

# THE NEWSTEAD ECONOMIST



NEWSTEAD WOOD SCHOOL

*"creating opportunities for success"*

Edited by Luxmy and Labiba

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Welcome to The Newstead Economist – your gateway to insightful analysis, bold ideas and the dynamic world of Economics. Here, you will get to empower your critical thinking skills as well as engagement with the global economy.

Dive in and discover the power of economic thought!

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# An introduction to economics

By Tara

## AN INTRODUCTION TO ECONOMICS

Economics is the study of how people, businesses and more make choices about allocating their limited resources to satisfy their unlimited wants and needs. It revolves around the idea of scarcity—resources like time, money, land, and raw materials are finite, but the demand for them often exceeds their availability.



### Did you know?

The net worth of the British royal family is estimated at \$28 billion!

(this is largely guesswork though!)

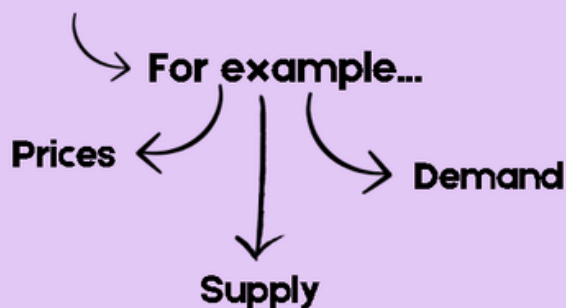


By Tara Gondal, 8G

There are 2 main types of economics:

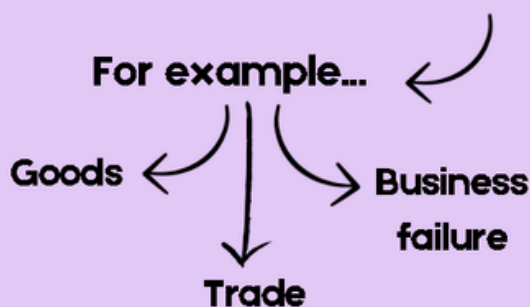
### Microeconomics

This focuses on the individual and small-scale decisions. It looks at how households, businesses, and industries operate.



### Macroeconomics

This looks at the big picture and studies economies as a whole. It focuses on broad factors.



By Tara Gondal, 8G

# *What were the economic impacts of colonialism on colonised nations?*

By Annette

By 1914 (just before WW1) European powers controlled as much as 84% of the Earth's land surface - despite Europe only taking up about 2% of the Earth's area. Almost a shocking 90% of Africa was colonised by European countries by 1914, which was the time known as the peak of colonialism. Furthermore, around 50-60% of Asia (the biggest continent in the world) was either directly colonised or influenced by European powers by the early 20th century. The British, French, Portuguese, Spanish, Russian, Belgian and Dutch Empires were known to play the biggest roles in global colonisation.

However, how does all of this still have an economic impact today?

In the long run, colonialism often resulted in the underdevelopment of many colonised nations. While European powers heavily extracted various resources, they barely invested their money into developing local industries, education or infrastructure which would have immensely helped the colonised nations achieve independent economic growth.

As a result, most former colonies found themselves economically dependent on former colonial powers even after attaining independence. For example, when Britain colonised India the sole focus on exporting raw materials such as tea, indigo, spices and cotton meant that there were no incentives to develop the country itself. Furthermore, the British introduced large tariffs on Indian goods, such as the indigenous textile industry. These tariffs hindered the growth of local industries whilst reinforcing an economic dependency on the colonies. This trade imbalance made it hard for colonised nations to transition to a self-sustaining economy after independence.



concentrations in specific professions. This system was used to exploit black people in Africa for cheap labour whilst the minority white population controlled large land masses and several industries, rapidly generating wealth for themselves. Moreover, the invention of the 'Pass Law' in 1952 required black people in South Africa to carry a type of passport which sought to limit their movement under the threat of arrest and potential brutality by police. Both of these examples are just one of many, which created a deeply unequal society as the oppression and denial of many basic human rights of black people limited their opportunity to receive prestigious academic education and successfully climb up the corporate ladder, therefore being unable to economically build South Africa up. Generations later South Africa is still left with large economic inequalities between different races. For instance, the concentration of land in the hands of a few (mostly colonial-era elites) remains a problem. A 2022 World Bank report on inequality in southern Africa labelled South Africa as being 'the most unequal country in the world'. Resource extraction and the establishment of cash-crop economies left a long-lasting impact on many colonised regions, especially South America.

The region's vast wealth in gold, silver and other minerals attracted Spanish and Portuguese colonies, who consistently exploited South America's natural resources. However, the exploitation of resources wasn't just limited to materials but also plantations. For example, in Brazil, colonisers ensured crops were grown for the cultivation of tobacco, sugar and coffee. These crops were mainly grown for export, leaving very little for local economies hence generating virtually no revenue for the Brazilian economy and not contributing to the long-term development of the country.





Meanwhile, Spanish colonial authorities employed brutal labour systems such as the Mita system in Peru. Indigenous people were forced to do manual labour in dangerous mines, the system only benefitting Spain. In fact, a 2021 study in the *Journal of Economic History* found that the colonial Mita system in Peru caused the decimation of the male native-born population through disease, overwork and mistreatment. Melissa Dell, an American economist, revealed that the Mita system led to detrimental long-term consequences for the areas where it was implemented. Now, former Mita districts experience poorer economic performance, as evidenced by consistently reduced household expenditure, diminished levels of education and underdeveloped road infrastructures. They also experience rising instances of stunted growth.



Ferro, M., *Colonization: A Global History*, Routledge, [1997].

Gardner, L., *The Economic History of Colonialism*, Bristol University Press, [2020].

# Why do economies crash?

By Sreekshitha



It is said that economics is the study of scarce resources but unlimited wants. So naturally, an economy must be how a nation/country uses these scarce resources to estimate these unlimited wants.

This could include the production and sales of goods and services, trade and asset management between different countries, and the way money transfers between governments and their citizens.

When you think of an economy crashing, the words that pop into your mind would be 'recession', or 'financial crisis', however, it is not synonymous with these other terms, it has unique features that have more immediate and shocking impacts on the economy.

So, what is an economic crash?

An economic crash is a noteworthy event that can happen at any time within an economic 'cycle', it isn't something within the cycle or can be predicted early on. It

is best described as a very severe recession or contraction in the economy, where normal market mechanisms collapse. A normal economic cycle consists of expansions and recessions leading to troughs or peaks, and while economic collapse tends to occur during recession, that isn't necessarily always true.

Defining features of an economic crash are mainly, but not limited to, high unemployment, low customer & business confidence in the market, declining stock/property values, reduced trade, bankruptcy, and a drop in GDP. A large social consequence would be seen as well, with homelessness increasing and personal bankruptcy becoming more common.

However, it is not possible to consistently predict any given economy crashing, in some cases there are vague signs, such as when businesses and consumers start to cut back on spending and when general confidence starts to go down. But more often than not, it is difficult to accurately predict it because not any given variable has consistently proven to be an accurate predictor of a crash and can more often lead to false alarms.

This leads on to the actual factors of an economic collapse. This includes natural disasters having disruptions in infrastructure, supply chains, and general economic activity. Political instability is often an underlying cause for a collapse because it can disrupt a nation's trade and reduce general confidence in the economy. And more relevant to today, external factors like trade wars which causes hyperinflation and retaliatory measures across the globe can also play a significant role.

Furthermore, a 'black swan' event is a consequential occurrence that can tremendously impact the economy. To put it simply, there are three defining features of a black swan event: 1) it is an outlier and nothing in the past suggests its possibility, 2) it carries an extreme impact, and 3) despite being an outlier, after-the-fact explanations make the event appear explainable and predictable. The most famous black swan event includes the 2008 financial crisis, where it wasn't predicted at all and it progressed so rapidly that it caught everyone by surprise. Another example would be the 9/11 attacks, which also had a serious impact on global politics and security in societies.

Some famous examples of when economies collapsed around the world are the Sri Lankan Economic Crisis (in 2022-23, with issues to do with debt and currency), and in The Great Depression from 1929-39 (mainly due to the Wall Street crash and the resulting poor policies set by the US government).

The people who suffer the most during collapses in the economy are people in poverty as their situation is worsened by a significant amount, the youth of the country (because they are less financially stable and have fewer resources), and minorities (struggles with job losses).

In the end, an economic crash is an unpredictable event that can seem inevitable and often are, but has unique and distinguishing features from similar occurrences like 'recessions' and 'depressions'





# Brexit

By Avisha

Leave	17,410,742	51.89%
Remain	16,141,241	48.11%

Brexit. One of the most controversial events of British history. Started by political figures like Dave Cameron and Dominic Cummings, it later caught the attention of UK citizens. After the idea of Brexit spread across Britons, and a referendum was held in the UK on 23 June 2016, the population was split. Almost in half.

“Leave” won every so slightly. Brexit officially took place at 23:00 GMT on 31 January 2020. The UK officially left the EU.

But what exactly is Brexit, and how did it gain its title as a 'failed' economy by Nigel Farage?

Brexit happened when Britain got fed up with obeying to the EU's rules. There are several reasons for this.

Firstly, people thought that the UK should regain full control over its laws, borders, and trade policies without interference from Brussels (EU headquarters).

Also, some voters felt that high levels of immigration were straining public services (like healthcare and housing) and lowering wages in certain industries. If UK left the EU, then less immigrants would come.

In addition, the UK wanted to trade independently. Brexit supporters argued that the UK should negotiate its own trade deals rather than following EU trade rules.

The UK was a net contributor to the EU budget, meaning it paid more into the EU than it received in return. The "Leave" campaign highlighted that the UK was sending around £350 million per week to the EU (though this figure was later disputed).

However, problems still occurred after leaving the EU.

Trade Disruptions – Businesses now face extra paperwork, border checks, and costs, making it harder to buy and sell goods with the EU. The UK's economy is growing more slowly than before.

Northern Ireland Border Issues – To avoid strict border checks between Northern Ireland (UK) and Ireland (EU), special trade rules were made. However, this has caused political tensions and trade difficulties.

Loss of Free Movement – UK citizens can no longer live, work, or study freely in EU countries. Many EU workers have also left the UK, leading to job shortages in areas like healthcare and farming.

Political Divisions – Brexit has split the UK, as Scotland and Northern Ireland wanted to stay in the EU, while England and Wales voted to leave. This has led to talks about Scottish independence and Irish reunification.

Brexit has changed the way the UK does business and makes rules. Some people think it gives the UK more freedom, but others believe it has made things harder, like buying and selling goods, traveling, and working with other countries. We do not know yet if Brexit will be good or bad in the long run—it depends on how the UK handles these changes in the future

# Podcasts

**Planet Money** is an NPR podcast that makes economics engaging by breaking down complex financial topics into fun, relatable stories. Each episode explores how money, business, and global markets shape our daily lives in unexpected ways!



**Freakonomics Radio** is a podcast that explores the hidden side of everything, using economics to explain human behavior, strange trends, and unexpected connections in the world! Hosted by Stephen J. Dubner, it turns everyday questions into fascinating investigations backed by data and expert insights.

**EconTalk** available on Apple is a podcast hosted by economist Russ Roberts, where he sits down for deep conversations with a wide range of guests: economists, writers, policymakers, and other big thinkers. The show covers everything from economic theory and history to public policy, technology, and how people make decisions in everyday life.



# Movies & Series



*Inside Job (2010)*

This movie is set in the Economic crisis in 2008, which led to a massive recession amongst multiple countries. Split up into 5 parts, this movie- paired with the director's careful research into the drastic events within the time period- this movie explores how changes in policies and financial decision-making led to the disaster.



*Apprentice (2005 -)*

Do you want to enter the world of business and consulting? If yes, then we recommend this series for you! Jam-packed with activities whilst trying to uphold a corporate mindset in the rigorous process, 18 entrepreneurs fight for a chance to secure a £250,000 investment deal with Lord Sugar. In this series, you will be able to pick up on vital business language, which will enhance your understanding of negotiation strategies and basic terminology used in the world of Economics.



*The Informant (2009)*

This is a dark comedy about a businessman, Mark Whitacre, who secretly helps the FBI expose a **price-fixing scheme\*** at his company. But as the investigation unfolds, his own lies and unpredictable behaviour start to cause chaos.

**price-fixing scheme\*** = when companies secretly agree to set prices at a certain level instead of competing fairly. This keeps prices high and prevents customers from getting better deals.

## *Ted Talks*

Jam-packed with a vast range of informative videos that incorporate real life examples with the world of Economics, these short yet immersive talks will explore unique ideas and inspire you in not only this industry, but in a ton more.

### **WATCH:**

*Could your language affect your ability to save money?*

*How sci-fi informs our climate future - and what to do next*

# *Insights &* **WEX**

## **Goldman Sachs**

Sign up to their newsletter, giving you up to date insights on the global economy. Also, any aspiring apprentices= offer an opportunity to work with one of the biggest financial services company

## **Springpod**

An online website offering virtual and in-person work experience opportunities for all fields including finance!

## **YOUNG PROFESSIONALS**

YPUK is a leading student network in the UK and Ireland, assisting thousands of students in accelerating their careers through apprenticeships and work experience programs. They collaborate with top finance companies, for example: PWC, Bloomberg and Deloitte—as well as firms in other industries such as Law (Clifford Chance, Slaughter & May etc)—to provide opportunities that bridge the gap between education and professional careers.

## **SHERPAS.**

Startup Sherpas is an exciting social enterprise. Welcome their latest initiative to gain the insights and ideas of young people for the industry and to connect young people to the opportunities offered.

# *An interview with Panmure Liberum Graduate Analyst*

IZZY

*By Labiba*

## **Can you tell me a little bit about your job and what it involves?**

I am a graduate at Panmure Liberum, which means I get to rotate around the different divisions of the firm (Research, Sales and Investment Banking).

Right now, I'm working in Investment Banking which means I get to help out on transactions, pitches, and lots of day-to-day client work which is super interesting.

## **What advice do you have for someone who wants to follow in your career path?**

Advice I would give is to try out as many things as you can. I found that the best way to realise what I did and didn't enjoy career-wise was to 'have a go' at lots of different things, whether it be through internships or work experience. It's a great way of simultaneously picking up experience whilst adding to your own career knowledge!

**PANMURE  
LIBERUM**