growth or unemployment, especially fiscal or monetary policies. For instance, when the Bank of England decided to hike interest rates, this was in an effort to curb inflationary pressures, but the secondary effect was that it contributed to stagnating growth. Thus, one can clearly see the problem inherent with stagflation – there is no easy way out of the situation. What's more, as the cause is external, being an energy supply shock, it cannot be easily corrected. The result is that once stagflation arrives, much like unwanted house guests, it tends to stay for a long period of time.

Secondly, given the elevated public and private debt levels as a share of global GDP compared to in the past, at around 350%, we may also be heading towards a devastating debt crisis.In order to curb inflation, the Bank has no choice but to hold firm with their tight monetary policy. This, coupled with growth stagnation, could lead to increasing debt-servicing burdens, which risks widespread default with dire consequences. This situation could be similar to that of the Global Financial Crisis, with the key difference being inflation levels. Back then, it was much lower than today, and central banks had free rein to pursue expansionary policies to stimulate aggregate demand. Not so in any contemporary debt crisis, thanks to our old friend stagflation. Of course, it is true that central banks could break ranks and start expanding monetary policy again. However, this too would pose problems. The likelihood is that inflation would slip out of control, which would itself have consequences, especially in exacerbating the cost-of-living crisis. Thus, stagflation presents a no-win scenario, where contractionary policy could trigger a debt crisis, and expansionary policy unmanageable inflation.

Lastly, it is important not to forget about the implications that stagflation has on ordinary people. As the situation entails rising prices, coupled with slowing growth and rising unemployment, the damage that this will cause is evident. Workers will continue to experience real wage cuts – over the course of 2022 they fell by 3.0%. Since interest rates are rising, mortgage payments will increase, along with prices, meaning that households will be feeling the strain even more than the previous year. This could mean possible rising defaults, as it is harder to cut back on spending. Additionally, stagnating growth is likely to lead to job losses which is likely to plunge many into dire financial straits. The length of time that stagflation usually persists for could mean that 2023 may be yet another difficult year.

Historical comparison and reflection

There exist notable similarities between the current situation and the last time the country experienced stagflation, which was triggered by the 1973 oil embargo on the West by OPEC. This brought a shock to the energy supply, reminiscent of the one caused by the pandemic and the War in Ukraine. The result was skyrocketing inflation, alongside long-term unemployment. This may provide a disheartening glimpse into what may be to come for the current economy, as it took many years for the economy to recover, despite the lifting of the embargo in 1974. It is true that unemployment has of yet remained low – but this can largely be explained by the rise in economic inactivity brought by the pandemic. In fact, this could present a problem that differs from those of the 1970s, as instead of too many workers, there are too few. Worker shortages hold back growth and contribute to inflation, and despite a tight labour market, real wages have not increased, as previously discussed. Moreover, there is another key difference between the present situation and back then, as in the 1970s, debt was nowhere near the staggering levels it is currently. This could be disastrous for the country, as higher household debt may amplify the pain already caused as a result of stagflation. This is because even more pressure will be placed on finances, and if widespread default occurs, we could be in for a crunch on credit.

To conclude, it may appear as if there is much to be gloomy about, with the burgeoning threat of persistent stagflation, yet there may still be some hope. Inflation, while still elevated, has appeared to be on a downward trajectory in the UK. The Bank of England has forecast that headline CPI will fall to around 5% by the end of 2023. This may help us to avoid the trap of being stuck in years of stagflation. However, the road to get to lower inflation will be difficult – it will require the maintenance of tight monetary and fiscal policy. This will squeeze disposable incomes and may raise unemployment, meaning a necessarily tough year could be in store.

Big Bang 2.0? Not Really.

By Ming Lee

The original 'Big Bang' (no, not the beginning of the universe as theorised by physicists), rather a string of deregulatory reforms of the UK financial sector put in place by Thatcher in the 80s, were revolutionary for the UK's financial sector. Taking place in a time where globalisation was on the rise, the modernising reforms made The City a leading player in the global financial scene.

Since this victory for the UK financial sector, the tides have changed and the UK seemed to have forgotten the importance of its connection with the rest of the world, with its vote to leave the EU in the now infamous Brexit vote. The departure from the EU was supposed to elevate the UK's global position, unleashing itself from the shackles of restrictive EU policies that had been holding it back. New trade deals and less stringent regulations were all catalysts of growth proposed by the proponents of Brexit which were supposed to reignite the UK's financial sector and the economy overall.

Has this happened though? It doesn't seem so. Since Brexit, it seems that instead of reclaiming its role as the global powerhouse it once was, the move had made the UK less connected to the rest of the world and become increasingly isolated. This doesn't seem too hard to believe. Before, the UK's membership of the EU single market meant that the UK financial sector was free to export its products and services to the EU, without any extra licenses or regulation through a 'passporting' system. This was a huge privilege that the UK certainly reaped rewards from, with the country being the largest exporter of financial services in 2019, having a trade surplus in the sector valued at $77 billion, and with trading with the EU making up over a third of all financial services exports.

Although the UK's position as a financial centre is still undoubtedly strong, Brexit has thrown a spanner in the works of the industry's future prosper. Now no longer in the single market, the UK now relies on being granted equivalence decisions, where the EU can grant frictionless trading via equivalence if they deem the UK's financial regulatory framework to be equivalent to its own, at its own discretion. There has been an absence of equivalence decisions, which some deem to be a political choice, but all in all, Brexit has not been favourable in this sense towards the UK's financial centre's global competitiveness.

With less markets to freely trade with, the UK has seen the position of its financial centre fall. Since Brexit, Amsterdam has replaced London as Europe's largest trading centre, the Paris Stock Exchange overtook the London Stock Exchange's place as Europe's most valuable stock exchange, and around 10% of UK banking assets, totalling over £900 billion, had been moved from the UK to the EU as a direct result of Brexit.

With the position of the UK's financial sector being less than ideal, compared to its previous era of dominance, the Conservative party have been hankering to deregulate, and bring The City back to its days of glory. These new regulations have been a long time coming, with Johnson's proposed bill in July 2022 to reform the financial legal framework, followed by Kwarteng and Truss's infamous 'Trussonomics', and now with the latest Chancellor's Edinburgh Reforms, ie Big Bang 2.0.

With the past year of UK politics being best summarised as a series of chaos and U-turns, the fact that the agenda of deregulating and reviving the financial sector has remained, even after three prime ministers and even more chancellors over the year is quite astounding. Then, with the amount of time this proposal has been in the works, they must be big, right? But, the newest Edinburgh Reforms don't seem to be that big of a bang.

The Edinburgh Reforms, announced by Jeremy Hunt in December 2022, is a 30-point plan which aims to loosen financial regulation, including changing rules for stock offerings and private trading venues, as well as loosening capital requirements and cutting the cap on banker's bonuses, all in an effort to give the City of London back its edge in the ever-competitive financial sphere. Although the string of reforms are being touted to finally deliver the 'Brexit Dividend' that was promised by the Torys, the reforms don't seem all that radical in the grand scheme of things, and certainly don't live up to the name of its predecessor from back in the 80s.

The reason it won't be a fitting successor to the original is obvious in the name, a 'Big Bang' can only happen once. Whilst the original Big Bang happened in a time where the UK was becoming increasingly involved in strategic bilateral partnerships with other nations, had joined the EU single market a decade ago, and was overall taking advantage of the trend of globalisation and the rewards that could and were reaped from it. Contrastingly, this set of 'Big Bang' reforms are being put in place in reaction to Brexit, a move that can be said by most to be classed as a move away from globalisation.

In addition, the reforms are rather tame compared to what Hunt's predecessor Kwarteng had proposed. In his shakeup of the British economy, the short-lived Kwarteng not only proposed the scrap of bankers' bonuses, but also proposed increasing ministers' powers to be able to block or change decisions made by financial regulators such as the Financial Conduct Authority and the Bank of England's Prudential Regulation Authority, in other words, removing the independence of these institutions. The UK economy nearly crumbled at the prospects of these economically unorthodox policies, where the bond market nearly crashed, and the Bank of England had to intervene. As a result, Truss and Kwarteng left office with their premierships being the shortest and second shorted respectively in history. It is obvious that Sunak and Hunt have learned many lessons from the experiences of their predecessors, mainly that the UK economy is rather fragile, and now is perhaps not the time for chaos or large reform. This set of new deregulatory reforms isn't a big bang, rather just changes that have been in the talks for years, and that have been strung together to have a better ring to them.

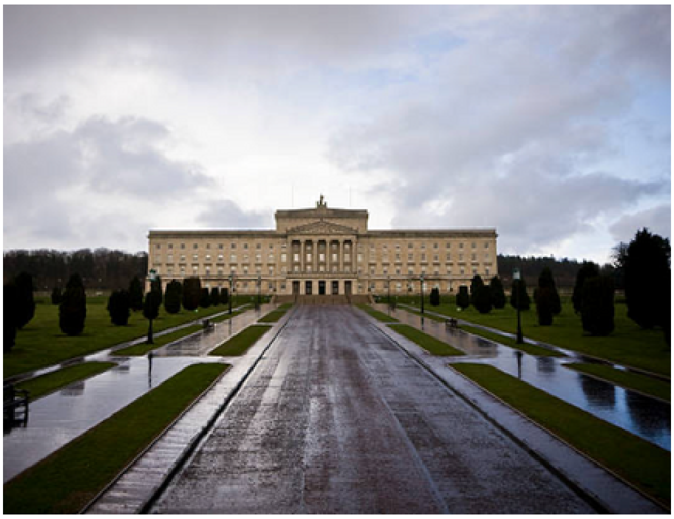
But, is a Big Bang really what the economy needs anyways? It seems not. Time and time again, we have heard that stability is what the country needs. This gives way to why the Bank of England is sticking so closely to global regulatory and supervisory guidelines set by Basel III, at the frustration of some banks. It's clear that the future of the UK's financial sector probably won't be particularly shaken up by these reforms. Some of the changes are welcomed by banks, such as the removal or crisis era fencing rules, but they don't reverse the effects of Brexit, Covid-19, and an ever-looming global recession.

The Northern Ireland Question: Sunak's First Political Headache of 2023

By Mark Connolly

Each new year brings with it a chance for reflection. The spirit of the occasion is one of renewal, where we take stock of where we find ourselves, and taking the new fresh start as an opportunity to change course and improve the things that matter. It is, therefore, rather fitting that the first major issue to dominate the British political landscape in 2023 should be the political settlement in Northern Ireland. Politicians of all stripes and ideological leanings have taken the opportunity for renewal as a chance to seek a new settlement – to draw a line, as it were, under the messy and increasingly heated situation which has been festering there since 2016, and was inflamed in 2022 after the Stormont legislative elections. The new year good will being demonstrated by various sides of the negotiation is made all the more poignant by significance of 2023: as the 25th anniversary of the Good Friday Agreement looms on the horizon, it is almost as if it has dawned on all involved that the petty wrangling has gone on long enough, and there are more important things to prioritise. Well, almost.

Would that it were so simple. Yes, Rishi Sunak has only been in the job for a mere 100 days (short by historical standards at least); yes, there is no doubting that his earnest demeanour makes it easy to mistake him for a teenager undertaking a research project for an A Level Politics course; but it is nevertheless striking that both the Prime Minister himself and many key figures in his administration appear so naïve on this issue. Their expectation and optimism that simple solutions can be easily achieved would be pitiable if it weren't such a poor negotiating strategy. Sunak and Co. find themselves in a deep and messy political quagmire largely of their own making, and it is telling that accusations of blame are already flying in every direction but the Conservative Party – very tellingly, onetime Minister for Brexit and ardent Liz Truss



supporter Lord Frost pinned the responsibility on the "Keir Starmer and his friends," who supposedly "forced the Surrender Act on us in 2019." That the party of government should seek to attack its opposition for the consequences of a deal which it enthusiastically campaigned on within recent memory is as staggering as it is insulting. But the assignment of blame contributes nothing to the solution of the present crisis.

The conundrum as it stands concerns Northern Ireland's post-Brexit trading arrangement. With the border between the North and the Republic now a border between the EU's Single Market and a separate trading zone, the two years since Britain's official exit have seen the implementation of overly-zealous checks on goods from Britain crossing the border into the Republic. Dull as the heavily detailed discussions of trading regulations and border protocols may seem, it has had immense real-world implications for how businesses on the island conduct commerce, meaning greater expenses in transporting and delivering goods, which are passed on to consumers at an already challenging time for the cost of living across the UK. A huge deal of bitterness existed on both sides, intensified by the callous approach of the Johnson administration, who defied international law and objected to terms which they themselves has originally agreed to. Since Johnson's departure, signs of progress have been there, the introduction of express lanes for goods intended exclusively for Northern Ireland perhaps the clearest sign that goodwill can lead us to more practical short-term solutions. But more must obviously be done – the heavy tariffs on steel and other key commodities, for example, have not even been touched on. In order to restore the executive to the Stormont Assembly and bring an end to the paralysis plaguing the seat of devolved government, a more comprehensive final arrangement must be drawn up, and it must be drastically different from what we currently have.

We presently stand with five primary interested parties: Westminster, led up by Foreign Secretary James Cleverly, Northern Ireland Secretary Chris Heaton-Harris, and of course Prime Minister Sunak; Dublin, also entering the new year with a change of leadership, as the Taoiseach Leo Varadkar assumes office amid a surge in support for rivals Sinn Féin and a housing crisis crippling Irish millennials and eating away at his public support; Brussels, led by the EU Brexit Commissioner Maroš Šefovič, whose interests are also served by swift resolution, though they are less desperate than Westminster. And then there are two camps in Northern Ireland itself: Unionists, led by Jeffrey Donaldson, who insist the protocol must be torn up if Northern Ireland's place in the UK is to be maintained; and Nationalists, led by Michelle O'Neill, who have done much to detoxify their movement from its association with the IRA during the Troubles by focusing public discourse on kitchen-table issues rather than old sectarian divisions. With so many different factions and such strong conflict between principles and self-preservation, balancing all sides is near impossible – no new settlement pleases everyone. But within reason there are four potential options for where Northern Ireland goes next: keeping and fixing the protocol; returning to direct rule; reforming the Good Friday Agreement; and – the most radical option of all – Irish reunification.

Firstly: fixing the protocol would be mostly to the satisfaction of Brussels, who negotiated and agreed on this legal framework and appear determined to keep it in whatever modified form can be agreed. But, to put it mildly, the Unionist factions within Northern Ireland would hate this outcome; whatever benefits it may have to the ease of trade between the North and the Republic, loyalist political parties (chief among them the Democratic Unionists) find anything akin to a border down the Irish Sea beyond the pale. Their hardball tactics of blank refusal have forced Westminster to placate them time and again, and if they are to be coaxed into a compromise position, then it seems that only by softening the image of the border, with fewer dramatic physical checks and more co-operation between the UK and EU with data sharing (something which the Conservative hardline ERG will likely vote down).

Secondly: a return to direct rule from Westminster would be a dramatic – though not unprecedented – step. It would involve dissolving the Stormont Assembly and passing legislative powers to elected officials in London. This happened as recently as 2017, when the executive collapsed over disagreements on energy policy; but at a time when movements for national self-determination threaten the Union in Scotland and Wales as well as Northern Ireland, this would be an unbelievably bad look for the Conservative Party, and thus there is understandably little appetite for such a move among Tory MPs keen to keep their marginal seats at the next General Election.

Thirdly: as its quarter-centenary approaches, reforming the Good Friday Agreement may yet be the most likely option. According to its terms, both Nationalists and Unionists must be represented to some degree in the executive; but with the emergence of the Alliance Party, which takes no official stance on the matter of reunification, there is a third major faction to contend with. Given that not one party has more than 30% of the vote, it would make sense to reform these terms so that no one party has the ability to paralyse the government as Donaldson's DUP was able to do last year. But the UK government has repeatedly asserted that it has no intentions to change the agreement, despite positive noises from Dublin.

Lastly: Irish reunification would undoubtedly break the impasse, however drastic an option it may seem. Though Sinn Féin maintain their commitment to achieving a united Ireland within the decade, polling shows that it doesn't yet have the support of a majority in the North (though demographic changes suggest this is likely to change in the not-too-distant future). But even if a majority on both sides of the border existed, the exact practicalities are far from clear. Leo Varadkar has suggested that Northern Ireland would keep Stormont, but that its powers would be devolved from Dublin rather than Westminster; and although most in the Republic like the idea, they aren't keen on paying higher taxes or changing their flag from the Tricolour. And needless to say, neither the DUP nor Sunak's Conservative and Unionist Party could stomach the loss a nation from the United Kingdom, nor would they be comfortable with the message it sends to separatist parties like the SNP or Plaid Cymru.

Out of these four options, it falls ultimately to Sunak to resolve – as the final arbiter of Northern Ireland policy, and as the head of a government who campaigned for, voted through and oversaw the shambles whose fallout is making daily life in Northern Ireland a titanic uphill struggle, the initiative must ultimately be his to placate all sides. Placate the Unionists too much, and he will add fuel to the Nationalist fire; accept that the challenge is simply too difficult and give in to an arrangement which separates either the legal or commercial system of Northern Ireland from the rest of the UK, and his traditional conservative base, fiercely loyal to the Union, will never forgive him. It is a daunting challenge, but if he manages it, then it may cement him as a pragmatic problem solver, and give him a much-needed government success to tout at the next election, which polling suggests will be near impossible for the Tories to win.

But this is the very problem of how we approach the issue of Northern Ireland: in even writing of the challenge as an opportunity for any individual politician to prove their worth, we ignore the people who live and work in the North, for whom the challenge is not a hole in the sinking ship of Conservative popularity, but a major crisis threatening the ability of businesses to trade goods, make money, pay staff, and put food on tables across the country. And the basic fact is that, for far too long, people across the island of Ireland have been treated as chess pieces to be moved around in a grand game of political strategy – and it is the Conservative Party who stand most guilty of all. Whether it was Theresa May's capitulation to DUP demands in 2017 just to keep herself in Downing Street, or Boris Johnson's gung-ho display of faux populist machismo at DUP Party Conference making assured promises which were swiftly broken once the Conservative parliamentary majority no longer relied on DUP votes, there is a clear pattern of Conservative Prime Ministers using Northern Ireland as a political football rather than confronting the issues which matter to dearly to those who live there.

This problem of course has far deeper roots, and the dark and violent history of the Troubles, which still scars communities across Ireland has meant that bold solutions are often eschewed in favour of timid tinkering so as to be sensitive to all sides. But, if the Unionists' petty attempts to disable indefinitely the Northern Irish executive have shown us anything, it is that what Northern Ireland needs is less politicking, not more. We can only hope that the dawn of a new year will shed light on this now undeniable truth, and focus the minds of those in a position to do something about it. Otherwise, Armageddon.

Something is Rotten in the State of France - Emmanuel Macron and Pension Reform

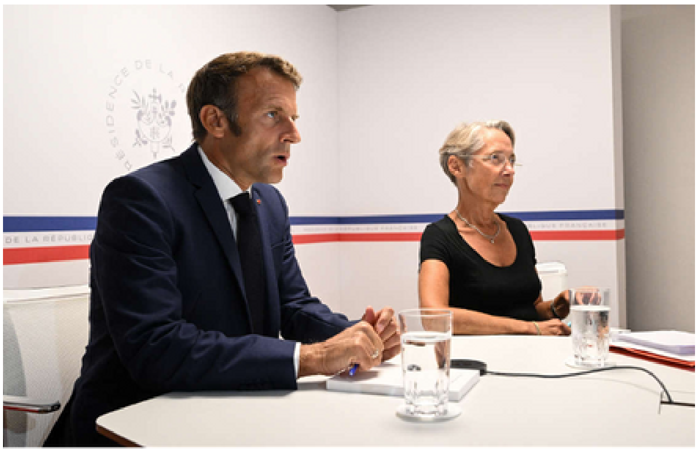
By Stanislas Zagun

The French government has recently presented its controversial reform of the pension system, delaying the retirement age to 64 years old. As the government does not have a majority in parliament, passing the bill will constitute a multifaceted political challenge.

Since his last presidential campaign, the President of the French Republic, Emmanuel Macron, has insisted on the need for an ambitious pension reform, defending the extension of the legal retirement age to 65 years old (from previously 62 years old).[1]Macron justified his reform project by referring to the growing deficit impacting the pension system, particularly driven by a smaller working population. Indeed, the drop in fertility associated with an increasing life expectancy and a subsequently ageing population are together straining the pension funding system.

Nevertheless, Emmanuel Macron and Édouard Philippe's government abandoned any plans of reform in 2020 because of the Covid-19 pandemic. With the health crisis now behind us, the President of the Republic is putting the bill back on the table. The reform is carried by the Prime Minister – the serious and technical Élisabeth Borne – former Minister of Labour and Social Dialogue. Indeed, it is up to Borne to discuss the modalities of this reform with social partners, including different trade unions representing the actors of the French economic life, both the employers and the workers.

However, one cannot ignore the 'don't touch the pensions' philosophy! As former Prime Minister Edouard Philippe ironically said: "The British have Ireland, the Americans have weapons. We have the pensions".[2]It is true that the reform has already elicited the ire of the workers' unions, including the



most liberal ones such as the CFDT, while 68% of the French people have already declared themselves to be against it.[3]

Perhaps the Anglo-Saxon reader should be given a few details to justify such a reluctant attitude, which can only be described as very French, as the legal retirement age is still much lower than in other OECD countries.

Firstly, this can be explained by what could be called the French spirit, that is to say, a prevailing collective mentality, which considers social rights as a fundamental, almost inalienable good that can only be touched with a trembling hand. Indeed, many French people fear that a second extension of the legal retirement age (the first having taken place in 2011 under the presidency of Nicolas Sarkozy) will come down to opening Pandora's box and foreshadow future ones.[4]

Secondly, the complex organisation of the pension system offers another reason for the rejection of the reform. Indeed, people who work depend on pension schemes (basic and complementary) with different terms depending on their professional situation. An employee in the private sector will not be covered by the same scheme as a civil servant or a self-employed person. The way in which the pension is calculated and the number of years required to obtain a full pension will vary according to these schemes. Thus, the professions with so-called favourable pension schemes fear the increasing uniformity promoted by the reform, as this would likely mean the end of some favourable dispositions. For instance, some schemes took into account the physical hardship of certain professions (work on a production line or in particularly noisy environments) and allowed earlier retirements.

Thirdly, it should be emphasised that, unlike the Anglo-Saxon models which give prominence to private pension funds, the French do not culturally resort to this type of system. In fact, the pension funds of the various schemes have an ambivalent status. Although they are organisations in charge of social protection under private law, they have a public vocation and are partially dependent on public fundings. In this respect, the question of pensions is intrinsically a matter of public policy.

In brief, Emmanuel Macon's reform is based on two pillars, the gradual increase of the retirement age to 64 years old by 2030 (with 43 years of service to obtain a full pension from 2027) and a greater uniformity of the various funds. The aim is to save between 10 and 15 billion euros so as to ensure the sustainability of the system.[5]

However, the presidential project shall be nuanced. The annual report of the Conseil d'Orientation des Retraites (COR) slightly moderates the urgency with which the reform has been presented. It shows that the pension system was slightly in surplus in 2021 and 2022. Nevertheless, this same report anticipates a deterioration in the short and medium terms, by 2032, as optimistic economic growth prospects have been scaled down following the cost-of-living crisis.[6]

Thus, beyond the budgetary challenge that this reform represents, it is also an eminently political gauntlet after the legislative elections of 2022, which saw a major recomposition of French political life. For the first time in the history of the ongoing Fifth Republic, the President of the Republic only obtained a relative majority in the National Assembly. The chamber is now multipolar and has seen the emergence of three major political forces: the presidential majority, the NUPES (a coalition gathering the far-left France Insoumise, the Socialists and the Greens), and completely new contender, the far-right Rassemblement National.

Theoretically, without a majority, the president cannot carry out his reform without making concessions. Nevertheless, struggling to find allies, notably on the benches of the Républicains (the traditional right-wing party whose number of representatives was drastically reduced during the last election), the government still enjoys a unique legislative tool, Article 49.3 of the Constitution. The Constitution of the Fifth Republic, as desired by General De Gaulle, establishes the president as the 'keystone' of the institutions.[7] In this respect, the President has the primacy in order to avoid any institutional blockage. Thus, Article 49.3 allows the government to pass its bill without any vote in the National Assembly. The only way for the parliament and its various components to be heard is then to present one or several motions of censure, and thus topple the government.

Although thought to be exceptional, the lack of a legislative majority has led the Prime Minister to resort to Article 49.3 more than ten times since the beginning of the new legislature. This systematic use now poses a real democratic problem as it constitutes a refusal of any forms of conciliation with the rest of the national representation.

This perhaps reflects another characteristic of the French spirit mentioned above and identified by the great historian of the French Revolution, Mona Ozouf. She points out that the French, since 1789, have been essentially radicals, opposed to any spirit of compromise. They think that if they do not get everything, they have not got anything. Hence, French political culture leaves very little room for conciliation and compromise – but this is paradoxically what the French seem to need right now.[8]

The result of the last legislative election is an invitation from the French to their leaders to do politics differently, à la scandinave one might say! But the French are not Danes and will not change in one night! However, there was a time when debate, discussion, negotiation and compromise were the order of the day in France. The Third Republic (1870-1940) was

At the beginning of this legislature, the oppositions have shown their willingness to return the National Assembly to the heart of the political game and to contribute to the legislative agenda. It is up to the government and Emmanuel Macron, as the majority party which naturally and legitimately has the leadership, to take the first step. The old reflexes which, under the pretext of non-respectability, prevented political negotiations with all the political forces, must be abandoned. It would therefore seem sound for the République en marche to start discussions with the representatives of France Insoumise and the Rassemblement National, which are both economically and socially more to the left than the President. It is then up to the government to gauge how willing it is to let its reform be coloured by the opposition, but non-discussion cannot remain a sustainable option until the next elections in 2027.

It is already known that the debates will focus in particular on the case of physical workers, long careers (i.e., people who started working significantly before the age of twenty), and the number of years required to have a full pension. This figure currently varies between 41 and 43 years depending on the case. The government is aiming for a generalisation of the contribution period to 43 years by 2027.

The opposition has also pointed to the unemployment among the elderly. In 2019, for the first time, there were more unemployed people aged over 50 (563,000) than under 25 (555,000).[9]It shows that raising the retirement age should also lead society and the private sector to rethink the place they give to older workers and, overall, to adopt a more inclusive attitude. The government has announced the creation of a senior index for companies with more than 300 employees. No sanctions are planned, as the government is hoping for the expression of public discontent to exert a pressure on recalcitrant companies (in other words, a "name and shame" strategy).[10]

Eventually, this reform constitutes a decisive turning point as it is about to enshrine in law an intrinsically liberal conception of society. The French will be expected to work longer, until the age of 64 years old, in order to ensure the pragmatic durability of their frail state pension system. Such a change will therefore put an end to a traditionally more social approach to labour. Indeed, it is likely that this bill will pave the way for other reforms of the kind to slightly push the retirement age to 67 years old as it is currently the case in Germany. In parallel, other means should still be found to fund the pension system including a higher birthrate policy, measures favouring full employment as well as the diversification of the economy. On the other hand, from a purely political perspective, this reform will probably not be taken as an opportunity to do politics differently as one could hope so. Élisabeth Borne's government is determined to pass this reform: if the Républicains are not willing to ally with the presidential majority, then, the Prime Minister will not hesitate to bypass the National Assembly by triggering off Article 49.3 of the Constitution. Hence, although this reform can objectively be judged required, the vertical way of enacting it is contestable and may actually damage its validity in the eyes of the population. This is finally a reminder that, in politics, the form and the substance are equally important.

2023 – A Turning Point for Erdoğan and the Republic of Türkiye

By Brynna Boyer

In October of 2023 the centennial celebration of the founding of the Republic of Türkiye will be honoured as a momentous occasion. Indeed, 2023 marks not only 100 years of the Republic, but also a potential turning point in the political history of the country in the coming months – a shift perhaps foreshadowed by the recent rebranding of Turkey to the Republic of Türkiye, the original name of Ataturk's new republic.

In 2023, Turkey is heading for a crucial parliamentary and presidential election, the results of which could change the politics of turkey altogether. In June, the Turkish voters will either consolidate the almost decade-long power of President Recep Tayyip Erdoğan – and two decades of his Justice and development Party's (AKP) rule – or mark a seismic shift in the political landscape of Turkey.

Held on 23 June, this Turkish election is perhaps the most important in the world this year (although that does not mean it will be the fairest). This vote will determine whether the century-old Republic – which connects Europe, Asia, and the Middle East – as well as its 85 million citizens will continue on the rather autocratic and expansionist path set by Erdoğan or whether a new age of liberalism and pluralism will usher Turkey into its second century.

The previous selection, held in 2018, transitioned the country from a parliamentary system of government to a presidential one, a decision which was only narrowly chosen in the 2017 constitutional referendum. Erdoğan retained his presidential position in this election, a position he has held since 2014, and has ruled with increasingly autocratic tendencies since the referendum. Yet, the President's AKP party has recently received barely 30 percent support amongst citizens.

Since the AKP Party's rise to power in 2002, there is a

serious possibility for real political change to happen in the country. Inflation is soaring to over 85.5 percent in October and the Lira has fallen in comparison to the dollar. As the economy and Lira sinks, the population's discount with the current government continues to rise – Erdogan's approval has plummeted over the past two years.

Turkey's economic crisis is directly associated with Erdoğan's rule as the president insisted on lowering interest rates as a misguided measure to curb inflation (something which opposes the advice of most economists). As a result, more skilled workers are emigrating and thus Turkey is losing important resources to reenergise the economy.

Adding to the rising opposition against Erdoğan, opposition parties are more united than in previous electoral cycles and the goal of defeating the incumbent president is the bond of the otherwise disparate opposition parties. The main opposition is the National Alliance (which includes the mostly centrist and liberal parties of the Republican People's party, İyi Party, Felicity Party, and Democrat Party) and it joined efforts last February with the Future and DEVA

Parties (which were both founded by former prominent members of Erdogan's AKP Party) to create the 'Table for Six'. This coalition's main aim is to effectively reverse the decision of the 2017 referendum and restore the Parliamentary system of government.

However, as strong as the oppositions seems, Erdoğan will do everything possible to retain his power. A highly pragmatic politician, Erdogan has cemented his power by winning elections, thus gaining him legitimacy, while simultaneously consolidating his rule by using many plays in the authoritarian ruler's handbook: jailing critical journalists and anyone who dares to oppose the regime. This past October, the Parliament enacted a new media law, backed by the AKP, which enables Erdoğan's government to penalise anyone who disseminates 'false or misleading information' – what the government considers to be false and misleading will surely depend on whether or not the media in question favours the president.

This past December, a Turkish court sentenced Istanbul's popular mayor, Ekrem İmamoğlu of the Republican's People Party, to over two years in prison based on comments he made over three years ago. The charge? 'Insulting public figures.' If this charge is upheld upon appeal, İmamoğlu will be barred from public office – a very convenient coincidence for the incumbent President as he could reclaim Istanbul while simultaneously eradicating his strongest competitor from the June election. As this dubious sentencing of a successful opponent to the incumbent president comes just six months before the historical presidential elections, it reeks of Erdoğan's authoritarian meddling. Indeed, as only Erdoğan and his courts are capable of judging insults from valid concerns, this seems very much like a ploy to keep power by any means necessary.

Regardless of the ongoing appeal in İmamoğlu's case, this witch-hunt may not create the political security the President craves and he, especially, should recognise this. Erdoğan himself was elected as the mayor of Istanbul in 1994 and challenged the party in power with his religious conservatism. As a result, he was banned from politics by the courts (who were then controlled by his opponents) under the accusation of spreading religious hatred during one of his speeches and thus imprisoned for four months. It seems Erdoğan is not very creative when it comes to eliminating his competition.

Erdoğan's persecution only served to bolster his popularity among voters, as the people of Turkey rallied behind the political victim. It seems İmamoğlu's sentencing has done the same. The mayor's sentencing catalysed thousands of supporters to take to the streets and protest his arrest.
Considering Erdoğan's waning approval, it seems unwise to stir the pot, especially in the context of Istanbul's 2019 municipal election. In this fateful election, İmamoğlu seized victory from the AKP through a wave of populist support. However, Erdoğan encouraged the cancellation of the election through a decision of the Supreme Election Council – a decision which prompted İmamoğlu to make the criticism for which he is now being persecuted.

Populist movements have recently proven able to subvert elections across Europe in 2022– as Italy and Sweden ushered in new right-wing governments elected through populist movements, Viktor Orbán retained power in Hungary, and Emmanuel Macron just barely emerged victorious against right-wing populist Marine Le Pen – and there is a chance Turkey may just follow these countries into a similar electoral upset.

Populism is a direct backlash against perceived failings of a government, driven by people who are so disillusioned that they are able to go against the establishment to create change at a grass-roots level. Regardless of if the change populism brings is for better or worse, the very existence of populist movements indicates the failing of some sort by a complacent government. Erdoğan's government is certainly failing the Turkish people economically, thus the conditions are right for Turkey to follow the electoral trends of 2022 and experience a populist upset during the elections of 2023.

In the past few years, Erdoğan has turned Turkey into an international presence. Therefore, the outcome of the impending election will not only affect the future of Turkey but will also greatly affect much of the world. Since its mediation efforts between Russia and

Ukraine, Turkey has quickly gain international attention. Ankara has been trying to capitalise on the regional conflicts and the regional shifts of power it creates as well as its mediator role in these conflicts to increase their leverage on issues concerning what Erdoğan has deemed of national interest.

In their 20 years of power, Erdoğan and the AKP have reneged from their policy of 'zero problems with the neighbours' and forged conflicts with Syria, Greece, Israel, Egypt, Saudi Arabia and Armenia, which could have massive consequences in the international community.

Ignoring opposition from both Washington and Moscow, Erdoğan has boasted of preparations to send tanks into Syria to dislodge Kurdish militias allied with the West in the fight against Islamic State militants, which Ankara sees as linked to the outlawed Kurdistan Workers' Party (PKK). By launching this initiative Erdoğan hopes to create a buffer on the other side of Turkey's southern border.

While Erdoğan has the support of strongly nationalist public opinion in Turkey, a full-out ground invasion into Syria that would trigger U.S. or Russian reactions, forcing Ankara to back down, could backfire on him — just like his dubious use of his government's power of the judicial system to silence his opposition. On the other hand, a limited cross-border operation with few Turkish casualties could actually be the rallying point to turn voters in Erdoğan's favour, as the operation would seem like a successful measure to protect Turkey's borders.

Meanwhile, the increasingly problematic Turkish president is also threatening to strike Greece (a NATO ally) in a blatant and concerning act of aggression amid manufactured disputes over gas drilling, Cyprus, and the so-called 'militarization' of Greek islands in the Aegean Sea. Unfortunately, the European Union will most likely fail to be a force for moderation or restraint when it comes to Erdogan's aggression. The EU is Turkey's biggest trade partner, but it has lost influence in Ankara due to contentions surrounding the country's delayed EU accession process. In fact, Brussels must regularly bribe Turkey to hold nearly 4 million Syrian refugees to keep them from flooding into Greece.

As the impending election looms, the opposition against Erdoğan seems to be gaining traction. The West would certainly be relieved to see the back of the autocratic president, yet they are doing little to support the election of a more moderate, peaceful Turkey in June. However, Erdoğan has proven himself to be a resilient politician who is not afraid to resort to intimidation, aggression, and authoritarianism to retain his power over the country and it remains to be seen whether the Republic of Türkiye will welcome its new century still under Erdoğan's thumb or with a completely new government to determine its future.

Hope from the East? The Question of Azerbaijan's Role in Keeping Europe's Lights on

By Tom Fort

Azerbaijan emerged from behind the red curtains of the Soviet Union in 1991 as the world under Moscow's grip began to crumble – a new republic nestled alongside the modern-day states of Russia, Iran, Georgia, and Armenia. Its gleaming capital, Baku, stands proudly on the shores of the Caspian Sea, a modern city heading an ambitious and confident state which overlooks some of the most resource-rich lands of the former Soviet world. As Russia's revenues from oil and gas sales begin to dry up, with a monthly deficit in August 2022 of as much as $5.9bn, European economies are searching for alternative avenues to quench their thirst for natural resources. Azerbaijan seems superficially to be a well-positioned candidate, but could the moral and strategic dilemmas surrounding both Azerbaijan and the wider region prove too much to bear for the European engines of the global economy?

In July 2022, President of the European Commission Ursula von der Leyen was in Baku, signing a new gas export deal between the European Union and Azerbaijan, specifically to expand the volume of gas exports from 8 billion to around 20 billion cubic metres by 2027. As of 2017, Azerbaijan holds 35 trillion cubic feet of proven natural gas reserves, reserves just beyond the frontiers of a continent aiming to wean itself off its greatest historical supplier. It seems therefore that with a deal secured, Europe's energy stockpiles will look increasingly Azerbaijani.

But how exactly did we get here? Azerbaijan's thriving gas industry took off well before Russian boots marched into Ukraine in February of this year. Following the collapse of the Soviet world, private enterprise boomed as foreign firms such as BP aggressively invested in the region, culminating in

extensive infrastructure projects such as the Southern Gas Corridor which carries natural gas through Georgia and Turkey into Europe's southern economies. As of 2018, this channel was noted to be able to satisfy approximately 2% of the European Union's gas consumption.

The striking of Europe's energy deal with Azerbaijan was met with discontent from various human rights groups and NGOs, a deal which for many simply constitutes a tolerance of Azerbaijan's autocratic tendencies to fulfil European needs. According to Human Rights Watch, dozens of opposition leaders, journalists, and civil society leaders in the country have been wrongfully imprisoned, with further reports of both torture and abuse of detainees in custody. The enriching and embracing of an autocratic regime with disdain for the very democratic principles upon which Europe proudly stands would suggest a continent built on sand, not on stone.

However, it is not only Azerbaijan's record on human rights which has the potential to cause both headaches and uncomfortable questions in Brussels. The shattering of the Soviet world may have occurred over thirty years ago, but the pieces are often very loosely held together in this corner of the former Empire. The relationship between Azerbaijan and Armenia is frozen at best and openly hostile at worst, boiling over into two days of direct conflict this past year. The prospect of even greater gas revenues flowing back to Baku has the potential to bring, in turn, a greater scope for inter-state violence in the region. In total, approximately 60% of Azerbaijan's government budget is financed through the sales of oil and natural gas, a vast wealth which has the potential to trickle elsewhere.

By 2022, Azerbaijan's military budget had indeed swelled, to a size more than triple that of Armenia, and the close relations which exist between Ankara and Baku have ensured in recent years that Azerbaijan enjoys a consistent flow of military goods into its arsenal, notably including sizeable imports of drone technology. As Azerbaijani gas keeps the lights on in Europe's capitals, it is European cash which could fill Baku's military coffers further, strengthening the country's hand in the ongoing confrontation with Armenia. To add to this, Armenia's traditional military ally Russia is seeing its influence in its own backyard dissolve, failing to provide support to fellow CSTO member Armenia during recent border clashes and simultaneously offering no condemnation of Azerbaijani actions. As Armenia's security falters, the fuelling of Europe's energy security could easily light fires elsewhere.

Georgia, one of Azerbaijan's neighbours to the West, could pose an additional obstacle for the future security of any flow of resources. It was only in 2008 when Russia invaded into northern Georgia, recognising the breakaway regions of Abkhazia and South Ossetia as independent from Tbilisi, the latter of which began manoeuvres in May 2022 to hold a referendum on joining Russia. A disregard for the sovereign territory of Georgia, through which Azerbaijani gas flows westward and onto which Russia has encroached, could fuel further uncertainty regarding the future security of supplies, especially if Russia's hand continues to be weakened in the face of its faltering campaign in Ukraine.

Azerbaijan and its vast gas reserves offer European leaders the chance to both oil their own economies and placate their populations in the process as the winter looms. However, Europe's policy has the potential to lock the continent into a cycle of self-destruction which could ultimately strengthen the hands of its adversaries. Even if the enriching of Azerbaijan could be brushed aside, an even more significant flow of cash could instead be heading north from Baku. It has recently been reported that Azerbaijan has potentially started taking gas supplies from Russia, supposedly as a means of helping to meet the growing European demand from its own gas fields. Europe's inflated spending on Azerbaijani gas therefore has the potential to help indirectly fill Russia's war chest, providing the funds needed to pummel the very Ukrainian cities which European money is supposedly destined to help rebuild. Whilst European leaders and populations may remain steadfast in their confrontation with Russia, the weakness of the arteries of Europe's gas supply runs the risk of prolonging the economic hardship which originally drove the continent to seek alternative avenues.

Not only that, but the infrastructure needed to both extract the gas from the Caspian Sea and to then export it to Europe is owned partially by Lukoil, a Russian oil and gas company both linked to the Putin regime and furthermore placed on the sanctions list of the United States. Europe's quest for energy security is one which therefore could easily play into the hands of the regime from which the continent is trying to flee, whilst simultaneously helping to dissolve the values European countries claim to stand for. With all circumstances considered, the leaders of Europe must decide whether the short-term relief provided by Azerbaijani gas exceeds the geopolitical instability which could easily weaken the continent's hand. As of now, however, Europe is ploughing ahead.

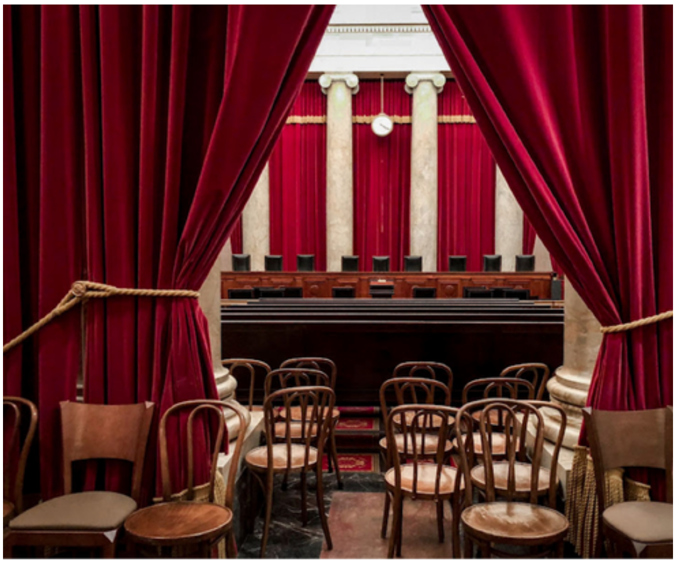
Conservative Crossroads: The Supreme Court's Activist Experiment

By Jack Horrigan

American politics is a nasty sport. The perennial struggle between Republicans and Democrats – and in the last few days, the struggle between Republicans and Republicans – is a testament to the gruelling grapple that few in Washington ever escape. But among all the representatives, senators, and secretaries vying for a spot at the top, there have been nine eminent officials who have remained above the fray. That is, until now.

In the past year, the Supreme Court has undergone a handful of changes, most noticeably in its makeup. Early in the year, Justice Stephen Breyer, a long-tenured Clinton appointee, retired. President Joe Biden's appointment, Ketanji Brown-Jackson, took Mr Breyer's seat after being confirmed by a 53-47 vote in the Senate – a count which, by today's standards, is almost a landslide. Ms Brown-Jackson, the first Black woman to serve on the Supreme Court, is also the first Justice to be a former public defender and a veteran jurist on sentencing regulations. Her qualifications make her a darling of the left-wing of the Democratic party, and her first full term will represent a departure from the relative moderation of Court's liberal bloc thus far.

But the Court's changing makeup hardly represents its most radical shift. Yes, Ms Brown-Jackson's nomination checks off many "firsts" in the Court's history, but she is a jurist before anything else, and her Ivy League education does little to differentiate her from her eight colleagues.



Justices come and go. The arrival of a new justice on the block, no matter how historic her appointment, does not represent a tectonic turn in Court politics. The Court is at a crossroads nonetheless. Both the institution and its members have been uncharacteristically marred by politics in recent years, and each controversial decision and contentious confirmation leave the Court's public image a little more bruised. The Court has historically been the least politicised of the three branches of government. The executive branch, though mostly comprising bureaucrats, is still steered by the most famous politician in the country; Congress has been home to canings, wrestling matches, and everything in between – it is hardly a bastion of civility. The judiciary is in theory above such frivolity. Television cameras are forbidden whilst the court is in session. Rarely do leaks occur. Justices do not publicly feud – indeed, their rare public appearances are mostly restricted to academia. The public image of the Court is one of expertise and disinterest, but in the past few years, that carefully cultivated facade of eminence has begun to falter. This is the turning point the Court faces: its members must decide the roles politics, power, and perception will play in shaping the Court's future.

The Court has long been seen to be immune from political machinations from all sides. Franklin Delano Roosevelt was arguably the most popular president of his era, ushering America through the Great Depression and World War II, and in return, being granted an unprecedented and unrepeatable four terms in office by the voters. Yet even his popularity had its limits. When he attempted to expand the Court in retaliation for the justices thwarting many of his New Deal policies, he suffered a resounding defeat in the court of public opinion. Nearly every politician, newspaper, and private citizen in the country felt that the Supreme Court was too sacrosanct to be so baldly meddled with.

The story is not the same today. In the past two years, trust in the Supreme Court has dropped by 20 percent. It is not difficult to find a reason. Chief Justice John Roberts was confirmed in 2005 after promising to never be a political actor via a charming baseball analogy: "I will remember that it's my job to call balls and strikes, and not to pitch or bat". Yet the Court no longer seems like a neutral umpire, but an active player in the political arena. Let's continue Mr Robert's analogy. In 2015, then-Senate Majority Leader Mitch McConnell flung open the Court's doors to politics when, rather than allowing the outgoing President Barack Obama his pick to replace the deceased Justice Antonin Scalia, he instead obstructed the nomination process for over a year until Donald Trump came to power. Strike one. Donald Trump, a president who never won the popular vote, then appointed another justice with serious sexual assault allegations against him. Strike two. Finally, with only a month left until the 2020 election, Mitch McConnell filled a vacant seat despite refusing to allow Mr Obama to do so four years earlier. Strike three. It should come as no surprise to the justices that in the eyes of many Americans, they're "out".

If their ascendancy to the Court was not cause enough for concern, a handful of justices seem intent on making objectionable their behaviour on the bench as well. Justice Samuel Alito wrote an inflammatory and altogether uncompelling majority opinion when the Supreme Court overturned Roe v. Wade, the landmark 1972 decision legalising abortion, earlier this year. To overturn a precedent is no small matter in common law; to overturn a precedent half a century old in order to rescind and not codify citizens' rights is unheard of in American history. Justices' personal lives have also been matters of scrutiny. Justice Clarence Thomas, perhaps the staunchest conservative on the bench, had his own sexual harassment allegations leveled against him during his confirmation in the early 1990s. Since then he has kept an infamously low profile. The same, however, cannot be said for his wife: Ginny Thomas has made headlines for being a full-throated supporter of the January 6 insurrection, even being called to testify before the House panel.

The Court has always been somewhat influenced by political concerns. The anecdote about Mr Roosevelt's abortive attempt at expanding the Court neglects a key detail: following his threat to expand the Court, the Court miraculously stopped striking down his policies. This "switch in time that saved nine", as it is now called, is evidence of the Court factoring in political concerns. This level of playing politics is broadly accepted in American society: perhaps because it favours no particular party, and only the Court's survival; perhaps because it happens tacitly and goes unacknowledged. But today's Court is not just playing politics. It is playing an activist role.

America is no stranger to activist courts. The Warren Court of the 1950s and 60s was notorious for stretching the law to accommodate "Democratic" viewpoints. (Incidentally, this era saw some of the "best" cases of the Court's history, such as Brown v. Board of Education, Heart of Atlanta, and Loving v. Virginia – this era bled into the early 70s, when Roe was decided). "Activist" courts are ordinarily associated with left-wing decisions, but this is not always the case. Mr Roosevelt's cowing of his own troublesome justices brought to an end the "Lochner Era", in which the activist Court enshrined the conservative principle of "economic liberty" before all else. These bouts of activism are not just examples of bad law. They harm the Court more seriously. Ahead of the 2020 election, Democrats were once again debating whether to expand the Court. Mr Biden as a candidate was forced to commit to forming a commission to review the Court's current role. The Supreme Court's insulation from the vicissitudes of politics, which is a bug and not a feature, has been the cause for its excoriation rather than a testament to its legitimacy.

Republicans should thus not be quick to celebrate. The Court, like any institution, evolves. This current phase of activism will pass, and decisions brought down by activist courts – like Roe – have a penchant for being overturned. Whatever victories Republicans will gain will be overshadowed by the harm done to what was once America's most trusted branch of government. In the Federalist Papers, a series of essays published in the late 1780s to advocate for the adoption of the newly-drafted Constitution, Alexander Hamilton describes the Supreme Court in rather demeaning terms: “the judiciary, from the nature of its functions, will always be the least dangerous…because it will be least in a capacity to annoy or injure…”. Mr Hamilton abandons his usual prescience here. The Supreme Court has proven it has the capacity to injure; the coming year will see if the American people decide to injure it back.

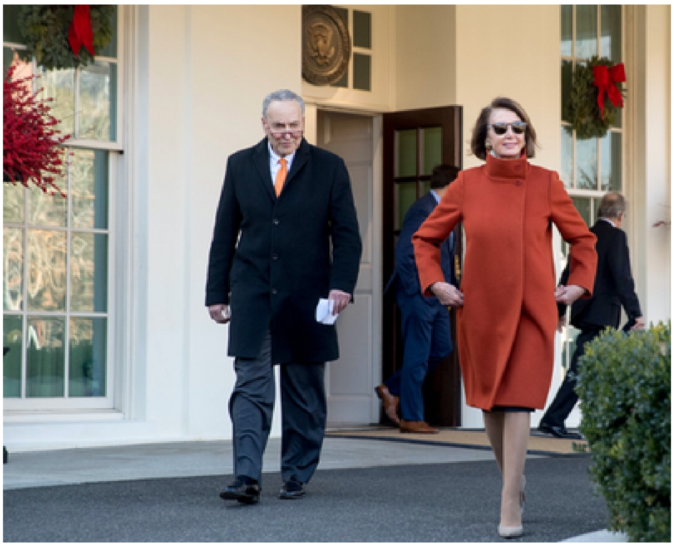
Madam Speaker, We Shall Not See Your Like Again

By Ross Alexander Hutton

The Shrewdest of the shrewd. The canniest of the canny. Nancy Pelosi will go down in history as the greatest Speaker of the House of Representatives. Not because she was the first woman to serve – not once but twice – as Speaker but because of the kind of politician she was and the kind of politics she practiced.

At the unveiling of Nancy Pelosi's official portrait during the final days of her tenure as Speaker of the U.S. House of Representatives, it was former Republican Speaker John Boehner – not Pelosi – who struggled to hold back the tears. "Tell the Speaker how much we admire her" were the words Boehner's daughters instructed him to share in Statutory Hall and the words which he delivered with such uncharacteristic affection. This was a speech of genuine admiration and respect for a political giant – a rare occurrence in a divided Washington. But it was more than that. It was a speech which recognised the end of an era. While Boehner praised Pelosi's inspiration for women and girls by breaking the 'marble ceiling' not once but twice, Boehner also noted the kind of politics she represented by drawing attention to Pelosi's ability to disagree but to do so without being disagreeable. In essence, Pelosi's legacy is derived not only from the achievement of becoming Speaker twice but from her achievements as Speaker. In her own words, Pelosi took up the gavel to "do a job, not keep a job".

To understand how Pelosi became the shrewdest of the shrewd and the canniest of the canny, it is crucial to realise politics is in her blood. Pelosi grew up in a family which was "staunchly democratic" – the D'Alesandros in Baltimore were what the Kennedys were in Boston. While her father was the Mayor of Baltimore before becoming a representative from Maryland, it was her mother, 'big Nancy', who ran her father's campaign and taught 'little Nancy' the ways and means of power. 'Big Nancy' was known to keep a



'favour file' to record who deserved compensation for allegiance, offering a key lesson to Pelosi at a young age: reward loyalty and punish disloyalty. This early exposure to the ward politics of Baltimore is undoubtably where Pelosi's unrivalled organising and fundraising skills originate. Learning how to build coalitions amid fractious local politics and how to count votes in order to get results laid the groundwork for Pelosi's unlikely legislative wins decades later.

Pelosi's delayed entry into the political arena did not set her back as one might expect. In fact, Pelosi credits bringing up her five children as the 'best training' for her political roles of Whip and Speaker – if one needs any persuading of the value mothers bring to the political arena, look no further. The very nature of shifting loyalties amongst her children and continuous efforts to understand each child's needs in order to gain their cooperation provided the training for Pelosi, as Speaker, to patiently discern the unique interests of each caucus member as well as finding ways to skilfully align their interests with those of the party leadership.

So, how did Pelosi – armed with the skills to become a masterful politician – make the transition from homemaker to House Speaker? Pelosi organised and fundraised until she became one of the most powerful non-presidential fundraisers the Democratic Party has ever seen. Afterall, if one follows the money, power shall be found. While her astute ability to raise money gained her attention in the circles of power in the Democratic Party, Pelosi's aptitude to obtain results, to get things done and to make things happen are the real reasons she eventually found herself on the House Appropriations Committee as a representative for California. One is not appointed to the Appropriations Committee if they are not proficient at overcoming differing interests and finding compromise. It is, therefore, no surprise Pelosi excelled in the appropriators arena.

As a pragmatic, determined and patient politician, Pelosi slowly but surely persuaded her colleagues to elect her to leadership. When becoming speaker in 2007, she paved the way for women to hold high office. However, holding the gavel is second order to actually using it. And use it she did. At the crux of Pelosi's legacy is her abiding belief that politics is a vehicle to advance policy, not a vehicle to advance one's career. Pelosi's obsession with power is not with its acquisition but with how it is wielded – in stark contrast to her successor as Speaker.

Considering Kevin McCarthy required 15 votes to become Speaker while it took Pelosi one vote (in both Speaker elections), it is clear Pelosi's successor has nowhere near the level of her political skill. Clearly McCarthy has still to learn Pelosi's golden rule: if you don't have the votes, you don't go to the floor. Just like Boehner and Ryan, McCarthy simply cannot create the unity of purpose Pelosi is capable of without ceding power. To be Speaker in name only is not to be Speaker at all. While Pelosi is no great orator, her effectiveness in building coalitions without losing authority is unrivalled in modern times. As for Pelosi's democratic successor, Representative Hakeem Jefferies? Jefferies sure has some steely stilettos to fill.

Without Pelosi's quintessential political talent in either party to lead their increasingly divided caucuses, governing for either party is set to be increasingly more difficult. While the House has always been partisan as it tends to be more representative of the country, the shift in partisanship is important even if it is not as profound as in the Senate. For Republicans, the 'Ultra-Maga' republicans will continue to make McCarthy's speakership a nightmare as they effectively hold him hostage. It will be almost impossible for McCarthy to do the job of speaker as in order to become Speaker he has yielded his ability to negotiate and make deals through the major concessions made to the Freedom Caucus. As a result, chaos and dysfunction should be expected to become the norm rather than governing.

For Jefferies, the 'Squad' will test his abilities to unite his caucus to the same success as his predecessor. Painted as a 'San Francisco liberal', Pelosi came to congress as a "voice to be heard" with similar aims as Representative Alexandra Ocasio-Cortez (AOC) to challenge the establishment. But the similarity ends here. While AOC came to congress to be 'pure', to disrupt and stand up for progressive causes, Pelosi came to congress to legislate. As a pragmatic progressive, Pelosi understands the key lesson of power: compromise is essential to making real, lasting progress. This tension between young, radical critics and experienced pragmatics is set to continue in the Democratic caucus. As a down-to-business and no-nonsense leader, Pelosi successfully kept her caucus in line but even she cannot withstand the underlying political current. Without leadership powerful enough to withstand internal squabbling and wise enough to recognise that the perfect bill should not be the enemy of a good bill, the kind of politics Pelosi practised will now be confined to the history books.

This is not a recent observation. It has been plainly obvious for years. Just take the Affordable Care Act. Without Pelosi, there is not ACA. The story goes as follows. Obama wanted to reach a bi-partisan agreement on healthcare reform to honour his election commitment of reaching across the aisle. Pelosi, having learned from the failure of Boehner to secure enough Republican votes to pass the TARP legislation at the height of the financial crisis, grew ever more frustrated with Obama's persistent attempts to persuade Republicans to get on board. When the Democrats lost their supermajority in the Senate, the only way for ACA to be passed was for the House to accept the Senate bill and amend through budget reconciliation. Pundits and democratic party insiders alike wrote off any chance of success in passing healthcare reform. Ever the realist and dealmaker, Pelosi set to work on understanding how to get each of her reluctant members to yes. No other leader could have painstakingly assembled the majority needed: Pelosi was the right leader, at the right time.

Even with razor-thin majorities in the House and Senate before the 2022 Midterm Elections, Speaker Pelosi, President Biden and Leader Schumer learned the lessons from the battle to pass the healthcare reform. They understood the necessity of ensuring party discipline and unity in order to utilise their trifecta of power. Passing the Inflation Reduction Act which will bring down healthcare costs for American families, the Chips and Science Act which invests in American competitiveness and the Respect for Marriage Act which protects same-sex and interracial marriages in federal law, among a flurry of other legislative achievements during her final term in the Speakers office is the finale only she could write for her own trailblazing political career. Don't expect to see as productive a legislative session of Congress again any time soon.

Pelosi leaves office not only with a stellar legislative record but as strong political leader in her own right. Whether it be standing up to President Clinton on human rights abuses in China or rallying her party against President Bush on the Iraq War or unashamedly instructing President Obama to 'go big' on healthcare or fearlessly confronting President Trump in the Cabinet Room on his addiction to spreading misinformation, Speaker Pelosi always knew the value and strength she brought to the political arena. In her own words, 'you take a punch and throw a punch, for the children'.

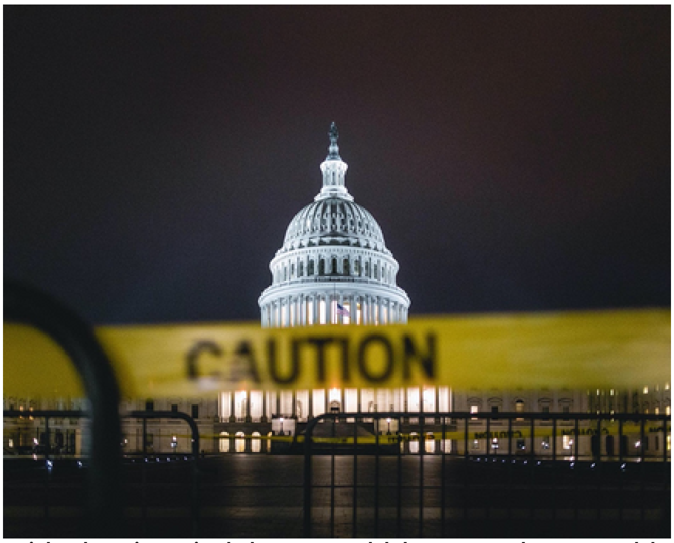
As a result of Nancy Pelosi's focus on not being the last female Speaker, there will – thankfully – be more female speakers. Indeed, if there is anything to learn from Pelosi's career it is that women know how to use power – and use it well. After all, Nancy Pelosi 'did everything that Fred Astair did, she just did it backwards and in high heels'. We can only hope for more homemakers to follow Pelosi's footsteps to House Speaker. Of course, there is a rather ugly flipside to Pelosi's dominance in Washington: the unrelenting, vicious attacks from her opponents. Yet, in keeping with her unbreakable strength, Pelosi never allows the vile abuse to dash her determination to do her job. Consistent with her character, whenever pressed on how she copes with the threats of violence to her and her family, Pelosi recounts an African saying: "When one day I die and happily go to meet my maker … he will say to me, 'Show me your wounds.' And if I have no wounds to show him, he will say, 'Was nothing worth fighting for? I'm proud of my wounds." Madam Speaker, we shall not see your like again.

Better for Lawmakers, Better for Americans: Expanding the US House of Representatives

By Ben Kushner

Speaker of the House of Representatives: Kevin McCarthy's new job title; one of the most important positions in government; and the leader of the most representative national political body in the United States. McCarthy's election to the speakership involved 15 ballots—the most since the American Civil War—and some ultimately successful internal politicking. Since McCarthy's victory on Friday 6 January attention has largely fixated on his tumultuous rise to the top of the House of Representatives, and the political concessions which he gave to a group of far-right representatives, which allowed him to secure the majority he needed to win the election. However, lingering under the surface of this political drama is an ugly truth about the American political system: the House of Representatives is structurally unsound, representationally uneven, and it has been for over a century.

The House of Representatives is composed of 435 members, each of whom represents a single congressional district. The number of congressional districts per state is determined every decade based on population data from the census. The least populous states—Alaska, Wyoming, Montana, North Dakota, South Dakota, Vermont, and Delaware—each have a single representative, whereas more populous states have more. California—the state with the highest representation—has 52 representatives.



With that in mind, here would be several reasonable assumptions to make:

1. That each house member represents roughly the same number of constituents
2. That the ratio of constituents to representatives reasonably allows members of Congress to adequately gauge the political opinions of their district when determining how to vote on a particular issue
3. That the ratio of constituents to representatives allows members to perform other essential functions in the district, including constituent casework

Yes, all of those assumptions would be reasonable. They would also be false. Many of the problems with the US house of representatives can be traced back to a single moment. In 1929 the United States Congress capped the membership of the House of Representatives at the current number of 435, based on census data from 1920.

While the Senate and the Presidency were not designed to be representative of population, the House of Representatives was. In 1789, the population of the United States was roughly 4 million people, represented collectively by 65 members of the House.

That left about one representative for every 61,000 people. Those representatives were apportioned evenly throughout the states, and as the population of the US increased, so did the number of representatives. In 1920, when the House last expanded there were 106,000,000 Americans, for 435 representatives, leaving each representative with a constituency of roughly 243,000. Today, the US population is 334,000,000 people, and the average representative is left fending for the constituent and legislative needs of more than 767,000 constituents.

Ideally, a member of Congress would have a good grasp of public opinion in their district. They would know what the majority of their district believes about high-profile issues and would vote accordingly. However, it is considerably more difficult to gauge the sentiments and diverse legislative needs of 767,000 constituents, than it is for 331,000. Furthermore, partisan gerrymandering has created legislative districts which permit members to ignore vast swaths of their constituencies and still be reelected.

Furthermore, Members of Congress are not limited to legislative duties. An often-ignored duty of a House Member is assisting constituents with troubles they encounter with federal agencies, including Medicare, Medicaid, Veterans Benefits, among numerous other areas. Larger constituencies make it more difficult for Congressional staffs to accurately and swiftly carry out constituent casework in their district. This was especially prevalent during the peak of the Covid-19 pandemic and the accompanying unemployment crisis. The summer of 2020 saw Congressional offices swamped with constituents who were having trouble accessing unemployment benefits. Members of the House, their staffs, and their constituencies would have been more effectively served by a larger House of Representatives.

Even if we choose to look beyond the logistical problems created by the current Congressperson to constituent ratio, 1 to 767,000 is only an average. In fact, the 435 member cap has made the House considerably less representative, with some districts catering to far more residents than others. For example, Montana's single congressional district has more than a million residents. Meanwhile, South Carolina's sixth Congressional district has around 663,000 residents. This contrast is noticeable even within individual states. Darren Soto from Florida's 9th district caters to 895,000 constituents, whereas Neal Dunn from Florida's second district serves more than 150,000 fewer residents, at 726,000. Therefore, an individual voting in Montana is statistically less significant than one voting in Florida's second, whose vote is less significant than someone in South Carolina's sixth, even though their chosen representatives will each have just one vote in America's so-called "representational" political body.

Furthermore, an expanded House of Representatives would likely lead to a significant reduction in partisan gerrymandering. The status quo encourages states with heavy partisan majorities to stack Congressional districts in their favour. When the states are competing for a fixed number of seats and the supposed Congressperson to constituent ratio is murky at best, it is easier for state legislatures to either "stack" the political minority into a single Congressional district or draw the district lines in a manner that "cracks" the political minority up into several districts, depriving them of any national-level representation. However, if the 435 member cap for the US House was to be eliminated, creating a greater number of smaller districts, both "stacking" and "cracking"—the two major methods of partisan gerrymandering—would be significantly more difficult, and would yield a smaller political benefit. This would create a disincentive for gerrymandering and an incentive for legislatures to create more representative districts.

The representational benefits of an expanded House of Representatives would extend beyond the House itself, into presidential elections. The president is selected by the electoral college, where each state's electoral votes are determined adding its senate seats to its House seats, giving a substantial electoral benefit to low-population states such as Wyoming. An expanded House of Representatives would dilute the disproportionate impact of low-population states in the electoral college. While it would not eliminate the problems with the electoral college, expanding the number of House members would—with a much simpler legislative process—lead to presidential elections with outcomes that are more proportional to population size, and more reflective of the popular vote.

Dysfunction in the US House of Representatives is par for the course. It is an institution characterized by dishonestly, delusion, extremism, and likely—for the next two years at least—spineless leadership. However, with a simple change, it can also be characterized by proportional representation, efficient constituent services, and responsive law-making.

The United States Congress should vote to eliminate the 435-member cap on the House of Representatives. It would not require a constitutional amendment, nor a significant restructuring of house bureaucracy. Instead it would be as simple as an every-day law, passed by a majority of both houses of Congress, signed by the president in an unprecedented act of sensible governance.

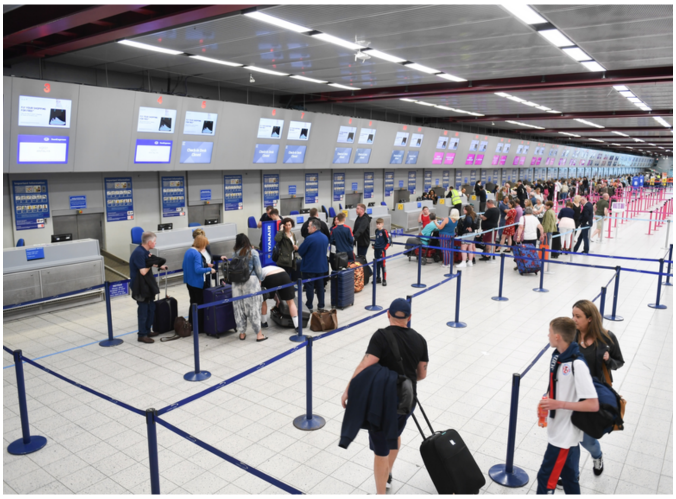
Please Fasten Your Seatbelt!

By Laura Gillies

Airlines worldwide hit the aviation equivalent of an enormous bump in the road when the pandemic hit, and subsequently the industry has hit one serious pothole after the other. In early January this year the entire US aviation industry ground to a complete halt for a number of hours and the knock-on effect will take days if not weeks to work their way out of the system. It's not that people don't want to travel –, on the contrary, people are again on the move and have a greater desire than ever for the services of the industry. The net result is that share prices in the industry have barely recovered from the fall they experienced during the pandemic.

This is particularly acute in the USA among some of the biggest and well-known airlines, such as American, Southwest, Delta, and United Airlines. After an initial rally when the world began to move around these stock prices have been volatile and generally trending down. Significant cancellations and delays are the visible manifestations of the underlying problems. This clearly results in consumer frustration and a general negative perception towards the industry. So, what is happening with the aAirline industry that has caused this phenomenon?. In order to fully understand the root cause of the airline's woes, it is necessary to look at some of the underlying issues that appear to be destabilizing what has traditionally been a relatively stable group of stocks.

Clearly with the pandemic and associated lockdowns, people were unable to travel; this was the initial cause of the shock to the industry. However, when the skies began to reopen and as people began to move again, airlines have struggled to resume this service offering that the consumer experienced prior to the pandemic. There are several key factors that contribute to this, which frankly have been in the making for decades. These are predominately aged fleets, lack of



investment in enabling infrastructure, disappearance of more experienced staff as well as high fuel costs and the impact of inflationary pressures across their entire cost base.

Airline companies within the US have experienced issues with returning aged planes to service post pandemic. Spare parts and service are proving either difficult to acquire or significantly more expensive. Of the four main US airlines, Delta and United Airlines have average fleet age in excess of 15 years, while their competitors American and Southwest have younger fleets. However, all are actively retiring old stock and are in the process of renewing their fleets. The reality is, whilst this is entirely possible to accomplish, it will take a time to implement.

At its peak in 2019, more than 750 billion passenger-miles were flown in the USA. This dropped during Covidcovid in 2020 to just over 300 billion before recovering to just shy of 575 billion in 2021 post pandemic. Pre-pandemic levels are expected to be achieved in relatively short order. The other issue that could stall this recovery is the outdated infrastructure that underpins each and every one of those miles. The systems regulated by the Federal Aviation Administration (FAA) are considered dated and no longer fit for purpose. Whilst it is entirely possible that all of this can be renewed, it again will take time and considerable investment.

Without the investment in the systems, it is entirely likely that events similar to that which occurred in January, whereby a damaged database file grounded all US aircrafts for a short period. This created chaos which as stated above will take a considerable amount of time to work through the system.

Staffing issues, both on the ground and mid-flight, existed pre-pandemic within the airline industry, post-pandemic that is true across the board with the US labor market experiencing significant shortages. It will take time, money, and considerable effort to recruit, train and deploy enough staff to solve the shortage. Without these staffing issues being resolved, airlines will end up with more and more cancellations and delays.

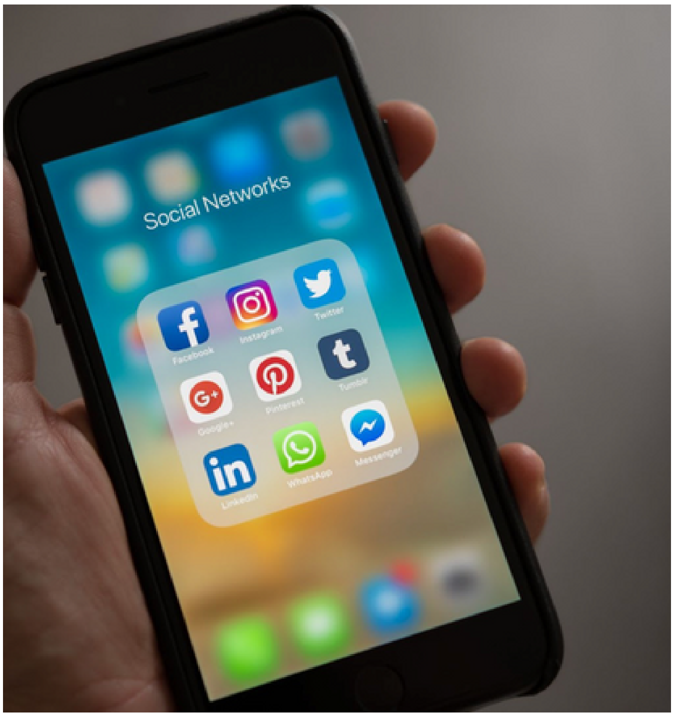
Increased energy costs and inflationary pressures across all other costs are being experienced across all sectors, not just the airline industry. The reality however is that a large portion of the costs incurred by airlines is in fuel and staff costs. With such a surge in fuel and demand for higher wages consistent with inflation, airlines have no choice but to hike up prices.

Taken together, aged fleets and infrastructure, along with staffing issues and inflationary pressures airlines are experiencing considerable headwinds. None of these problems are going to be resolved in short order. From the consumer perspective, the perception of poorer service and higher cost is an unpalatable combination. From an investor perspective, there is some concern about the airlines ability to work with the FAA to overcome these challenges and until there is a track record of progress their stock prices are going to continue to experience turbulence.

Turbulent Tech: Market Disruptions and the Future of the Tech Sector

By Finn Watson

With over $7 trillion dollars sliced off the technology sector's market cap this year, massive layoffs, the rise of AI, and a turbulent macroeconomic environment, the next few years for big tech is certainly hazy.



It is no secret that 2022 has not been a good year for markets, but the pain of high interest rates and economic contraction are sharpest in the tech sector whose fiery growth through the pandemic was fuelled by a quarantined public and ultra-low rates. Big tech experienced dizzying highs: The NASDAQ composite index - a tech heavy index composed of over 3000 companies - witnessed returns over 40% and 20% in 2020 and 2021 respectively. However, 2022 was a different story as the index dropped over 30%. Such drops from pandemic-era highs are reflected across the entire sector and pull no punches affecting giants such as Meta, Apple, Microsoft, Google and more. Meta dropped over 60% on the year and even as much as 26% in a single day after a poor earnings call. The price of Netflix and NVIDIA halved, PayPal is down 60%, Alphabet and Adobe fell around 40%. Even Apple, a company that tends to be more resilient than other tech equities, had around 1 trillion trimmed off its market cap. This precipitous decline in valuation is significantly more than other areas of the economy.

These big tech stocks were among the most attractive investments in 2020 and 2021 but became among the worst in 2022. What happened and why are losses relatively higher in tech than other areas of the market?

The key to understanding the decline in tech stocks is in how their unique growth focused business model is uniquely affected by the new interest rate environment. Perhaps the defining economic story of 2022 is the Fed's pivot to higher rates. As recently as the first quarter of 2022, the Fed had maintained an ultra-low 0.25% Federal Funds rate. To combat inflation the Fed has been steadily raising the rate to its current position of 4.5% as of the beginning of 2023. These changes implore investors to reassess the composition of their portfolios, especially for tech stocks tech whose main selling point is the growth of future cash flows. Because the interest rate is used to discount the projected future cash flows, when rates are raised, future earnings are discounted more heavily, and the stock value declines. In addition, higher rates mean higher yields on bonds thereby making stocks a relatively less attractive product especially when one considers their respective risks. Furthermore, higher rates mean higher borrowing costs and less access to financing.

However, at this level of analysis we have ignored the challenges that are specific to tech. After all, the NASDAQ fell an additional 10% when compared to more general indexes such as the S&P 500. Much of this disparity can be attributed to the significant reduction of advertisement revenues, declining foreign revenues due to a strong dollar, and unique strategic vulnerability to rising borrowing costs.

Spending on ads - a vital revenue source for many tech companies - has declined throughout 2022. In recent earnings calls, Google revealed that YouTube's advertising revenue dropped 2%. Also, growth in advertising revenue for Google, Pinterest, Snap and other companies is expected to half per a FactSet estimate. The decline in ad revenue growth is largely due to privacy changes as many companies move away from third-party cookies, increased competition from TikTok, and a general decline in consumer spending. Companies such as Google, Meta, and Apple have all embarked on significant changes to their privacy policies which limit the procurement of user data thereby reducing the effectiveness of personalised advertising. In iOS 14, users can now choose to restrict sharing of the IDFA (Identifier for Advertisers) tag which enables tracking and targeted ads. Furthermore, Google is joining Mozilla and Apple in discontinuing the use of third party cookies in their browsers. These moves, while undoubtedly welcome inclusions in a business rife with accusations of privacy abuse, have disrupted the essential advertising revenues. This highlights the continued tensions between promoting shareholder value and improving user experience through addressing privacy concerns. Although advertising revenues are still growing, albeit at significantly slower rates, limited revenue growth paired with higher expenses along with grim guidance have caused earnings calls to be grisly events for shareholders.

Big tech has also been harmed by the change in US monetary stance and the strong dollar that results by meaningfully reducing the post-exchange revenue from foreign sales. With the Fed raising rates and US treasury yields rising as a result, demand for the dollar is at recent highs causing the US dollar exchange rate to appreciate relative to the currencies of its largest trading partners. The mega-cap tech stocks are particularly exposed to exchange rate risk in this manner because iPhones, PCs, and other sales occurring in foreign countries are purchased using the local currency. When these sales are converted back into the appreciated greenback, the revenue is less than it would have been otherwise. Bloomberg estimates that the strong dollar has reduced corporate revenue by $60 billion in 2022 Q3.

Although 2022 has certainly been a grim year for tech companies, we have reasons to avoid talk of armageddon and should reserve our comparisons to the dotcom crash. Unlike the dotcom bubble where the internet was completely uncharted ground and many of the big players were solutions in search of problems, the modern tech sector is an established business that has fully entrenched itself in the way society operates. Furthermore, the technology businesses of today are actually profitable and secure because online advertising, social media usage, and iPhone sales, while perhaps slowing down, are unlikely to end anytime soon. In addition, there are many adaptive strategies already being employed: cost cutting, layoffs, new M&A opportunities, as well as new areas of innovation seen in the rise of AI, machine learning, robotics and cybersecurity may all bear new fruits. However, for the future success of these firms, capable management is necessary.

Ticketmaster and The Monopolisation of The Live Events Industry

By Pearce Hopkins

This year, the live events industry, which was put on total hiatus by the pandemic lockdowns, made a glorious return, with countless big names such as Billie Eilish and the Red Hot Chilli Peppers beginning new world tours, free from concerns of a global virus. For many fans, it was a delight to be able to attend concerts and festivals again, but not everyone had positive experiences going to see live music. 2022 saw numerous cases of unrest and uproar amongst fans, artists and even politicians against the monopolisation of event ticket sales, consisting of accusations of fraud and extorsion directed at the company responsible for these upsets: Ticketmaster.

Ticketmaster has been a dominant leader in sale of event tickets for long over a decade now. After their 2010 merger with Live Nation, one of the biggest concert promoters at the time, the conglomerate established itself as the powerhouse the ticketing platform. However, their comfortable position as the leading ticket sales company has led to criticism over the quality of their service. "Ticketmaster's power in the primary ticket market insulates it from the competitive pressures that typically push companies to innovate and improve their services." claims Senator Amy Klobuchar. "That can result in dramatic service failures, where consumers are the ones that pay the price."

Klobuchar's point only echoes the experiences that many fans have faced as a result of using Ticketmaster this year. In November, many Taylor Swift fans faced difficulties in purchasing tickets for her Eras tour. After access codes which users were promised would protect them against bots didn't work, bot-purchased tickets began being resold on other websites for prices upwards of $20,000. Ticketmaster's website was said to have crashed a number of times during this period, which the company later claimed was due to a "staggering number of bot attacks" and "historically

unprecedented demand". The failure to provide fans with tickets has pushed 26 fans to file a lawsuit against the conglomerate on the grounds that Ticketmaster was aware that it could not satisfy fan demands in spite of intentionally handing out codes that they knew would not work. Since this first suit, another set of charges have been raised against the company, arguing that antitrust laws had been violated and that fans were misled in believing Ticketmaster would provide protection from bots.

Ticketmaster managed to land themselves in trouble again in December after hundreds of fans were blocked out of a Bad Bunny concert. In Mexico, the Office of the Federal Prosecutor for the Consumer (PROFECO) was inundated with over 1,600 complaints after the overselling of concert tickets caused confusion as many fans' tickets were deemed to be fake. PROFECO has since stated that Ticketmaster will have to fully refund affected fans, as well as reimbursing them an additional 20% of the price of their ticket.

One of the most prominent voices speaking out against Ticketmaster's poor service is Americana artist, Zach Bryan. Angered by the ever-rising prices of concert entry, Bryan has been vocal about his disapproval of the monopolisation of live events tickets, as shown through the title of his most recent album release: 'All My Homies Hate Ticketmaster (Live from Red Rocks)'. "I believe working class people should still be able to afford tickets to shows," Bryan stated "I am so tired of people saying things can't be done about this massive issue while huge monopolies sit there stealing money from working class people." On New Year's Day, he promised to make his prices fair for everyone, suggesting that Bryan will be avoiding hosting his events in Live Nation and Ticketmaster venues whenever possible. Whilst this would be an ambitious move and might prove challenging to organise, Bryan's manager believes that his current popularity will mean he won't need to 'be tied down to Ticketmaster' if he wants to choose other venues and vendors.

It isn't only performers who have expressed their discontentment with Ticketmaster. Senator Amy Klobuchar has raised the issue of the "numerous complaints" Live Nation has been issued with surrounding their non-compliance with their consent decree between themselves and the United States Department of Justice. In 2020, the DOJ filed court documents containing claims that Live Nation had been coercing venues into using Ticketmaster to increase their stranglehold on the market. Klobuchar is one of many voices drawing attention to the issue, including that of Alexandria Ocasio-Cortez. In an exclusive interview with Rolling Stone, the leading congresswoman highlighted the challenges posed by addressing the dominance of a monopoly in the live events business compared to other industries, where influence is more evenly spread: "Anywhere between 55 to 85 per cent of meat processing in the United States comes down to four companies. When you look at an industry like ticketing, you barely have four. Ticketmaster is far and away the behemoth in the industry… Live Nation is a true monopoly. And it's affecting our culture if regular people can't even see a live show for a major act in person anymore, and this just becomes a domain for the wealthy." AOC says that both the artists and the authorities who establish the ticket sale laws share a responsibility for ensuring fair ticket sale.

So what does 2023 look like for Ticketmaster? Based on public opinion, the company is on thin ice and entertainment lawyer, Bryan Sullivan, believes it that it doesn't have the credibility to withstand many more public fiascos: "If this happens again — with Beyonce's concert or with another major concert that has that kind of flooded bid from the marketplace to buy tickets instantly — it will fuel the flames of the plaintiffs to give them more evidence because they will say, 'It happened again. This was not an isolated incident.'" Some would say that this fire has already been sparked: in October, music advocacy groups the Future of Music Coalition and Artists Rights Alliance co-founded the Break Up Ticketmaster Campaign to spread awareness around the issue.

Ticketmaster's future might be unclear as of right now, but with more and more voices speaking out about the unfairness of the sale of live events tickets, we can only hope that we'll eventually see their hold on the industry loosen, making live events more affordable for everyone.

Get Involved

EDITOR POSITIONS

We'd like to thank all of our writers and editors who were involved in the making of this Special Edition!

If you'd like to get more involved in the St Andrews Economist, there are plenty of opportunities coming up in the next academic year. With a large part of our editorial board graduating this year, we will be looking for new editors in many of our sections!

Please look out on our social media of announcements of our Editor recruitment, or please email us at economist@st-andrews.ac.uk for more information.

WRITING POSITIONS

If you'd like to contribute an article to the St Andrews Economist, we're always looking for more writers, either to contribute regularly as a staff writer (at least 2 articles a semester), or just on a one-off basis.

Please get in touch at economist@st-andrews.ac.uk if you're interested in writing for us, and we will match you up with an editor to work with you on your articles.

PODCAST

After taking a hiatus from our podcast, The Bulletin, we're looking to restart it with a new podcasting team, either during this semester or in the following academic year. If this is something you'd like to be a part of, please email economist@st-andrews.ac.uk, and you can find existing episodes on our Spotify!

Events

Over the past few years, we've had the opportunity to interview many influential figures in politics, and we look forward to bringing you more insightful interviews, both online and in person throughout the semester.

Here is a recap of our most recent interviews. You can access all interview recordings at standrewseconomist.com under the 'Interview' section.

SCOTLAND'S PLACE IN THE UK SUMMIT

In this online interview series, we interviewed previous leader of the Scottish Liberal Democrats Willie Rennie MSP, previous Westminster Leader of the Scottish Nationalist Party Ian Blackford MP, and previous Chief Whip of the Scottish Conservative Party Stephen Kerr MSP.

HILARY BENN MP INTERVIEW

Our first event of the 2022/2023 academic year, we interviewed Hilary Benn MP, an influential member of the Labour Party who has previously held many roles in cabinet.

In the interview, we discuss his childhood with politics, and the highlights of his political career.

ANAS SARWAR MSP INTERVIEW

Our first in person event post pandemic, we had the opportunity to interview Anas Sarwar MSP, leader of the Scottish Labour Party.

In the interview, we discussed his political career, the state of the Labour party in Scotland, and what is next for Scottish politics, followed by an audience Q&A.

the ST ANDREWS
ECONOMIST