

the ST ANDREWS  
**ECONOMIST**

*Bringing economics into perspective.*



JANUARY 2022 | SPECIAL EDITION



**LOOKING  
AHEAD**  
2022 AND BEYOND

---

# Editors' Foreword

Unsurprisingly, a recurring theme in all the articles in this special edition is (you guessed it); the Coronavirus Pandemic. Now into its third year, the pandemic continues to influence almost every issue facing governments, firms and individuals across the globe. But, while ubiquitous in its impact, the pandemic is not the only story of the past year and years to come. This special edition aims to unpack the lessons from some of the most important stories of 2021 to provide an early insight into the year ahead. As you peruse the articles that follow, our writers will bring perhaps overlooked stories to your attention, guide you through compelling but complex socio-economic issues – all whilst offering new insights and perspectives for you to consider.

**Aoife Doyle** aptly presents a broad assessment of the evolution of economic policy in response to the pandemic and the corresponding state of the global economy amidst rising inflation, supply chain bottlenecks and vaccine nationalism in “**Has Global Economic Health Recovered?**” (P6). Of course, common to all coronavirus-ridden economies is the devastated aviation industry. In “**Air Travel in 2022: Smooth Skies or Turbulent Travels?**” (P8), **Pearce Hopkins** examines the turbulence of restrictions and the runway to recovery for the airline industry.

Africa, more than any other continent, knows all too well the overwhelming and unequal impact of travel restrictions. **Laura da Silva** investigates the logic – or lack thereof – underlying the U.K.’s red list as well as the implications for African economies in “**The Devastation of the U.K.’s Red List on African Countries**” (P11). Following on from the discussion on travel restrictions, **Charlotte Service**, in “**Power and the Pandemic: Africa Suffering at the Hands of the More Affluent**” (P14) provides analysis of the power imbalances between low- and high-income countries as vaccine nationalism risks undermining the global fight against the pandemic. Looking holistically, **Armaan Gheewala** in “**Has the Covid-19 Pandemic Induced Anti-Globalism in 2021?**” (P17) dives deeper into the anti-global, ‘country-first’ ideology taking hold of the Western world exemplified by increasing trade protectionism.

Central to this year’s macroeconomic environment is the supply chain crisis and resulting inflation as the articles in our Theory section survey. In “**Strengthening the Supply Chains**” (P19), **Morgan Anthony** considers the roots of the global supply chain crisis, the economic dilemmas of externalities and the public policy solution of diversification. Taking a step back, in “**The Inflation of the Past, Present, and Yet to Come**” (P22), **Ming Lee** reviews the consequences of pent-up demand and the supply chain problems on inflation by taking a historical perspective to inform how policy makers respond in 2022.

Over in North America, even President Biden cannot escape the economic issues explored in our Theory Section. As **Ross Alexander Hutton** argues in “**Biden’s Impending Midterm ‘Shellacking’**” (P24), Biden faces a turbulent, tentative and tense 2022 as his administration struggles to grapple with coronavirus and inflation and his legislative agenda remains in tatters. In “**Biden Has a Manchin Problem**” (P28), **Laura Gillies** focuses on the cause of much Biden’s legislative nightmare of an empowered Senator from West Virginia. Meanwhile, in South America, **Brynna Boyer** ponders whether the latest U.K. Supreme Court ruling is grounds for optimism amidst a divided and dwindling opposition to Maduro in “**Gold for Christmas: Will the Latest Supreme Court Ruling Help Venezuela?**” (P30)

Moving closer to home, **Mark Connolly** evaluates the fate of Prime Minister Boris Johnson and his Conservative party but perhaps not from the perspective that first comes to mind in “**It’s the Housing Market, Stupid!**” (P33) As for latest on Brexit, **Jack Horrigan** reflects on the mixed picture of the fallout from the U.K.’s divorce with the E.U. in “**Going it Alone: Post-Brexit Britain One Year On**” (P36).

Britain isn’t alone in its problems as Europe too faces an uncertain 2022. **Cameron Fulton** offers a detailed analysis of Germany’s future with a new chancellor at the helm in “**Germany in Review: Merkel’s Legacy, Scholz’s Future**” (P39). Over in Italy, **William Finlator** details why Europe’s next big crisis is likely to be Italian in “**Why you should care about Italy’s 2022**” (P43).

Looking to the Middle East, a territory often consumed by turbulence, **Shona McCallum** reviews Sudan’s successful activism during the ‘Sudanese Revolution’, and what is in store for the country after the collapse of the transitional government in “**Looking Back, Looking Forward: Blues for Sudan**” (P46).

Further in the East, developing and developed countries have faced a myriad of struggles and successes throughout the year, similar to their Western counterparts. As the year came to a close, Malaysia faced one of its worst monsoons seasons to date, with over 150,000 being affected. **Sabrina Najib** analyses the Malaysian government’s response, and why changes is needed in “**Malaysian Floods: What the Malaysian Government Needs to Learn from Their Mistakes**” (P48).

Last but certainly not least, in China, **Otilia Meden** looks at the Chinese government’s ‘feminist’ agenda in their continuous effort to overtake the west in “**Feminism with Chinese Characteristics**” (P50). As China further increases its global dominance, Taiwan has struggled with its diplomatic status. However, **Nicholas Cheung** notes in his article “**Taiwan: The Jewel of Asia?**” (P52) that the island nation has still been able to thrive throughout the year, when many others have struggled.

As we enter 2022, many of our thoughts looking forward still reflect our sentiments from our previous Special Edition, with uncertainty and the pandemic being key theme themes. However, as we continue experiencing the effects of the pandemic, we can see that the world doesn't stop for anything, as countries continue to make economic, cultural, and social shifts. We hope that our Special Edition has brought to light many of the key events of the past year, bringing insight to what may lie in store for the year ahead. 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 a glimmer of hope for recovery.

**Editors in Chief****Lucy Wright, Ming Lee & Ross Hutton**

---

# Contents

## BUSINESS

P6 - Has Global Economic Health Recovered? – By Aoife Doyle

P8 - Air Travel in 2022: Smooth Skies or Turbulent Travels? – By Pearce Hopkins

## AFRICA

P11 - The Devastation of the U.K.'s Red List on African Countries – By Laura da Silva

P14 - Power and the Pandemic: Africa Suffering at the Hands of the More Affluent  
– By Charlotte Service

## CULTURE

P17 - Has the Covid-19 Pandemic Induced Anti-Globalism in 2021? – By Armaan Gheewala

## THEORY

P19 - Strengthening The Supply Chains – By Morgan Anthony

P22 - The Inflation of the Past, Present, and Yet to Come – By Ming Lee

## NORTH AMERICA

P24 Biden's Impending Midterm 'Shellacking' – By Ross Alexander Hutton

P28 - Biden Has a Manchin Problem – By Laura Gillies

## SOUTH AMERICA

P30 - Gold for Christmas: Will the Latest Supreme Court Ruling Help Venezuela? –  
By Brynna Boyer

## UNITED KINGDOM

P33 - It's the Housing Market, Stupid! – By Mark Connolly

P36 - Going it Alone: Post-Brexit Britain One Year On – By Jack Horrigan

## EUROPE

P39 - Germany in Review: Merkel's Legacy, Scholz's Future – By Cameron Fulton

P43 - Why you should care about Italy's 2022 – By William Finlator

## MIDDLE EAST

P46 - Looking Back, Looking Forward: Blues for Sudan – By Shona McCallum

## ASIA-PACIFIC

P48 - Malaysian Floods: What the Malaysian Government Needs to Learn from Their Mistakes - By Sabrina Najib

## CHINA

P50 - Feminism with Chinese characteristics - By Otilia Meden

P52 - Taiwan: The jewel of Asia? - By Nicholas Cheung

# Has Global Economic Health Recovered?

*By Aoife Doyle*

Lockdowns, restrictions and national stimulus packages, all words we had never strongly correlated with health epidemics. However, the Covid-19 pandemic changed everything. It was a global shock like no other, involving simultaneous disruptions to both demand and supply in an interconnected world economy. Analysis of governmental responses to the pandemic has been framed to strike a balance between protecting its citizens' health and protecting the economy. Despite poorer countries' economies suffering the most, wealthier countries have faced their own challenges despite greater resources. In many countries, national restrictions aimed to protect lives, such periods of stagnated economic activity have reaped havoc on the global economic health. Two years on, it is clear that some countries managed to protect their population's health and economy.

At the pandemic's start, understandably, the first economic policy response was to: do something, do it big and do it fast. Governments were in the dark, unaware of the longevity of the virus, and had to act. The UN's Framework for the Immediate Socio-Economic Response to the COVID 19 Crisis warned that "the pandemic is far more than a health crisis: it is affecting societies and economies at their core". Responses varied across the globe, but the main target of each country was to harness the best macroeconomic policy to ensure the economic effects of the virus were short-lived. Countries injected billions of pounds in fiscal stimulus packages, interest rates cuts and governments battled to protect industries and jobs.



As the months wore on, academics and researchers provided analysis of the economic impact of Covid-19. The measures implemented by governments globally have shattered the core sustaining pillars of modern world economics. A few months into the pandemic theories of V-shaped, U-shaped, and L-shaped recovery were whispers of hope. As restrictions eased, economists predicted optimistic recoveries for many countries, with significant increases in economic activity in the last two quarters of 2020 and smaller increases in 2021. Retrospectively, we know now that these theories were blind to further lockdowns caused by virus mutations. Further variants of the coronavirus halted progress, reversing growth, and ceasing trade. However, the decline in economic activity in subsequent lockdowns was far less severe than the first lockdown as consumers and businesses had adopted over the year.

Taiwan's swift decision to shut its borders during the very early days of the pandemic earned it a low death rate and sense of normality that made it the envy of the world. During 2021 the country experienced its steepest economic growth in more than a decade, fuelled mainly by brisk growth in the export sector and heavy investments in capital expenditures. Whilst the supply crisis for goods such as semiconductor chips impeded growth in various economies, such vigorous demand benefitted Taiwan, which holds a 63% share of the global semiconductor market. Taking only strong export performance into consideration skews the view of Taiwan's economy.

Continuous low private consumption indicates growth imbalance, but gradual opening of Taiwan's society in 2022 will allow consumption to grow. The next year will see slower, but not lower, growth in Taiwan.

Argentina has delivered a strong economic recovery even with their cards seemingly stacked against them. Already in a recession when the pandemic hit mainly due to former Presidents economic mismanagement, the current Fernández government were tasked with introducing a dependable economic program. GDP growth in the country is estimated to have been 10% for 2021 – almost twice the forecast for the US. Even with a countercyclical recovery, the country's public finances have improved due to more progressive tax rates on wealth and corporate income and the debt restructuring of 2020. Argentina is still experiencing the effects of the speculative portfolio capital that poured in during former President Macri's term. Much of this was trapped by that administration's capital controls, resulting in constant pressure on the parallel exchange rate. In a world still battling Covid-19 and despite the significant progress in Argentina's economy, the government still has significant hurdles to overcome to alleviate Argentina's debt worries. Increasing global financial uncertainty and a recent spike in Omicron cases suggests 2022 will be a very significant year in Fernández's tenure.

**So, what is the diagnosis for global economic health now?** The overwhelming consensus is positive, with 2022 bringing better economic conditions despite heightened risks for developed and emerging markets. Increased inflation, rising over 2021 partly because of disruption to global supply chains and a surge in energy prices, will squeeze household spending and potentially rein in economic growth. This high inflation (4.9% globally) coupled with the Omicron variant worries global financial markets. Developing countries will be especially vulnerable to economic damage from fighting inflation. As such, widening disparities within and between countries will see a two-speed recovery and risks stalling global economic progress.

China, an economic powerhouse, is expected to frontier the global economic slowdown in 2022, as growth rates fall.

Despite an apparent decline, such growth rates are above 2020 levels, indicating a rebalancing period and a slow recovery process. The World Bank cut its 2022 forecast for GDP growth from 5.4% to 5.1%, which could market the second slowest pace of growth for China since 1990. Renewed domestic Covid outbreaks could cause further disruptions to economic activity. The highly leveraged property sector experienced a slump during 2021, with Evergrande shares suspended from trading, any further downturns could have significant reverberations across the economy. As a result of these economic headaches, President Xi Jinping and top leaders have marked 'stability' as their top priority for 2022.

Another risk to global economic recovery is Covid-19 vaccine inequality. The Global Dashboard for Vaccine Equity found that low-income countries could have added \$38billion (USD) to their combined GDP forecast for 2021 if they had comparable vaccination rates as high-income countries. Such imbalance will bear a lasting and profound impact on socio-economic recuperation in low- and lower-middle-income nations without urgent action to secure equitable access for every country. When richer countries have spent trillions on policies to bolster flagging economies, they must remove barriers to vaccine manufacturing so doses can be distributed equitably. Only then can a genuinely global economic recovery take place.

Many of the challenges economies are currently facing are not new problems. Governments have become accustomed to the surprises the virus has created. There is increased demand for combined efforts to quell risks countries are experiencing. 2022 will see strong and confident governments prosper and force decision-makers to evaluate their decisions against the health of their people and their economy.

# Air Travel in 2022: Smooth Skies or Turbulent Travels?

By Pearce Hopkins

One of the sectors hit hardest by COVID-19 during 2021 was the aviation industry. Cirium, a team of U.K.-based global aviation analysts, reported that the pandemic effectively devastated international travel, erasing years of growth in this industry: approximately 15 years' worth of gains in passenger capacity across international travel was lost due to global lockdowns, knocking back recent passenger capacity to levels seen in the mid-2000s. Even by the end of 2021, demand in the aviation industry was not equal to even half of its pre-pandemic level, sitting at roughly 40% of its previous rate. It will take the aviation industry a long time to propel itself back up to the pre-pandemic conditions and return to a more stable economy. So, what are we to expect from the aviation industry in 2022?

'We are well past the deepest point of the crisis,' claims Director-General of the International Air Transport Association (IATA), Willie Walsh, 'While serious issues remain, the path to recovery is coming into view. Aviation is demonstrating its resilience yet again.' The IATA suggests that prospects for aviation are hopeful looking towards 2022, with circumstances improving as a result of vaccination efforts helping ease the spread of the pandemic. Cirium's forecast for the future of air travel is also optimistic, suggesting that 2022 has the potential for significant progress to be made in aviation returning to previous levels of operation. Anticipating an industry growth of 47% this year, Cirium believes that, by this year's end, that global passenger capacity levels could return to those seen in 2015. Such anticipated growth indicates a promising uptake in people travelling worldwide, giving hope to many in the industry that these predictions will come to fruition.

One notable prediction for 2022 is a general increase in air travel prices. Without the need to keep prices low to stimulate consumer demand, airlines will be eager to



raise the cost of travel to make up for their losses during the pandemic. By the end of 2020, the pandemic had been responsible for \$140 billion in net losses across aviation worldwide, devastating companies in the industry. Losses were reduced to \$52 billion in 2021 and losses in 2022 are expected to sit just below \$12 billion. Walsh claims that airlines have been forced to reduce costs wherever they can to sustain the losses of the pandemic and make it out the other side, suggesting that airlines will increase prices as soon as they are able so they can begin to recuperate their losses. Especially given that the demand for air travel this year is expected to far outweigh passenger capacity this summer, it should be no shock to holiday planners that they will be spending more on their travel costs than usual.

Even though the 'deepest point of the crisis' may be in the past, both COVID and the travel regulations imposed to reduce the spread of the virus will still loom over the aviation industry this year - although it's likely that circumstances will continue to improve. The international restrictions introduced as a result of the Omicron variant certainly posed a challenge to the aviation industry, but evidence from the final quarter of

2021 shows that travel was not affected too significantly. Tim Clark, the President of world-renowned airline Emirates, said that Omicron did not dent overall demand for tickets during the winter travel season, illustrating that COVID-19's hold over the growth of the aviation industry is clearly beginning to weaken. This information implies that new and emerging variants of the coronavirus are unlikely to hinder travel as much as those reported in the early stages of the pandemic. Provided new variants do not lead to increased hospitalisations or prove current vaccines ineffective; international borders should begin to relax their entry restrictions and travel conditions can continue to prosper. It is incredibly unlikely that 2022 will see any full air transport shut-downs.

In terms of business, Cirium anticipates a strong and steady recovery for business-related travel. They suggest that there will be a 36% increase in business travel since last year and that the expected rate of recovery for business travel will be faster than past predictions, defining a promising outlook for business travel in following years. One of the strongest upsides of lockdown was the introduction of business calls over platforms like Zoom or Microsoft Teams, enabling companies, universities, schools and other groups to continue their meetings from home without having to risk worsening the circumstances of the pandemic. With organisations adjusting to accommodate working from home, findings have suggested that this new approach has led to an increase in productivity. A Connect solutions survey discovered that nearly four out of five people who chose to work from home at some point during the pandemic saw improvements to their productivity. Furthermore, 30% reported that they were able to get more work done in less time. This enhancement in productivity has led to suggestions that business travel will not make a significant comeback; after all, where is the need for travelling 4 hours for a meeting in Dubai when each party is still able to participate with only a laptop and decent internet connection? Has the new working-from-home climate made business travel redundant? The IBA cooperation argues against this, having seen various incidences of improvements in remote conferencing posing a threat to business travel. They don't think these changes pose a threat to business travel as in

person gatherings will always be preferable, such as the COP26 conference taking place in Glasgow towards the end 2021.

The impacts of the COP26 conference in November 2021 will also likely play out within the aviation industry. The 2050 Net Zero Carbon Emissions pledge acted as a significant pillar for most businesses present at COP26, and this atmosphere has likely folded into the principles of most companies involved in the aviation industry. COP26 has pushed forward the agenda for the use of sustainable aviation fuel. SAF is an alternative to traditional fossil jet fuel that produces far less carbon emissions as it is made from sources like cooking oil, solid waste from homes or plant waste. BP reports that sustainable aviation fuel produces 80% less carbon emissions than fossil-based jet fuel. As well as this, SAF has been proven safe to use and suitable for all aircraft. The main issue preventing SAF from being used more widely across more airlines is the price: since the technologies needed to create SAF are still developing, it remains an expensive alternative to traditional fuels. SAF's high cost is the main factor preventing more companies from investing in sustainable fuel. BP predicts that, over time, as technologies used to create SAF improve, its prices are expected to go down and more airlines will invest in renewable substitutes.

Geographical regions are expected to perform differently over this coming year. Whilst most regions will still suffer net losses, all regions' losses are down from 2021. Travel in North America is expected to make the strongest recovery, supported by the lack of restrictions over domestic travel in the United States. North American travel in 2022 is expected to make a profit of nearly \$10 billion and is likely the only region that won't see losses this year. In Europe, airlines are anticipating losses of up to \$9 billion this year, but the introduction of the European Digital Covid Certificate should help ease international travel back to pre-COVID conditions. Both Latin American and Middle Eastern airlines will see losses of roughly \$4 billion in 2022. Middle Eastern losses are partially dependent upon the lack of connections through the Pacific Asia, a region that is taking its time to open back up. Losses in this region are expected to be at around \$2.4 billion

this year. Lastly, African airlines will lose \$1.5 billion in 2022 due to the low vaccination rates across the continent.

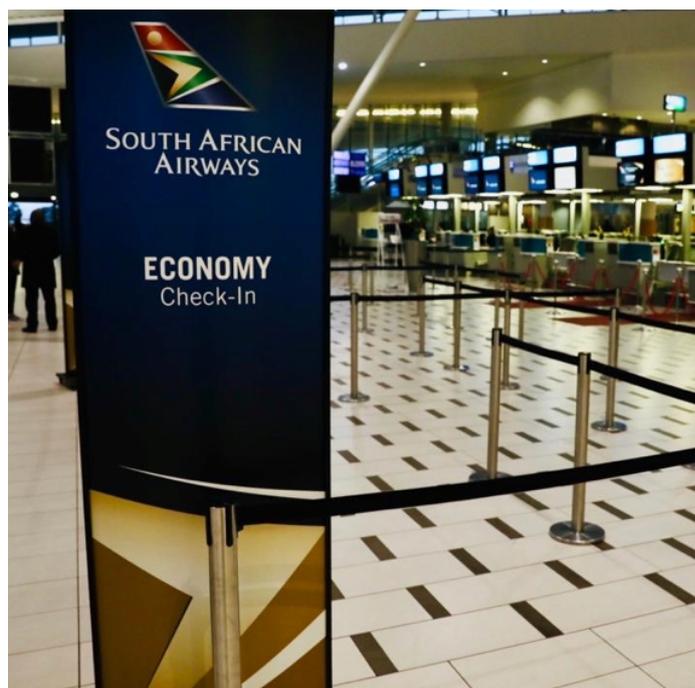
Overall, it's clear that the effects of the pandemic are casting a dark cloud over the aviation industry and will continue to do so throughout this year. However, progress back to pre-pandemic conditions is going well and hopefully, after what might be an extended delay, the industry will be ready to get back on track and take off again.

# The Devastation of the U.K.'s Red List on African Countries

*By Laura da Silva*

Throughout the past year African countries have dominated the U.K.'s notorious red list. The harsh travel bans affecting countries unfortunate enough to find themselves upon the infamous list have caused severe economic losses, as tourism sectors have suffered and trade has been hampered. Although the U.K. insists the list has been objective, one cannot help but notice that African countries have endured long stays whilst wealthier European and North American countries have managed (for the most part) to escape the list's grasp. African countries are simply left wondering "why is it that when it comes to vaccines, Africans are last in the queue, but when it comes to travel sanctions, we're first?"

Despite the exploitive personal cost of a 10-day hotel quarantine in the U.K. (around £2,285), the most direct cost of complete travel bans on African countries is the devastation this causes to tourism across the continent. When considering that for many African countries tourism constitutes a significant proportion of GDP – such as over 15% of total GDP in Botswana – knocks to the tourism industry have significant ramifications for African economies. Moreover, the U.K. market contributes a large percentage of this tourism revenue, especially in Southern Africa. One travel agency based in South Africa reports that revenues from U.K. travellers have decreased 81% because of the pandemic. Whilst a survey of 390 Southern African operators revealed that just over £50 million was lost



through travel cancellations in the 48 hours after South Africa's red listing at the end of November. Hence, South African GDP has suffered greatly as a result of the consistent travel bans. Consequently, the losses to revenue in the tourism sector have had a huge effect on the staggering rate of Southern African joblessness. Importantly, the increasing rate of unemployment in these developing countries is particularly concerning as these countries do not have widespread social security schemes, so they are unable to deliver the safety net that government handouts in the U.K. provide. This means that increases in unemployment in Southern Africa translates to thousands of families going hungry.

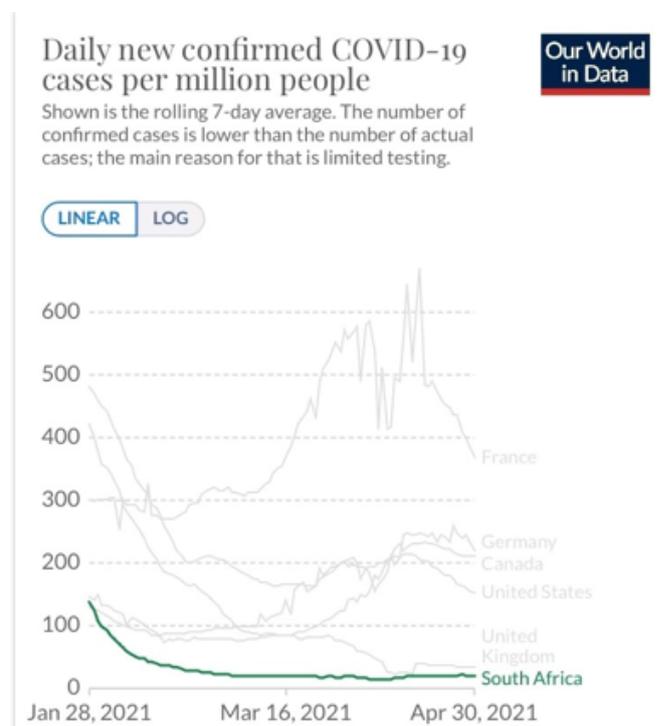
What's more, the arbitrary implementation of travel bans on African countries and the detrimental effects these have on African economies, creates enormous uncertainty in the performance of these economies which deters foreign investment. Africa has already faced huge knocks to foreign investment as health challenges and cyclical lockdowns have battered the continent's GDP. In 2020 when many African countries dominated the U.K.'s red list, foreign direct investment (FDI) flows to the continent decreased by 16% (\$7 billion). Moreover, the UNCTAD's World Investment Report 2021 showed that commodity-dependent countries were affected more severely by decreases in FDI due to the pandemic than non-resource-based economies.

Because the economic effects of complete travel bans are so harsh, it is important to establish whether the red listing of countries is fair. In September, before the 'traffic light system' was abandoned, sub-Saharan African countries alone made up 41% of the red list (that's 22 out of the total 54 countries on the list). In other words, 44% of the countries making up the sub-Saharan region were on the red list. Before this in April 2021, 19 out of the 39 countries appearing on the list were African (49%), and interestingly no European countries were featured.

The criteria for landing a country on the U.K.'s red list has never been specified, and overall the U.K. government lacks transparency in the decision process for implementing complete travel bans against countries and entire regions. Despite this, speculative reports suggest that the U.K. government's justification for putting travel bans in place include: the presence of known virus variants, the presence of high-risk variants that are under investigation, and the high prevalence of COVID-19 within the country. The robustness of contact-tracing systems, vaccination rates, and death rates have also been suggested as potential red list criteria. Yet, what the specific criteria are remains a guessing-game. Using scientific criteria to identify high-risk countries and take appropriate precautionary measures is sensible. However, it seems as though the 'criteria' of the U.K.'s red list has been applied to countries unequally. For example, whilst many African countries have remained under complete travel bans for months, the U.S. bore only a brief stint on the red list back in July 2020 despite infamously high infection rates throughout the past year and a half. Many have justified the harsher treatment of African countries by pointing to low vaccination rates throughout the continent. Yet, it is hardly fair to penalise specifically low-income countries for low vaccination rates when vaccine hoarding and empty donation promises by the U.K. and other wealthy countries are much to blame for these low vaccination rates.

A closer look into the countries that have been placed on the red list reveals its randomness. The discrepancy between the U.K.'s treatment of its wealthier trading partners in contrast to lower-income African countries is quite clear. More African countries have borne longer

and more frequent complete travel bans than European and North American countries. The graph below shows the daily new confirmed COVID-19 cases per million people of France, Germany, Canada, the United States, the United Kingdom and South Africa for the beginning four months of 2021. Despite South Africa having significantly lower cases than these wealthier countries, the country was on the U.K.'s red list for this entire period whilst none of the other countries faced travel bans to such a devastating extent.



Comparing African countries that have been on the red list to those that haven't presents a peculiar case too. In September 2021, Sudan found itself on the red list whilst South Sudan did not. This is strange because at the time the countries had a similar number of cases, but South Sudan had higher rate of daily new cases per million - 1.18 compared to Sudan's 0.23 - and lower total vaccination - 0.84% compared to 3.34% in Sudan. Thus showing the lack of objective and scientific criteria in the U.K.'s decision to add countries to the red list.

However, the greatest demonstration of the injustice of the U.K.'s red list was the hasty complete ban against all travel from Southern Africa after South African scientists reported the discovery of the omicron variant. Although at the time there was no information

on the severity of the new strain, or whether current vaccinations offered protection against the variant, the U.K. added several Southern African countries to its red list within hours of the South African report. This was followed by complete bans on travel from the red-listed Southern African countries by the U.S. and tens of European countries as they followed the lead of the U.K. – showing the sheer influence of the red list in dictating global precedent. These rushed travel bans were, rightly, met with outcry by African countries and the WHO, who called the travel bans “unjustified” and pointed out the small number of cases of the new variant among the banned countries. Nigeria called its move to the red-list “travel apartheid”, as at the time it had only three reported omicron cases compared to more than 300 in the UK, 38 in Portugal, and 32 in Denmark. The discrimination was clear and it was infuriating.

The sudden ban hit South Africa’s economy immediately as the rand slumped as much as 2% against the dollar overnight, and hospitality stocks plummeted as investors became nervous. The news of the new variant and the misinformed narrative of its African origin triggered a wave of selling of risk assets in emerging markets as investors “sought safety” in the U.S., euro zone government bonds, and the Japanese Yen. These financial hits caused by the U.K.’s panic meant that The South African Reserve Bank was forced to raise interest rates for the first time in three years with tightening effects continuing into 2022 – further extending the country’s struggle for sustained economic growth. In terms of the effects of this red listing on tourism, the ban could not have come at a worse time as Southern African was beginning its busiest season for tourism. After successfully fighting for complete travel bans to be lifted in October, South African tourism companies now faced huge and immediate losses. Shares in Sun International lost almost 6% of market value, shares in City Lodge Hotel dropped 15%, and shares in Tsogo Sun went down 14% – all in the first day of the complete travel ban. A smaller tourism company, MoAfrika Tours, lost over \$30,000 in that one day due to cancelled December bookings. These cancellations and huge monetary losses translate directly into higher unemployment, and more families unable to eat; and with South

African unemployment at an all-time high of 34.9%, there are already a considerable number of South Africans struggling for survival. As economist Dawie Roodt has said, “the biggest killer out there is not a virus or TB, or AIDS or anything, the biggest killer out there is poverty.”

It is now apparent that the omicron variant did not originate in Southern Africa as at the time there were already cases of the variant in the U.S. and throughout Europe – these countries simply failed to identify the presence of the new variant before the South Africans. Yet, the damage of the red list has already been done. Three and a half weeks of an unjustified complete travel ban caused irreputable damage to African economies, inflicted hardship on millions of Africans, and did nothing to prevent the global spread of the omicron variant. When will Western countries learn that as Antonio Guterres, chief of the UN, states travel bans “are not only deeply unfair and punitive, they are ineffective”?

It is clear that through the haphazard implementation of its red list, the U.K. has been playing with the livelihoods of many African countries, and deciding, with a change of colour, whether a country shall endure more economic hardship or whether they deserve some relief. As Naledi Pandor, South Africa’s minister of international relations, points out, the issue of African countries being frequently listed on the red list is a symptom of the bigger issue in which Western countries continue to disregard the expertise of Africans and display clear paternalism and prejudice in their interactions with African nations. Pandor states, “When you see information on the UK’s infection rate published by their government, you take that as factual. [South Africa] similarly publishes information on a daily basis. If the UK does not regard this information as factual, then there’s a much deeper problem.”

# Power and the Pandemic: Africa Suffering at the Hands of the More Affluent

By Charlotte Service

Over the course of the pandemic, a substantial amount of economic decline has been experienced by many, if not all, countries. The seemingly everlasting presence of Covid – in keeping with the emergence of the new Omicron variant – has made it hard to contemplate when the virus might actually start to become problem of the past, instead of an issue which continues to dominate the present. However, things do seem to be finally looking up, with new research confirming that Omicron is significantly milder than previous variants in spite of being more transmissible. Yet, whilst it appears that the severity of Covid itself might be starting to die down for the vaccinated, the grossly unequal economic consequences of the pandemic are becoming more and more apparent.

Over the past two and a half years, life has been largely dictated by the lockdown rules and regulations imposed by governments. Since the very beginning, politicians have been at the forefront of the pandemic, permeating the news with speeches and declarations about their country's next move. However, by focusing on the preservation of countries on an individual level, most governments have missed the bigger picture – if the pandemic is a global problem, how can we expect to address it on a national level without any consideration for the rest of the world? Over time, political decisions regarding the virus have also appeared to become less influenced by the scientific facts, and much more so by politics itself. The approach of the Western world to the pandemic is futile, as well as selfish, but it is the consequences for the poorer nations that are of the most concern.

Some blame the low rates of vaccination in Africa on the hesitancy of the population to have their jabs, either resulting from a lack of trust in the government or uncertainty about the calibre of the vaccines being distributed. Though this may well be a factor, the



continent's lack of supply and access to vaccines is predominantly the reason that 'less than eight per cent of the total 1.3bn population is fully vaccinated'. The delivery of vaccinations to poorer nations could be central to realising the end of the pandemic, but so far it is a long way from being prioritised. Richer nations have acquired and held onto vaccines in excess, many of which will never see the light of day, which has meant that poorer parts of the world have been unfairly and unnecessarily prohibited from accessing the vaccinations that they need.

The shortage of vaccines in Africa is now being described as the "vaccine apartheid", but the volume of supply itself is not the only problem. IMF's head of global health and pandemic response task force has claimed that "Predictability and sufficient shelf life of dose donations translate into lives saved and a quicker economic rebound". Yet, the majority of affluent nations who do eventually make vaccine donations choose to flog erratic quantities of doses at the last minute. Short notice and inconsistent provision make it almost impossible to dish out the vaccines effectively

to those in need, especially when most of the vaccines supplied are close to the date of their expiration. Even the larger and more wealthy African nations say that often the 'transaction costs are too high' for the volume of vaccines available to them. There is also the issue that the perceived to be undesirable vaccines, namely AstraZeneca, are being dumped on the continent, with Pfizer making up 'less than 3 percent' of the doses donated to Africa.

Even with an increase in vaccine availability across Africa, whether it is pragmatic of health officials to direct resources towards covid jabs is up for debate. The World Health Organisation aims to have had all countries 'vaccinate 70% of their total populations by mid-2022'. However, the median age across sub-Saharan Africa is 'less than 20', and it has been questioned if emergency syringe supplies should be used for covid vaccines over jabs for diseases such as measles and tetanus from which the majority of the population is more at risk of dying. Equally, there seems to be evidence that the virus has already swept through much of Africa, meaning that there is a level natural immunity built up within the population. Hospital admissions from Covid sufferers are also rare, likely explained by average age and low levels of obesity in the population. Equally, studies have shown that coronavirus appears to be less severe in those who have previously suffered from malaria. Despite all of this, regardless of whether the WHO's vaccination target should be prioritised by Africa, the continent will be unlikely to reach it under the current circumstances.

Ease of access to vaccines is not the only pandemic luxury that higher-income countries have indulged in over the past two and a half years. Policies and restrictions to stop the spread of Coronavirus have been implemented left, right and centre across the Western world, but such constraints are not something that much of Africa has had the power to implement, let alone afford.

One of the most significant of these luxuries is the ability to restrict foreign entry into one's country. Politicians are now starting to accept that the virus is not something that can be contained, particularly following the emergence of the more transmissible

Omicron variant. The traffic light travel lists have recently been deemed largely ineffective when it comes to stopping the spread of covid, prompting the removal of many nations from the so-called 'Red List'. Yet, many argue that the initial decisions of nations to place countries on the red list were taken rather lightly.

The 11 nations most recently added, and subsequently removed, from the U.K.'s red list, were all African countries. The addition followed the news of the new variant, but it was a rather peculiar thank you to the South African authorities who were the first to make-known Omicron to the world. It would have perhaps been justified had research confirmed that Africa was the source of the variant, but this was not the case; there were already low cases of infection across the continent, and little was known about the origin or severity of the new strain. The travel measures implicated were impulsive, and though quickly reversed, they were fated to have damaging economic consequences for each of the respective countries.

Though perhaps restricting foreign entry is something that the Western world may be able to afford, much of Africa is made up of countries with tourist dependent economies, and travel restrictions stand to annihilate their main source of income. Putting countries on the red list has an impact detrimental to the travel industry, leading to mass holiday cancellations and dissuading consumers from even considering going abroad. The pandemic has already created widespread macroeconomic uncertainty and with interest rates set to rise, poorer countries with already volatile economies currently have no hopes of achieving stable growth.

The privilege discrepancy between poor and rich countries is clearer than it has been for a long time. While countries such as 'Uganda and Mozambique are experiencing increasing levels of poverty and inequality', with much of their previous economic progress entirely eradicated by the pandemic, the more affluent countries such as the U.K. and the U.S. sit comfortable knowing they are blessed with a government that has the power to implement economic safety nets. In Africa, workers cannot afford to sit at home and isolate because they have no

government to support them while they do so. Financing months of furlough for millions of workers is a mere impossibility for African countries, not to mention something that many governments would be unlikely to even consider. The ability to generate money from thin air is not likely to come without economic repercussion, but the point is that only the wealthier countries have this option.

The social impact of the pandemic must also be considered. Mental health has plummeted around the world and suicide rates have sky-rocketed, but the less developed nations have additional social problems to deal with. An unstable economy means unstable employment, diminishing the income of families across Africa. 'Women and girls are bearing the brunt of the problems', forced to leave school to help support their family, be it through work or an early marriage. Besides the increasing gender inequality and the widening of the education gap, gender-based violence in Africa has also risen since the pandemic began. All of this is going to have a negative effect on growth in the long run – if a country cannot produce a cosmopolitan and educated workforce, it has no hopes of prospering on any level.

Though all these problems cannot be fixed directly by the richer countries, aiding the economic recovery of Africa will undoubtedly help to put nations on the right track. The Western world cannot go on to make isolated choices solely based on satisfying their own interests. The consequences of the pandemic for each country, and the restrictions that have come along with it, are not the same. Wealthier nations need to look at the situation with a greater awareness, as much for their own benefit as others, because if the virus is not dealt with on a global level, it is not dealt with at all. Further travel bans aren't an option for Africa; it needs tourism to stimulate and kick-start economies again. Frequent and random changes to regulations are not sustainable; they destroy economic confidence, making recovery impossible.

The more affluent countries need to realise that they have the power to support poorer nations, but more importantly that they have a responsibility to do so. Political decisions should have no disproportionate or

negative impact on poorer countries, especially those mainly brought about because politicians want somewhere to lay the blame. Reversing the economic depredation won't be easy – it might not even be possible – but more global inclusivity and consideration of others when it comes to policymaking is a step in the right direction. Asymmetric travel restrictions must be lifted, and the vaccine must be distributed in a more fair and feasible manner. Otherwise, we risk fuelling a further widening of the gap between the developed and the developing world.

# Has the Covid-19 Pandemic Induced Anti-Globalism in 2021?

*By Armaan Gheewala*

The Covid-19 pandemic, initially thought to be constrained to 2020, has caused mass economic and social damage even in 2021 and is continuing into 2022. However, with the pandemic beginning nearly 2 years ago, governments have tightened their borders, restricted international travel, posing the question: has the pandemic induced anti-globalism?

The largest major economic impact of the pandemic, which was felt in the majority of 2020, was the drastic reduction in international travel and trade. In 2021, the success of vaccination programmes has allowed the world to return to a somewhat normal state in which relaxations of travel restrictions have allowed holidaymakers to plan trips and imports to return to pre-pandemic levels such that growth was no longer negative. However, much of the success of the vaccination programme is constrained to wealthier countries, mainly due to 'vaccine hoarding' by high income countries. That is, by September 2021, 60.18% of citizens in high-income countries had at least their first dose, compared to 3.07% in low-income countries, with the richest countries being prioritised as they can afford vaccines in bulk. This unequal distribution means that poorer countries are left vulnerable to mutations of the virus, exemplified by the rapid spread of the Omicron variant which led to restricted travel to and from African countries, reducing their tourism



revenue, prompting the 'me first' approach, as quoted from the leader of WHO, where he further explains that this anti-global sentiment will only prolong the pandemic. This has added to the ever-present issue of global inequality which has been exacerbated by the pandemic as lower-earning households have been affected disproportionately.

When examining trade policy, trade liberalisation has been increasingly opposed since the 2008 financial crisis but the pandemic has further induced this protectionism, placing free trade in a precarious position. To minimise transmission of the virus, a culture of reduced trade has catalysed the already trade-conscious atmosphere in the West, leading to 'limitations in the global supply chain', evidenced through U.S. President Joe Biden's extension of 'many of the protectionist measures introduced by his predecessor - including trade tariffs on metal imports', clearly showing America's stance on boosting domestic production. Unsurprisingly, a similar stance has been taken in the U.K., where agricultural policy is being modified to limit the impacts of Brexit - most notably the loss of access to tariff-free goods from the EU thereby forcing Britain to rely on its domestically produced goods. These policy choices are further supported by the impacts of climate change as governments scramble to reduce their carbon footprint and promote sustainability through reducing exports. 2021 documented 'record atmospheric greenhouse gas concentrations and associated accumulated heat have

propelled the planet into uncharted territory' therefore, in conjunction with COP26, global leaders are looking to promote more climate resilient policies, which in theory would reduce international trade of physical goods as domestic production requires a smaller carbon footprint.

One of the largest antisocial events occurring earlier in the year was the rise of hate crimes against Asians. Since the pandemic began in 2020, Asians had been verbally and physically abused and blamed for the spread of the Pandemic. However, 2021 saw an exponential rise in physical attacks, prompting the gathering of activists to protest against this despicable and indefensible violence. This is evidenced in the brutal nature of the attacks such as 'an 89-year-old Chinese woman who was slapped and set on fire by two people, in New York' highlighting the threat xenophobia poses to Asians around the globe. This creates a culture of fear and prejudice which is known to hamper economic development. In response, President Biden 'signed into law the Covid-19 Hate Crimes Act, to address the rising rate of anti-Asian attacks' which will designate federal resources and funds to local and state officials in efforts to ease the procedure of reporting these crimes, calling more attention to the brutality of these incidents and better educate the local population about the diversity within the Asian community.

On the other hand, increased globalisation can be observed in other realms. The global scientific community collaborating in their research and development efforts in obtaining safe and effective vaccines as well as exploring different forms of medication to fight the virus. And, of course, the unprecedented amount of work and education taking place online. For example, with the bulk of classes, meetings and interviews taking place over online calls; this has allowed for institutions to reach a wider audience, facilitating more collaborative innovation, the increased sharing of ideas and more accurate matching of job seekers and finders. A widespread increased reliance on the internet, however, has allowed for multinational companies to incorporate one of their main motivators (reducing costs) with the potential of outsourcing higher skilled work. Long before the pandemic, the developed world saw the

bulk of their agricultural and manufacturing sectors move to Eastern nations like China, India and Bangladesh due to lower labour costs. This process combined with the generally cheaper costs of technology, is now being extended to fields like 'telemedicine and online consultancy' where the importance of them have been magnified by the pandemic. Hence, this creates a large task for governments as currently these fields are unregulated, thus allowing for the spread of misinformation and exploitation of labour and the consumer.

Within the first month of 2022, it is still very apparent, that the impacts of the pandemic will remain pertinent for the foreseeable future. Whilst the pandemic has caused anti-global sentiments, much of these policies appear to be short-term whilst the industries, art and education that have been created are very much long-term.

# Strengthening The Supply Chains

By Morgan Anthony

For many people it was the shortages of fuel at the petrol stations, for others it was the dearth of semiconductors which meant consumer electronics couldn't be bought. Regardless of who you were and where you lived, for most people in 2021, shocks to global supply chains loomed large.

In 2021, a cascade of reasons led to the plight of a severe supply chain crisis. As highlighted in a previous article for the St Andrews Economist, the continuation of the Covid-19 pandemic, workers being unwilling to return to the labour force, a spike in energy prices and economic protectionism were the four main reasons which compounded the crisis. This led to a rise in economic instability, inflation, economic growth stagnating and policymakers scratching their heads about what can be done.

However, as we move into 2022, severe supply chain disruptions are likely to persist and are likely to get worse as time goes on. In the short run, the spread of the Omicron variant will be the primary cause of disruptions. Outbreaks of the highly transmissible variant across the world will lead to workforces having to self-isolate causing production of goods to become less consistent, thus hampering firms' capability to fulfil contracts to those they supply to. Outbreaks have already caused severe disruption, with US retailers Walmart, Macy's and Apple reducing open hours and closing stores.

Despite the pains of 2021, there are reasons to expect supply chain disruptions to only become more prevalent beyond 2022. Such disruptions may occur as a result of an increase in the occurrence of natural disasters (such as storms, wildfires and floods) due to the worsening effects of climate change, and cyber attacks by more sophisticated state and non-state actors. A litany of other smaller-scale events such as transportation failures, human error and labour shortages will also contribute to supply chain shocks. A



study by McKinsey in 2020 found that companies can expect to lose 42% of one year's earnings per decade from supply chain issues complications. With the severity and frequency of these shocks increasing, the public and politicians may fret and question whether our increasingly globalised world with its complex and lengthy supply chains are fit for the rest of the 21st century, with politicians publicly discussing upending the free trade consensus.

But why are supply chains not resilient to shocks in the first place? Firms know that supply chain disruptions can cause severe reductions in income as inputs fail to arrive in a timely manner for efficient production. Because of this, we would expect firms to be highly incentivised to 'fully insure' themselves against the drastic cost of supply chain shocks. To prepare against supply chain disruptions, firms and countries can look to diversify away from reliance on single countries and firms, strengthen relationships with current suppliers by hiring lawyers to oversee contracts, invest in technologies and expertise to better predict shocks and develop greater personal relationships with suppliers. However, there is a key wedge which reduces firm's incentives to strengthen supply chain relationships and risks drastic shocks to output.

In a paper by Ben Golub, Matt Elliot and Matt Leduc, they find that there is a threshold of supply chain

relationship strength (or probability that a firm will be able to produce its input). Below this threshold level, a firm will find it almost impossible to produce a good due to the likelihood that at least one necessary input won't be able to be produced somewhere in the highly complex supply chain. Above this point, production will happen most of the time. This relationship between supply chain strength and probability of finished goods being produced means that if there is even a small shock and firms' supply chains strengths are close to this precipice, production could grind to a halt, and the consequences amplified across the economy.

Nevertheless, this doesn't explain why supply chain strengths are often close to this point. On the contrary, it would suggest that firms would be highly incentivised to invest in supply chain strength as the loss in income from a small drop in supply chain strength is so high. The main wedge, which prevents firm's from moving their supply chains away from this precarious point is the inability for firms to receive the gains from strengthening their supply chains.

If a firm near the start of the supply chain was to strengthen its relationship with its suppliers, there is a big externality for firms further down the supply chain as they are much more likely to receive their inputs which increases their expected profits. This means that as the benefit of strong relationships cannot be internalised to this firm high up the supply chain, the extra expected profit they get from investing in relationship strength is often less than the cost of the strengthening the relationship. As this is the case, firms are not incentivised to increase relationship strength and move away from the threshold. A consumer good producing firm would be incentivised to contract with and pay firms further up the supply chain to improve supply chain strength with their suppliers but there is no easy way to do this so firms up the supply chain cannot internalise the profits of extra supply chain resilience and are not incentivised to do so.

Given the likelihood of more shocks causing greater supply chain crises, what can policymakers do about this? During the Covid-19 pandemic, governments put pressure on firms to re-shore production and move it

outside of China. Factories for the aforementioned semiconductors were built in Japan and the USA to reduce reliance on importing semiconductors from South Korea and Taiwan and to bring high skilled production back to these countries. Furthermore, the political mood has turned towards creating shorter supply chains with more domestic or nearby production of inputs and goods through quotas and other restrictions on inputs of an ever-expanding list of 'national security critical' products. This geopolitical issue is a big concern for many western countries who do not want to be held hostage by volatile political systems.

However, the use of quotas and protectionism to increase supply chain resilience may cause more harm than good. The use of protectionist trade policies generally increases the cost of any inputs if produced domestically or subject importers to greater importing costs, and fails to take into account the further productivity losses by reshoring. Additionally, by segmenting the international supply chain through protectionist policies, countries may be unable to effectively specialise in their production.

An alternative solution is subsidising diversification. As consumers prefer to have a range of goods be available to them, (i.e., firms having relationships with suppliers both domestically and abroad) subsidising diversification may offer the best policy. In doing so, the government overcomes the two costs associated with it. These costs are both the extra investment required to build a relationship with a firm but also the more subtle cost of profits being lower when one supply chain fails as more firms are diversified in their supply chains and can therefore produce when one fails leading to greater competition and less market power and lower profits. Thus, the policy to subsidise diversification benefits consumers as it means that they still can benefit from the lower cost of international supply chains while mitigating the drastic costs when a shock (even small) hits production somewhere in the world and reduces the geopolitical reliance on other powers with political volatility.

2022 will usher in an unprecedented era of shocks to supply chains which will dwarf the disruption caused

in 2021. However, as firms are not incentivised to make supply chains more resilient as there are major spill overs to this investment, fragile supply chains are now increasingly prevalent. Hence, it will take government intervention to promote diversification to improve supply chain strength and avert the next major crisis caused by a small shock somewhere in our interconnected world.

# The Inflation of the Past, Present, and Yet to Come

*By Ming Lee*

Inflation, the well-behaving constant in our lives up to this point. For the past three decades, trust in the value of money was rarely something to be questioned in most advanced economies. However, as we have learned time and time again throughout the past year, the most reliable of constants can become uncertain. This comfort and constant in our lives may be something we can no longer rely on though, with Coronavirus causing chaos in everything it touches, inflation has been unable to escape unscathed.

2021 is a year in which inflation became the salient policy concern for the first time in decades, with price levels skyrocketing far beyond expectations in many economies. Threatening the price of everything from food to fuel, there are obviously grave consequences of rampant inflation on businesses and everyday individuals. Central banks around the world have begun a series of monetary policy tightening, but this cautious approach now seen is very much different from the message of 'transitory' inflation relayed in the beginning of the year. With central bankers and economics students alike being divided on the potential behaviour of this inflationary period, the only definitive statement that can be made is that inflation is a topic not easily unravelled.

To begin the unravelling, looking back to the inflationary periods of the past can help in our understanding and predicting of the current period's behaviour. Out of the six episodes of inflationary episodes since World War II in the US, White House economists have found the period of inflation post World War II to be the most comparable to today, with supply chain disruptions and pent-up demand being cited as both episodes' main causes.



While supply shortages during the post war period were due to stocks being exhausted during the war effort, today's similar supply shortages are due to diminished manufacturing capacity, labour shortages, trade bottlenecks, much of which caused by efforts to stop the transmission of Covid-19. With goods being scarce in both periods, prices have shot up to compensate.

Additionally, ability to spend was limited in both periods, with mandated national rationing during World War II and national lockdowns during the current Pandemic. Looking back, the savings accumulated during the war were spent soon after the war ended and mandated rationing was lifted, driving up demand. Today's situation is extremely similar, with national lockdowns causing spending on entertainment, dining, and travel to become near impossible, countries have seen a sharp rise in demand in economies once restrictions were lifted. With both leading to pent-up demand, and the accompaniment of large fiscal stimulus to aid in recovering economies, it is not surprising that savings accumulated during periods of low spending are spent quickly after these limits are lifted, leading to demand-pull inflation.

The comparison to the past can aid in arguments that current inflation is transitory. In the same way that inflationary pressures faded after supply chains were restored to regular function after the Second World War, some expect and argue that current inflationary pressures would subside once the effects of Covid-19 have passed.

However, it would be naive to insinuate that this comparison to the past is a perfect one. There are obvious differences that cloud the analysis such as the

presence of price controls during World War II that are not present currently. A previous similar period of inflationary pressures subsiding does not mean that this time's ride will be this easy.

The current situation differs with the accompaniment of record surges in fiscal stimulus. Many on team persistent acknowledge that Covid-19 caused supply chain bottlenecks are a large cause of current inflation, which is a transitory factor. However, there has also been a large increase in demand fuelled by unprecedented stimulus that could be masked as mere supply chain issues. Regardless of supply bottlenecks, global demand for all goods and for components where there are shortfalls is at record levels. These high levels of spending, much of which caused by fiscal stimulus, are causing many economies to overheat, and are unlikely to be transitory.

Though it cannot be proved whether current inflation is transitory or persistent, what is clear is that it shouldn't be ignored. What we see now and for the future is a trend of central banks beginning their tightening of monetary policy, finally doing what textbooks recommend. The ECB have scaled back their asset purchasing programs, the UK surprisingly raised interest rates, and even Japan dialled back their monetary support. The consistency despite the lack of policy coordination apparent makes it clear that inflation is now the pressing issue. Inflation forecast upgrades dominating headlines has made inflation impossible to ignore, and rising expectations mean central banks must act. Even though many still stand by inflation's 'transitory' nature, they are making their intentions clear that they are willing to tighten monetary policy to target inflation, as their main responsibility. However, is this late arriving action enough for central banks to maintain their credibility?

The stakes of the game that central banks are playing are high. If central banks act too fast and hard against inflation, then already struggling economies will be further derailed from recovery, lowering incomes, and destroying jobs. However, if central banks take a too laissez-faire approach, and fail to realise the true threat of incoming inflation, central banks will need to take tougher action when inflation is much more difficult to

control, worsening the economy even more. In the current uncertain environment, the complexity of the inflation problem leaves much room for policy error. Investors' cite not inflation as their biggest concern for 2022, but policy error instead, showing a sign of a loss of trust in central banks. From the Fed's policy being criticised as 'too little too late' to the Bank of England being called an 'unreliable boyfriend' for its surprise interest rate hike, it almost seems impossible for central banks to get it right.

Whether or not inflation is transitory or persistent, 2022 will be the year where we see the end of ultra-loose monetary policy. Central banks have made their intentions of fighting inflation clear, but the everchanging environment means that whether this effort will be successful or not is uncertain. Whether or not central banks' decisions have been the right one will depend on their luck with factors out with their control. With Omicron once again making things unpredictable, the main job of central bankers is now to maintain the trust of the public and maintain credibility. Though this inflationary period seems a near impossible feat to tackle, a look back to the past gives hope that the future may not be all doom and gloom.

# Biden's Impending Midterm 'Shellacking'

By Ross Alexander Hutton

In early November 2010, a dispirited and rather subdued President Obama fielded questions from reporters after barely holding on to the Senate and losing control of the House of Representatives to a historic 'red wave' of Republican support. When acknowledging the failure of Democrats to comprehend voters' frustrations with the sluggish economic recovery from the Great Recession, Obama candidly admitted that he took a "shellacking" from voters dismayed by the appearance of a White House cloistered by the bubble of executive privilege. Ever since, the former President's admission has aptly encapsulated the well-accepted axiom of U.S. presidential politics: modern presidents in their first term of office tend to be unsuccessful in the midterm elections (except President George W. Bush in the aftermath of 9/11). Given that these elections are 'off presidential year' elections, pundits postulate that midterm elections act as de facto referenda on incumbent presidents, drawing increased scrutiny on their performance. Indeed, pundits posit further that swing voters tend to 'check' the power of incumbent presidents by voting for the other party, depending on how well they believe the president – and the country – is performing. Hence, as coronavirus looms large, inflation tightens its grip on the U.S. economy and his legislative agenda remains in tatters, Biden faces an uphill struggle to become another exception to the ironclad rule of midterm elections.

After defeating an emboldened and enabled narcissist in one of the most heavily scrutinised presidential elections in American history and prevailing over an armed insurrection of the U.S. Capitol which aimed to prevent the certification of electoral college votes,



Biden's inauguration quite literally brought American democracy back from the precipice of tyranny. But, a unified retreat from the edge is still yet to be seen. In his first year in office, Biden stabilised American politics – on the surface – as he was elected to do: not mentioning his predecessor by name or engaging in the 'big lie', focusing on tackling the coronavirus pandemic head-on with the roll-out of efficacious vaccines and passage of the American Rescue Plan as well as characteristically reaching across the aisle to pass the long-anticipated Bipartisan Infrastructure Framework. Simply 'getting on' with the job and purposefully projecting an image of a clean break from the circus of the previous four years was a smart strategy for Biden during those early days – but, perhaps not anymore.

Politics is often harsh and unrewarding as Biden knows well. Even with the momentous legislative win of the \$1.2 trillion Bipartisan Infrastructure Bill acting as proof that Biden's 'old school' bipartisanship modus operandi can still produce results in a divided Washington, it will take time for its various investments (including in roads and bridges, transit and rail and broadband) to permeate through the U.S. economy for Biden to fully realise its returns to his presidency. On the other hand, the American Rescue Plan – although initially well received – has been overshadowed by the delta and omicron coronavirus variants, constraining its gains to his presidency to be diminishing over time. In fact, President Biden's electoral fate is symbiotic to the state of the pandemic. Since a major part of his electoral appeal was derived from his offer to fill the vacuum of credible leadership with an experienced hand during

the ongoing public health crisis, it is no wonder that 'Biden stock' is strongly correlated with 'coronavirus stock'. And this is where the legacy of his predecessor's recklessness haunts his presidency.

America's recovery from the pandemic is hindered by the pandemic of the unvaccinated. So long as significant swathes of predominately Republican voters subscribe to baseless conspiracy theories permitted to gain credence by charlatan conservative figures, new variants will emerge and America's health care system will continue to face the sustained threat of becoming overwhelmed. Not only do the unvaccinated suffer from their intransigence, their vaccinated counterparts also suffer from the re-introduction of restrictions on social life required to compensate for the irresponsibility of the unvaccinated. And who do voters blame for a pandemic still interfering with their lives? Incumbents. Look no further than the closely followed Virginia Gubernatorial election in November 2021 where the Republican Glenn Youngkin swept to victory in a widely believed to be democratic-leaning state. Despite Democrat McAuliffe's attempts to associate his opponent with Biden's disgraced predecessor, Youngkin cleverly capitalised on local issues, specifically education. With most of the child care and schooling burden falling on mothers, Youngkin tapped into the frustrations of working mothers - a key constituency of Biden's 2020 election winning coalition - who are more likely to be forced out of the workforce in response to pandemic-induced school closures. The lesson for Democrats? In the words of Former Speaker of the House, Tip O'Neill: 'all politics is local'.

Extrapolating this individual state race to the national level reveals some important lessons for Biden going into the 2022 Midterm elections. In a nutshell, the President has to achieve two mammoth missions: get one step ahead of the pandemic, not two steps behind whilst simultaneously legislating for the public policy issues exacerbated by the pandemic. For the first mission, Biden must find more ways to encourage the unvaccinated to take the safe and effective vaccine by tackling - rather than ignoring - the post-truth era ushered in by his predecessor. In practice, this means explicitly taking on the social media companies

responsible for the disinformation spreading on their platforms. In addition, Biden must move beyond the change in strategy of crediting his predecessor for vaccine R&D to changing the incentives of the unvaccinated within the constraints of the constitution. To win over the vaccinated voters increasingly exasperated by prolonged covid-related disruption in their lives, the Biden-Harris White House desperately needs to shepherd America into the 'living with the virus' phase of the pandemic - backed by robust testing and quarantine arrangements - to keep kids in school and parents in work.

The second mission, however, is far more treacherous. Time is of the essence for Senate Democrats to pass the cornerstone of President Biden's legislative agenda: the Build Back Better (BBB) Bill. If passed, BBB would transform the nation's social safety net through its vast investments in 'human infrastructure' from Universal Pre-K and limits to child care costs to an enhanced Child Tax Credit and Earned Income Tax Credit to climate related tax credits. These policies would drastically rebuild America's middle class - just think of the improvements to productivity when the encumbrance of childcare is removed from the shoulders of working families! If only such legislative reform were that easy. Even with their trifecta of power, Democrats have a major obstacle on their progressive pathway: Joe Manchin. With the narrowest Senate majority possible, Democrats simply cannot advance their agenda without the vote of the canny moderate from 'reddest of the red' West Virginia. A self-proclaimed pragmatist, Manchin knows full well that he benefits electorally from his obstinacy exemplified by his December surprise to proclaim on Fox News that he was a 'no' on the president's signature spending plan. So, the seemingly intractable challenge for Democrats in 2022 is to turn his stubborn 'no' to at least a reluctant 'yes'.

One should not lose sight of the stakes of Manchin's unyieldingness. McAuliffe's shellacking in the Virginia gubernatorial race acts as a blatant warning to democrats: sleepwalking into an election empty-handed is political suicide. Legislative inaction is the norm in Washington but for Democrats to stand a chance in November, their trifecta must be utilised.

With the dark-money corrupted Republicans fanning the flames of 'culture wars' to then simply turn around and pass tax cuts for the super-wealthy when elected, Democrats can only win over the voters engulfed in the Republican's fantasies by legislating to improve their lives in real, tangible ways. If they fail to pass comprehensive reforms, Democrats will almost certainly lose control of the Senate to the 'grim reaper', Mitch McConnell, who will revert the upper chamber back to a legislative limbo, limiting the Biden agenda to mere executive orders. Yet, Biden the 'dealmaker' is perhaps best placed to wade through the quagmire of negotiation to reach a compromise both Manchin and progressives can sign on to. Whether it be by scaling back the BBB bill to a conservative version of the framework Manchin agreed to before Biden departed for COP26 or by piecemeal legislating alongside executive orders to cover the policies excluded from the final bill (from cancelling crippling student loan debt to lowering health care costs at the stroke of the President's swanky signed pen), Biden must unite his party and govern or risk being governed by the alternative.

However, Democratic infighting is not the only roadblock to Biden's agenda: enter inflation. For months, central bank boffins have insisted that rising inflation is 'transitory' and would subside once the American economy stabilises from the shocks of the pandemic. Nevertheless, inflation appears to be far more entrenched than originally thought, with legitimate fears that this 'political poison' could become self-sustaining. While there were plenty of signs of an overheated American economy at the end of 2021, it is likely that the strain of inflation on the U.S. economy will lessen in late 2022 as result of easing supply chain pressure, intervention by federal antitrust authorities in uncompetitive markets and anticipated contractionary monetary policy by the Federal Reserve. Indeed, Nobel Prize winning economist Paul Krugman argues that 'history tells us not to panic' – that is, the current inflationary environment is much closer to the aftermath of WWI and the Korean War than the stagflation of the 1970s. 'Transitory' or not, inflation is a multi-faceted dilemma for Biden in 2022. Not only are incumbents – rather than the Fed – blamed when voters observe their purchasing power erode away,

inflation presents a colossal barrier to the passage of BBB. Even if progressives argue that BBB spending is spread over a number of years and directly brings down the costs of prescription drugs and childcare, persuading Manchin that there would be no 'modest' increase in inflation in the short-run is a hard sell to say the least. So, Democrats need to focus on sequencing: put BBB on the back burner whilst inflation unfolds and focus on the most consequential legislative issue of our time.

January 6th is not over: the existential threat to American democracy posed by those who seek to undermine the republic has not subsided during Biden's first year in office. GOP legislators in Georgia, Texas, Ohio and North Carolina have mounted a concerted assault on voting rights as part of a legislative continuation of the January 6th insurrection, predicated by the 'Big Lie' that Biden is an illegitimate president. Not only are Republican state legislators restricting the fundamental right to vote but are ruthlessly replacing independent election administrators with state legislatures and partisan officials to subvert the will of the people with 'election nullification'. Hence, there is an unrelenting moral imperative for the Biden administration to act to protect and defend the foundation of American democracy from voter suppression and election subversion. There is also a political imperative to act. It is all too easy to forget the pivotal role Democratic House Whip Jim Clyburn played in turning out black voters for Joe Biden in South Carolina, propelling him to the party's nomination. Just as spectacularly, the President's support among these voters will rapidly erode away in the midterms if Biden fails to have their back like they had his.

Failure is not an option. Biden must start using the bully pulpit and the full weight of the White House to pass the John Lewis Voting Rights Act & Freedom to Vote Act. Of course, there is not one but two elephants in the room: Senators Joe Manchin and Kyrsten Sinema. Since Senate Republicans remain unwaveringly loyal to the 'inciter-in-chief', the only way for Senate Democrats to pass voting rights legislation is to overcome the so-called 'legislative filibuster'. Left over from the slave-era, the undemocratic filibuster

acts as a blockade against the majority by imposing a 60-vote threshold to end debate before a simple majority vote on the bills can even take place. Although Senate Majority Leader Schumer and President Biden have indicated a willingness to fundamentally change Senate rules to do 'whatever it takes' to avoid the 60-vote threshold, Manchin and Sinema remain supportive of the filibuster even though they are co-sponsors of the bills! Hence, it is not hyperbole to assert that Biden's presidency hinges on the Democratic leadership's ability to persuade Manchin and Sinema that when circumstances change, rules have to change too. With many possible ways to avoid the obstructive legislative filibuster, Democrats shouldn't make the perfect the enemy of the good. No matter what, Democrats must fight and win – just like they did for the debt ceiling!

So, can Biden avoid a repeat of the midterm 'shellacking' of his predecessors? The answer is no clearer than it is straightforward. Politics is the art of making the seemingly impossible, possible. With decades of legislative experience, Biden is undoubtedly the right President at the right time to overcome the infighting and unite his party to deliver for the American people. Should he succeed in passing at least voting rights legislation and bringing not only the pandemic but inflation under control, then Democrats stand a chance in November. This is, of course, not to mention other potentially determinative issues on the resolute desk from immigration reform to Russia's attempts to re-draw the borders of Eastern Europe. Should he fail, then any hopes of being remembered in history as a 'transformational' president will be dashed. In any case, Biden has 'got to get caught trying'. With the odds currently stacked against the President, the challenge for Biden in 2022 is to flip the seemingly unsurmountable odds in his favour. All eyes are on the White House.

# Biden Has a Manchin Problem

*By Laura Gillies*

Joe Biden has spent his fair share of time in the White House over the past couple of decades. First, he was Barack Obama's Vice President from 2009 through to 2017 and one Trump presidential term later, he's back. This time as president. And just as Obama walked into an economic crisis created by the sub-prime lending market, Biden has walked into a similar economic situation, this time created by a 'once-in-a-century' pandemic.

It's blatantly clear that Biden meticulously followed the same playbook Obama used in 2009 by coming to the rapid conclusion that a giant economic stimulus package was required to drive the American and global economy forward, whilst building back better.

Although President Biden initially sought to inject just over \$3 trillion into the U.S. economy, it soon became obvious that such a sizeable stimulus would need to be broken into two tranches. In November, less than a year after he was sworn in, Biden successfully drove an Infrastructure bill through the House and Senate that appropriated \$1.2 trillion to stimulate the U.S. economy. The second portion of the plan was packed as the Build Back Better plan, billed at \$1.75 trillion. What does 'better' mean? The aim of the act is to invest more into children and caregiving, combat climate change, expand affordable health care and strengthen the middle class. A very noble set of goals, but not all share that view—unfortunately for him not all the objection is from the Republican Party. The partisan nature of U.S. politics will, by definition, result in opposition to a bill that is central to the current administration. But even beyond that, the Republican party, which with Trump as the de-facto king maker still leans very heavily to the right, has taken strong opposition to the climate elements of the bill as well as any strengthening of Obama Care. However, the most vociferous opponent to the bill is not a Republican but comes from a lonesome voice within the Democratic party: Joe



Manchin, a centrist Democratic Senator from the very industrial and economically challenged coal producing state of West Virginia. Given his support base and his political future, Manchin acts as the lone Senator blocking the passage of the Biden's presidency defining Bill.

Manchin has "expressed concerns about climate proposals and extensions to monthly child tax credit payments as his objection" to the act. Evidently, the Senator is focused on sustaining the existing jobs within his own state and any legislation to drive out fossil fuels is either not in the interests of his constituents or his own political future. With a 50/50 split in the Senate, things are finely balanced—if all Democratic Senators were to vote in favor the decision would fall to Vice President Kamala Harris as the tie-breaking vote. However, it is clear Manchin is not going to support the bill and has accordingly it been set aside until well into 2022.

In the meantime, it is likely that there will be a lot of horse trading within the Democratic party to make the act acceptable to all factions even though it is clear that the majority of Americans are broadly supportive of the policies comprised within the bill. Having used the holidays as a cooling-off period, the President and his party return to congress in 2022 determined to find a way to bridge their differences with Manchin and to find a way to reach an enabling compromise. Bizarrely,

the thing that is probably working in Biden's favor is the resurgence of coronavirus in the form of the Omicron variant that is now beginning to rage through America and slow up the economy once again.

By any standards, the magnitude of the stimulus package is enormous. Compared to Obama's stimulus bill of \$831 billion following the financial crisis, it is a staggering amount of money at \$3 trillion. Controlling the inflation evident throughout developed economies through interest increases is essential as stimulus is passed to support economic recovery. Biden's legacy will likely be determined by his ability to corral his entire party behind the Build Back Better bill. Plus, given his own falling popularity in the polls, there is enormous personal gain to be had from its passing. The economic direction of the entire nation is contingent on its success and all eyes will be focused on Washington through the cold winter months, looking for the right outcome.

# Gold for Christmas: Will the Latest Supreme Court Ruling Help Venezuela?

By Brynna Boyer

On December 20th, the Supreme Court of the United Kingdom ruled in favour of giving Venezuela's interim President, Juan Guaidó, access to over £1.4 billion worth of the country's gold reserves, currently held by the Bank of England. This decision follows months of marathon legal efforts – both on the part of Guaidó as well as Venezuela's current de facto leader, Nicolás Maduro – and is a major step forward for democratic reform in Venezuela and helps further delegitimise Maduro's totalitarian regime.

The Supreme Court explained that, going forward, the British government's recognition of Guaidó as Venezuela's interim president was 'clear and unequivocal.' This ruling has now made all British courts obliged to support the Guaidó's de Jure legitimacy, disillusioning anyone doubting which side the U.K. stands on.

Also included in this adjudication was the rule that U.K. courts could not recognise rulings by Venezuela's highest court, the Supreme Tribunal of Justice (STJ), which has declared Guaidó's efforts to gain control of the reserves unlawful. The STJ has been under the control of Maduro and his party for over a decade and, therefore, unable to maintain the principle of separation of powers needed for impartial court rulings. The U.K. Supreme Court stated that the STJ's judgement could not be recognised as long as the legal system supports Maduro's legitimacy.

Maduro is supposedly seeking access to the reserves to transfer money to the United Nations Development Programme (UNDP) to purchase medical supplies to fight the COVID-19 pandemic in Venezuela. However, after more than seven years of mismanagement and corruption under his regime, critics are fearful he will instead use the funds to reward political supporters



and pay off foreign allies who support his regime so he can continue to secure his rule.

Since his inauguration in 2014, Maduro has destroyed the, admittedly weak, foundations of democracy in Venezuela. Under his authoritarian rule, he has delegitimised his own government as sham elections and conniving actions by Maduro have dismantled the country's legal and democratic institutions. The institutions include Venezuela's democratically elected National Assembly, members of the STJ, and the Attorney General. The National Assembly was the last bastion of democracy in Venezuela, as it was the remaining political entity independent of Maduro's grasp or his allies'. However, the National Assembly had been rendered powerless since 2017, as the STJ declared it in contempt and annulled all its decisions.

In January 2019, Guaidó, as head of the National Assembly, declared himself interim President of Venezuela. He declared Maduro's authority illegitimate, as it was created using violent and subversive totalitarian tactics. Nearly sixty countries, including the United States and the United Kingdom, have

subsequently recognised Guaidó as Venezuela's interim leader.

As well as being in the midst of a political crisis since Maduro's—and, arguably, former President Hugo Chavez's—regime, the economic situation in Venezuela is just as dire. In the same year as Maduro's inauguration, global oil prices tumbled and the economy of the Latin American petrostate went into a free fall. As unrest simmered in response to the collapsing economy Maduro followed in the footsteps of his predecessor and consolidated power through political repression, censorship, and electoral manipulation. In 2018, he secured re-election in a race which is widely accused as having been unfair and undemocratic.

Venezuela's failed petrostate economy has been further crippled by the imposition of sanctions by a group of nations (including the United States, United Kingdom, European Union, Canada, and Switzerland) since 2014 over the Maduro regime's corruption, human rights violations and blatant suppression of democracy.

Since 2020, Maduro has used the COVID-19 pandemic as an excuse to call a state of emergency within the country. This has given the government the authority to repress dissent—lawyers who provide legal aid to demonstrators protesting lack of water, gasoline, or medicine as well as legislators, journalists, and even healthcare workers who criticise the government's mishandling of the pandemic are being detained and prosecuted.

Maduro and his allies seized leadership of the National Assembly during the legislative elections in January 2021. The opposition, including Guaidó, boycotted the vote, alleging that it was fraudulent – a charge reaffirmed by United States' President Joe Biden's administration and other foreign governments and international bodies, including Canada, the European Union, and the Organization of American States.

Regional elections this past November have further cemented Maduro's power as the fractured opposition, many of whom were still boycotting Venezuelan

elections, only won three of twenty-three available governorships. With the entirety of Venezuela's legal and governmental institutions under his control, and Guaidó quickly losing some of his international allies, not only will the Maduro regime continue, he will become emboldened to increase his repressive tactics going forward.

Meanwhile, the country's humanitarian crisis continues unabated. Venezuela is the poorest country in Latin America, with over 94% of the country living in poverty – over 76% live in extreme poverty. This is a direct consequence of hyperinflation and unemployment. According to the United Nations High Commissioner for Refugees, there is still a need for nearly £1.5 billion in humanitarian assistance to address this crisis.

Venezuela's GDP shrank by roughly two-thirds between 2014 and 2020, and it is forecasted that, as global demand for oil continues to decrease amid the coronavirus pandemic, it will decrease by another 5% in 2022.

The destitute state of Venezuela's economy has led to a mass exodus, creating what is becoming the largest migrant crisis in modern history. The flight of human capital is another sign which exposes the seriousness of the economic crisis, with nearly 6 million Venezuelans fleeing their country due to the repressive regime and expiring economy. The loss of humans as a resource will be one of the most difficult to recover, at the same time, leading to a destruction of the demand for money.

Regarding the political future of Venezuela, the Biden administration has promised continued recognition and support for Guaidó going forward into 2022. This pledge also reinforces the decision of the U.K. Supreme Court to recognise Guaidó's legitimacy as interim President, and thus his right to access the Gold Reserves.

However, even with U.S. political backing and the U.K.'s ironclad legal recognition of his legitimacy, Guaidó is left with a dwindling number of supporters after the National Assembly's legal mandate expires in January. Some Venezuelan political parties who rallied around

the intrepid warrior for freedom are now reluctant to continue supporting him as more and more foreign governments are withdrawing support. Maduro's power within Venezuela has increased, and Guaidó has yet to win any indelible victories against the dictator.

Unless Maduro makes specific changes to his allowances in the private sector, Venezuela's economy will remain in derelict condition. The Venezuelan opposition is perhaps more fragmented than ever, with the Maduro regime exploiting the division and gaining control of the National Assembly. Furthermore, the Covid-19 pandemic persists, giving Maduro an excuse within a public health pretext to increase totalitarian measures.

As the sun sets on 2021, Venezuela and the Venezuelan opposition are at a critical juncture going into the new year. Even though the U.K. ruling creates a promising start to Venezuela's 2022, it remains improbable that the Latin American country will see a resolution to its myriad of crises in the coming year. Instead of sprinting toward a future of revitalizing democratic institutions and rebuilding a moribund economy, Venezuela remains a country limping under the repressive yoke of an entrenched dictatorship.

# It's the Housing Market, Stupid!

*By Mark Conolly*

2021 was the year that Boris Johnson seemed to lose his shine. After an overwhelming election victory in 2019 and near-consistent polling leads throughout the entirety of his first 18 months in office, the Prime Minister – and, by extension, the party he leads – began to slip. The summer was the first harbinger of the shape of things to come: an election loss in Chesham and Amersham to the Liberal Democrats and some scandalous demotions of major cabinet figures (most embarrassingly, the former Health Minister Matt Hancock) suggested a potential future change of fortunes.

However, it was in December that the wheels fully came off. Amid a major corruption scandal involving Owen Paterson and shocking revelations about a now-infamous Downing Street Christmas party (and, more recently, another one in May), the Conservatives suffered a significant knock in public opinion for the first time since December 2019. Keir Starmer's Labour Party was enjoying polling leads as large as 8 per cent, with a poll commissioned by the Sunday Times projecting 124 Conservative seat losses, a total wipeout in Scotland and a 26 seat majority for Labour.

Gossip then emerged of a potential leadership challenge from within the Conservative Party as he suffered a rebellion from his own MPs over lockdown measures. After a bruising few months, 2021 ended with a Conservative defeat in North Shropshire, again taken by the Liberal Democrats. And, as the ongoing situation over the 'Partygate' scandal(s) develops, it seems more likely than ever that Boris Johnson's premiership may soon be at its end. This was the beginning of the end of our once-triumphant and seemingly unassailable Prime Minister – or so we were told by our tabloid front pages.

The reality is, as ever, more complicated. Johnson will likely hobble on, and if not, his party is far from



finished. If there is to be a major challenge to Tory hegemony, it will not come from the corruption and scandal of recent months.

For many reasons, it is unlikely that the recent swing in the polls away from the Tories will carry over to a general election. Firstly, none of this is anything new. In 2019, YouGov found that a significant majority of the public thought Boris Johnson was untrustworthy; yet, they gave him a majority. It wasn't a dealbreaker then, so why would it be so now? Secondly, we are in danger of overemphasising the significance of the Tories two by-election defeats. By-elections almost never change the balance of power in parliament, meaning voters get a 'free hit' without the major stakes at play in a general election. Compounding this, both Chesham and Amersham and North Shropshire had extremely low turnouts – in normal circumstances, the silent majority in these constituencies would return a Conservative candidate to Westminster.

It must, of course, be acknowledged that the Conservative Party is utterly ruthless; it is the most effective political machine in history, existing solely for the purpose of governing. Precedent tells us that they are not sentimental about leaders. Even their most electorally successful leader ever, Baroness Thatcher, was swiftly ousted as soon as it became clear she was no longer an asset. This instinct for self-preservation should suggest that Johnson's position is never entirely

safe from challenge within his own party, and should further rebellions occur in parliament, then it may fall to Liz Truss, Priti Patel or Rishi Sunak to take up the mantle. In this event, don't expect a major sea change: Sunak, for one, remains the nation's favoured choice as Prime Minister ahead of Keir Starmer.

Going into 2022, we should therefore be realistic about the possibility of political upheaval: Boris Johnson will remain PM as long as he can hold together a stable base of support, and, with Christmas parties and Downing Street wallpaper firmly in the rear-view mirror, the temporary rebellion of North Shropshire will likely be forgotten and the Tories firm favourites to win in 2023. Nor will Brexit teething problems see the government suffer at the polls (provided there are no sudden dramatic changes to this situation), seeing as Britain's relationship with the EU has rapidly fallen down the list of voters' top priorities.

Rather, if there is to be a major challenge to the Tories' position, it will come not from sleaze allegations or rebellious backbenchers, but rather it will come from somewhere far more boring: the Ministry of Housing, Communities and Local Government.

Let us unpack this a little further. For decades, the traditional Tory 'base' of affluent rural communities across the south of England was marked by high rates of homeownership. Accordingly, community planning and new housing developments rank as a high priority for these voters. Indeed, while a majority support greater housebuilding, most do not want these new homes in their own area. This attitude has been labelled NIMBY-ism ('not in my back yard') and is most common among the overwhelmingly conservative Baby Boomer generation.

This trend was borne out in Chesham and Amersham, where voters' opposition to HS2 and disdain for promised new housing developments on greenfield sites in their area were met by a Liberal Democrat candidate in touch with these concerns. This was a marked contrast from the Tory candidate, tied to a party promising 300,000 new homes a year and major new high-speed rail projects. Given this choice – between state-led expansion of the built environment

and NIMBY-ism – many long-time Tory voters chose the latter.

As has already been said, the unique circumstances of a by-election mean we cannot simply extrapolate this trend to the entirety of southern England, but similarly we should be wary of dismissing housing as low-priority. The issue was clearly important to the fifty MPs led by Theresa Villiers who rebelled against Robert Jenrick's demands that every local authority give up land for new developments. And, for one anonymous Tory MP speaking to the Financial Times, the issue of housing and regional development had the potential to "eat [Boris] up" unless he guaranteed protection of greenbelt sites.

Indeed, there has been some recognition of this fact from the Prime Minister, who demoted Jenrick swiftly after Chesham and Amersham and replaced him with Michael Gove. Thus far, Gove has avoided the politically awkward terrain of planning and stuck to more headline-yielding issues around safe cladding for rented apartments. But the truth is that, sooner or later, the party must state clearly its approach to the future of the housing market, and clarify whose interests they will represent.

It is undoubtedly a tricky task. Upset home owners, and the historic Conservative base may well turn to Ed Davey's Liberal Democrats no matter the stakes of a General Election. Conversely, should they choose to abandon infrastructure projects popular in the north and with among lower income groups, they could lose all gains made in 2019 to Labour or even to Richard Tice's Reform Party (formerly led by Nigel Farage). And, possibly worst of all, if the Tories attempt a halfway house, then they risk the confusing triangulation so despised by the electorate at large. This would be deeply damaging to a party whose campaigning strength lies in bold, crystal-clear messaging – after all, who could forget the minimalistic genius of 'Get Brexit Done'?

Electoral politics is, of course, a moving target, and the issues that concern and motivate voters are constantly in flux. It is therefore extremely difficult to reach any concrete conclusions. That said, two points stand out –

an assertion and a prediction.

Firstly, an assertion: economics matters more than culture. We are so often told by figures both left (Paul Embury) and right (Matthew Goodwin) that the new post-Brexit political alignment falls along the lines of culture and values, rather than class, pitting the urban 'woke' cohort against patriotic voters, rather than rich against poor. This mode of thinking appeared to undermine that old refrain of 90s politics, "It's the economy, stupid!", forcing strategists to rethink which messages resonated with voters. However, if housing is a major priority for Britain's most crucial electoral demographic, then the old wisdom still holds true. Ignore flags and anthems – focus instead on community planning and house prices.

And lastly, a prediction: if, indeed, we are due an early election in May 2023, then it will largely be decided in 2022. Barring any major changes in the priorities of older Conservative voters, housing is set to be the determining factor in whether the Tories can hold their coalition together. Accepting these premises, Michael Gove will necessarily be the most important person in British politics this year. Watch this space.

*(At time of writing, Boris Johnson has not yet resigned from his position as Prime Minister.)*

# Going it Alone: Post-Brexit Britain One Year On

By Jack Horrigan

At the signing of the Declaration of Independence, Benjamin Franklin remarked “We must all hang together, or, most assuredly, we shall all hang separately”. 250 years later, it was Britain’s turn to “declare independence” from the European Union (EU) – and a year into its withdrawal, it appears to be hanging alone.

2021 saw the culmination of Brexit. On 1 January, the U.K. finally completed its four-year-long withdrawal from the bloc. The divorce was sluggish – and more than a little acrimonious. Though technically the separation was completed 31 January 2020, the two parties agreed that not much would change until January 2021. Of course, only a year in, Brexit’s long-term effects are difficult to glean. But in the short-term, the past year has seen disastrous effects for the British economy – and the prime minister is reluctant to acknowledge it.

The issue of Europe has long been controversial in the United Kingdom. Since the inception of the EU’s predecessor, the European Economic Community (EEC), the United Kingdom has enjoyed a tumultuous relationship with its continental neighbors. For one, it was late to the party; the EEC was formed in 1957, yet Britain only joined in 1973 – well after the regulatory regime of the community was established. The bylaws of the community favored agricultural powers, while more industrial powers (like the U.K.) were left behind. Such an arrangement earned the ire of British politicians and publications alike. Margaret Thatcher, perhaps the mother of Euroscepticism, vociferously opposed further integration into the EU: her famous “No. No. No” speech on the floor of the House of



Commons was an effective, if succinct, summary of her position.

This year has been the logical endpoint of Mrs. Thatcher’s – and her successors’ – goal. What started in earnest in 2016, with the referendum to leave the EU, has been accomplished this year. On the Brexiteers side, one has an auspicious promise: the U.K. is free at last to pursue its vital interests unburdened by a clunky, oppressive bloc. On the Remainers side, one has a gloomier picture: a kingdom alienated from its neighbors and irrevocably fractured itself. Which is it?

The truth lies somewhere in the middle. The U.K. has indeed turned into a more limber democracy following the referendum. It has been free to pursue treaties with the US and Australia. It offered aid (and a path to citizenship) to Hong Kongers. It has replicated the US’s pivot towards Asia by joining AUKUS, the new triumvirate of Australia, the U.K., and the US focused towards the Indo-Pacific. Prime Minister Boris Johnson’s aim is a superpowered Britain with a muscular foreign policy (also called “Global Britain”) and freedom from the unwieldy 27-member bloc is central to that vision.

But to project strength abroad, Britain must first have stability at home. Brexit has exacerbated COVID-19’s effects on the British economy. Deportations, a sense of unwelcome, or simply greater economic opportunity elsewhere has resulted in a mass exodus of at least 200,000 EU nationals from the U.K. In March, the Office for National Statistics reckoned that over a million people had left the country – which is not exactly the sort of “leave” vote Mr. Johnson was looking for.

This dearth of workers has arrested any potential economic growth – a problem made even more acute by the sectors affected. EU nationals made up thousands of Britain’s lorry drivers. In their absence, the U.K. now has an estimated 100,000 fewer drivers than it needs to accommodate consumer demand. This paucity has clogged the arteries of the country’s economy – shipping is integral to a large swathe of British industry. In September and October of 2021, that meant a petrol shortage – a problem exacerbated by the market’s expectation of scarcity. At the height of the petrol panic, Britons could expect hour-long queues simply to fill up their cars. The government has applied a rather weak tourniquet by offering temporary visas to 5,000 lorry drivers. European drivers were not keen on the offer.

It is hard to fault them. If there has been any winner from Brexit, it has been the EU. The bloc’s GDP grew twice as much as Britain’s, and nearly quadrupled America’s growth. Brexit – though a turbulent tale – is no longer very pressing for most EU countries. Indeed, the bloc may have even emerged from the ordeal stronger than before. Britain, rather than being a trend-setter, is now a cautionary tale. Since Britain’s referendum, Eurosceptics from Marine Le Pen of France to Matteo Salvini of Italy have tempered their vehement denunciations of the EU into much more diplomatic talk of “transforming” the bloc. Europe has emerged from this crisis even more interconnected.

The power they have gained has come at Britain’s expense. Once upon a time, London was the financial capital of the world; after the rise of America, it remained the financial capital of Europe; now, it appears, it may be nothing at all. London’s financial power has leaked to other European cities (most notably Amsterdam). The EU’s regulatory regime is shared among 27 countries; the U.K.’s only applies to one. What bank would choose the pariah? As a result of Britain’s white-collar jobs moving to the continent, and in light of the shortage of blue-collar workers, the government has attempted to usher more students into vocational training rather than traditional university. It is a far cry from the “high-skill, high-wage” economy Mr. Johnson promised in October.

But Brexit is not over: some disputes between the EU and the U.K. remain. Fishing rights between the two parties remain contentious. This debate has hurt the U.K. fishing industry tremendously, in part due to British boats being barred from the fertile Norwegian waters. One U.K. fishing organization, U.K. Fisheries, lost 60% of its business due to the dispute.

By itself, this is a grim but acceptable reality. But its effects on the British union itself are even grimmer. Despite England having well over 10 times the population of Scotland, they have approximately the same number of fishers – meaning that fishing is comparatively a much larger industry for England’s northern neighbours. Already, Brexit loosened the ties between the two countries. (One Scottish MEP implored the EU to “leave a light on, so [Scotland] can find its way home” following the referendum. He was met with applause). If Westminster is perceived to be protecting English interests at the expense of Scotland’s, the relationship may be stretched even further.

Scotland is not the only country in the union irked by Brexit, which was a mostly English referendum. In 2016, the Brexiteers – Mr. Johnson among them – weaponized nostalgia. They invoked the days when Britain was a superpower to win votes. But by attempting to resurrect the glory of Britain’s past, they have awoken the shameful parts as well. Brexit has picked at the scab known as the Good Friday Agreement – and Northern Ireland is bleeding once again. Both the U.K. and the EU were careful to avoid a hard border between the Republic of Ireland and Northern Ireland, which naturally resulted in a border between Northern Ireland and the rest of the U.K. Few are happy with this arrangement. The spring of 2021 was tinged red by violent rioting in Northern Ireland by unionists who felt abandoned by Westminster. Meanwhile, last year saw the pro-reunification party Sinn Féin (which has historic links to the IRA) win the most votes in the Republic of Ireland’s general election. Brexit has catalysed the unification movement. Both parties see the current trade regime as treacherous – on 30 December, the Irish foreign minister urged the stalwart Westminster to come back to the negotiating table.

Once upon a time, the European question divided conservatives. Geoffrey Howe, Mrs. Thatcher's then-foreign secretary, resigned in protest following her performance, and Mrs. Thatcher herself was ousted only days later. Nowadays, one is hard-pressed to find anybody who seriously sees a case for rejoining. The Conservative party-line has been pro-Brexit for years; in April, even opposition leader Keir Starmer conceded there was "no case" for rejoining. Indeed, even as the withdrawal has battered the British economy over 2021, support for Brexit has dropped only 2% since January 2021. Mr. Johnson has been even more bullish. As petrol lines grew and workers fled, his government insisted nothing was amiss; as the sky was falling, his persistent message was simply, "don't look up". Whether the economic shortfalls are merely growing pains, or whether they augur more serious snags to come, Mr. Johnson has exited the year embattled, for myriad reasons. Brexit is not his only concern – ethical quandaries, mixed with a mishandling of the pandemic, has left him in an unenviable position. His allies are fleeing; his approval rating is plummeting – Mr. Johnson may soon be hanging alone, too.

# Germany in Review: Merkel's Legacy, Scholz's Future

By Cameron Fulton

## Germany at present

Germany over the past two decades has typically remained at the forefront of both EU and global politics, with their unerring spearhead undoubtedly its stalwart leader, Angela Merkel. Domestically, its economic performance has been stable in comparison to neighbours and globally.

Economic Growth in Germany Across Past Two Decades



But this year has not been typical for Germany as the country moves its domestic policy with the times. Elections, progressed by an ever-growing climate crisis, saw the emergence of younger voters fed up with Merkel's traditionalist approach. Shorter-term issues such as floods and energy crises only fuelled this discontent, propelling Olaf Scholz to the top of the tree in German politics, resulting in his official declaration as Chancellor last month.

Mr. Scholz, in 2017, was at a political low: losing to left-wing unknowns in the Social Democratic Party (SPD) contest and thus stumbling at the first block of the election cycle. However, this failed to deter the Hamburg native. He held positions of vice-chancellor and finance minister within a year, as part of the country's coalition. More recently he was praised for his work in stimulating the German economy during the COVID outbreak. He ensured the EU leader received a 'ka-boom' within its markets, restoring confidence and



protecting workers during the uncertainty that ripped through the global economy. Such policy abled the country to remain afloat relative to its main European players. His deterministic, and centrist-left, approach finally gained him SPD leadership in August 2020. By November 2021, he was chancellor.

His tasks from this point, however – despite his credentials, patience, and remarkable ascension – remain monumental.

## His predecessor

To begin, his predecessor's efforts will be difficult to emulate. Merkel, an icon of German and European politics for around two decades, left centre-stage, announcing her intention to step aside twelve months before the election. And whilst the successor she endorsed failed, smearing her farewell, her legacy will remain unprecedented. She will be etched as the EU's captain, steering the bloc through crisis after crisis, in the history books. However, the effect of her leadership being completely positive is debatable: broken promises in monetary policy during the financial crisis, the bailout and argued default of the Greek economy and the migrant crisis are all examples of black marks on her time at the helm.

More recently, the Christian Democratic Union (CDU), Merkel's party, also began to flounder domestically as it faced growing opposition. This was evident in her majority being trimmed away in 2017. Though her

tenure caused economic gain and injected confidence into German markets, Merkel's legacy will be pained by recent failures in migrant policy, energy development and more recently an anti-vaccination movement.

Whether Merkel would have been able to clinch another term will never be known. Certainly, the CDU's candidate for the election, Armin Laschet, did succumb to controversy that Mrs. Merkel herself would never have done across her scrutinised two decades. He became affiliated with backward policy, failing to clinch the support of younger voters. However, evidence of discontent cannot be put squarely on Mr. Laschet.

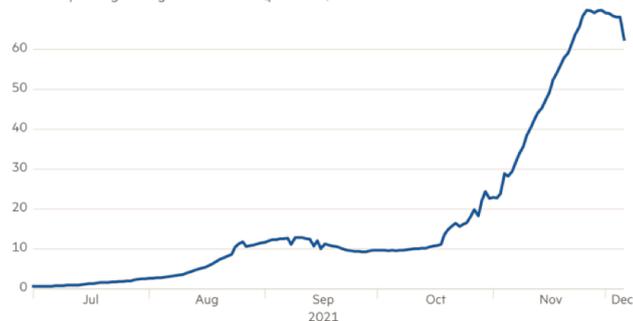
Whatever the consequence of debate about Merkel and her legacy, the bottom line is Germany requires a rebuild. CDU policy was seemingly beginning to lose its winning streak both pre and post COVID. Decades of consistent growth and freer markets have caused a reliance upon old ways, that must now be reset.

### Vaccination Programme

Germany's vaccination policy has been up and down, more recently struggling with anti-vaxxer movements, wreaking havoc across the country. Scholz begins his tenure facing a fourth wave of the pandemic, and seemingly an ocean of issues with the country's vaccination programme.

New confirmed cases of Covid-19 in Germany

Seven-day rolling average of new cases (per 100k)



Source: Financial Times analysis of data from Johns Hopkins CSSE, World Health Organization  
Data updated December 7 2021 1.24pm GMT  
© FT

Infection rates are beginning to tsunami, with hospitals once more fearing overflow. However, such rates are the norm across Europe, with Omicron taking grip alongside the persistency of the Delta variant. What concerns Mr. Scholz most is the underlying issue of an unvaccinated minority hindering the country's ability

to break free of restrictions. Social tensions are also beginning to boil, with a regional health minister's home being torched in December.

Scholz's reaction has so far been definite: absolute support for the country's vaccination campaign. This has been propelled by his hashtag campaign '#WirwollenKarl', which translates to 'we want Karl' Lauterback, the SPD's health minister who had remained the consistent and often controversial face of the pandemic and vaccination programme in Germany. Mandatory vaccinations have also been suggested by the Chancellor, similar to European counterparts like Austria. Instead, the country is approaching in a similar vein to France: strongly advising but not explicitly forcing take up of vaccines and thus appreciating the democratic will of its population – to an extent.

### Risk of recession?

One of the key indicators of whether this 'democratic choice' holds is the economy's health. German industry has been hampered by the pandemic through multiple factors, one being staff shortages. An unvaccinated population only lengthens this issue. Adversely, potential exclusion of unvaccinated workers would limit the labour pool in the short term, forcing a decrease in output. In the long run, exclusion would incentivise vaccination, though to what extent anti-vaxxers are willing to fight for their cause will provide measure for the effect.

German industry is also facing a slump in orders both abroad and domestically. Consumer confidence remains cautious – falling to February levels, in which the economy was in lockdown, in the run-up to Christmas. Social restrictions implemented have caused this, lulling productivity and economic growth. The central bank has itself added fuel to the fire, by slashing expected rates of growth for 2022.

Markets worldwide have faced disruption across the pandemic, Germany being one of them. The disruption will likely snowball into the new year for Germany, with supply bottlenecks within multiple facets: from microchips to automobile parts. Furthermore, such supply shortages have caused inflationary pressures, with inflation rising to 6% at the year-end.

Such inflation has affected the entirety of the continent, with soaring energy prices being the driving force. There has been a 27.4% rise in energy prices from 2020; although, other basket goods such as food and services also rose faster than the targeted 2% for 2021. The European Central Bank is facing pressure to reverse COVID monetary packages and begin a contraction to combat. This will likely depress economic recovery from the pandemic in the short run.

The ECB has attempted to quell doubts over its monetary policy to ensure confidence remains afloat, stating that short-term supply issues will fade into the coming year, and that it intends to remain monetarily loose. However, as inflation persists, pressure is mounting for the central bank to act.

Domestically, fears of hyperinflation are beginning to ring in the ears. The government have promised subsidies for those worst off to counteract the rising energy prices going into the new year, alleviating short-term issues of poverty, although the end of such inflationary pressure is not in sight.

Bleeding consumer confidence, supply bottlenecks and 30-year-record inflation all add up to a growing economic predicament for Germany and a potential recession. Fiscally, Scholz has announced his plan of war, which is perhaps greener than expected.

### **Germany's new green age**

Scholz failed to win by majority, though this was never likely. Thus, he was forced into what has been termed a 'traffic light coalition' between the SPD, Greens and Liberals. Although differing in ideals and targets, they were able to agree to set new government ambitions – and the 'Green' effect was clear.

Vast revamping of its pursuit for net-zero emissions, and subsequent accord with the Paris agreement, has seen Mr Scholz's government accelerate promises to end coal usage by 8 years – 2030 being the new target. Petrol and diesel cars are set to be phased out by the end of the decade whilst coal and nuclear power stations are to be closed. Though positive for the environment, and a far cry from the promises of other global powers, the question is now one of sustainability. Though these huge carbon emitters are

being kicked to the curb, what is left to replace energy supply and transport links?

With already steepening energy prices, limiting the current supply will only further intensify upward pressure. Without a substitute, the economy may face what is being termed an 'electricity gap'.

Such ambitious attempts to kickstart a green economy will require mass government spending, which the coalition may find difficult to cough up with once the pandemic subsides. COVID alleviation of constitutional caps on borrowing, known as the 'debt brake', has allowed both Merkel and Scholz to build up a budget deficit to combat sluggish growth over the past two years. However, this has led to an egregious pile of debt for the government to clean up in the long term. Such environmental promises will be costly, and as such debt caps are reinstated, Scholz may see his plans scuppered.

The government has multiple options to contend with the strict debt limits. The Greens have regularly argued for the relaxing of such laws, though this is atypical of the conservative, traditional low-inflation empirically German approach. Markets would also not be best pleased. The likelier option of Scholz is to perform some financial hoo-doo, finding loopholes in the 'debt brake' to ensure that the extensive spending does not fall foul. This has been suggested through the state-owned development bank, the KfW, to provide the funding as a middleman between government and the market. It would be an advantageous approach for its state-guaranteed loans have been exempted from official debt figures, committing €70bn to the economy throughout the pandemic. Recapitalisation and movement toward greener investments from the KfW could be Scholz's solution. However, such an approach would be questioned by opposition, and likely end up in court.

The 'debt brake' remains halted moving into 2022, so expect a final splurge from the Scholz coalition. The question remains, however, how they can find a solution long-term to spending restrictions and the expected 'electricity gap' in the next decade or so.

**Germany: still leader of the EU?**

With Merkel's exit comes political uncertainty of the power Germany holds in international relations. She was the figurehead of the EU for decades; and though Scholz has already strong relations to President Joe Biden for instance, he must contend with the looming legacy of Merkel.

His first task coming into the new year will certainly be the growing tension with Russia. Merkel herself had to contend with the Crimea conflict, and it looks set that her successor will also similarly have to face a Russian invasion of Ukraine.

Putin has always been keen to ensure the safety of his sphere of influence, removing possible intervention from western forces. This has seen on occasion an expansion of territory, which is the fear in Ukraine. Although, mass warfare and confrontation of the west is atypical. Indeed, though the situation is on the verge of boiling over, a violent conflict remains doubtful; even if American accusations of 175,000 strong forces converging to the border do tell otherwise. Scholz will back his American counterpart – but whether the leaders are perfectly in lock-step is the question looming in 2022.

For, another area of interest with Russia is the persistent quarrel over energy, which has hiked prices this winter. German energy regulators suspended certification of the Nord-2 pipeline, headed by Russian energy company Gazprom, in November due to issues over its German subsidiary branch. The pipeline will become one of the main supplies of energy not just to Germany but Europe. Whilst the legal battle remains deadlocked, winter prices will continue to remain heightened, if not rise further, moving into the new year. Intervention is necessary.

The Greens wish to cut ties, moving toward the sustainable energies proposed in the government plans. Although, this fails to solve the immediate crisis and will only cause an energy gap that could have dire short-term consequences for inflation and growth. The SPD realise this and are keen to negotiate, but depending on the potential political manoeuvre mentioned above, dealing with Russia could anger its allies and people.

**Conclusion**

Germany faces a new era: promising green energy and emergence from the pandemic. However, a sluggish economy with energy prices fuelling inflation alongside government promises limited by spending caps will be causing more than a few headaches in the Bundestag. Scholz won the battle of the election, but this year he begins a war: politically, economically and against the natural comparisons with his predecessor and her undoubted legacy.

# Why you should care about Italy's 2022

By William Finlator

Europe's next big crisis will likely be Italian – and if it is, 2022 has a good chance of being the year it happens. Making political predictions is a quick way to make oneself look stupid – however, in this case, Italy's reckoning with a crisis is well overdue. Crude electoral logic is one of the few certainties of politics – and for Italy, the prognosis is not good.

## Looking Back

To go forward it helps to look back first. Italy's last election was in March 2018. At the time, the result seemed shocking to many with liberal sensibilities. Enough votes had been cast for the two populist outfits the MS5 and the Lega Nord to form a coalition.

However, the threat posed by this coalition was muted by both practical and ideological realities. The key actor here was and remains the MS5. The MS5's strength is its 'anti-politics'. It stands in opposition to politics and the corruption of the political system – as a result, it pooh-poohs ideology wholesale. Evidence is provided by Beppe Grillo, a comedian and the movement's founder. Grillo's rhetoric emphasized self-evidently desirable end-goals – such as transparency or accountability. Achievement of such goals would come with a sweep out of the system – rather than any given policy.

The problem was, and is, that to govern is to choose. Strong and broad ambiguity provides ample chance to ramp up support but cannot survive the magnitude of responsibility found in government. Once in Government, the MS5 had to make a choice – cooperate with the system or remain opposed to it. Ultimately it chose the former, reversing its ideals and instead faced the political reality.

The MS5 turned out to be the grown-up partner of the coalition – while the Lega Nord, under Matteo Salvini, continued to espouse anti-politics while in office.



The coalition placed a competent technocrat, Giuseppe Conte, into prime ministerial office. However, the marriage of the two parties failed to stick – Salvini made snide comments and signals indicating unhappiness with such an arrangement. The polls favoured the disparity: Salvini began an ascension upward, capturing the populist mainstream from the MS5. In late 2019, Salvini filed for divorce: he left the coalition and hoped to induce an election.

## The non-election of 2019

Unfortunately for Salvini, this never came. Fear of electoral collapse and a hard-right coalition forced a quick political betrothal between the left-wing PD and the MS5. The two were not natural bedfellows: for the MS5, the PD is a symbol of old-style politics – both distant and corrupt; the PD, meanwhile, were sceptical of drastic political change and more so populism of any form.

As a result, the coalition seemed shaky and at risk of collapse – dissatisfaction was evident within both parties. Most notably, Matteo Renzi, the former leader of the PD and Prime Minister, led several PD members into a new outfit – Italia Viva – which placed pressure onto the coalition at several key moments.

Another election was probable; yet, did not happen. The reasons are broad, but two stand out. The first is the role of Covid. In early 2020, Italy was one of the first

countries to go into lockdown. Covid froze politics – Parties and voters recognised the necessity for national unity in crisis. Support for then-Prime Minister Conte rose dramatically, and subsequently, the Lega's support dropped. The perceived need for dramatic structural changes in Italy was still strong, but most recognised this was not the time to achieve it. There was enough gas in the car for another year or so – but by 2021, the dogs were at the door once again. Despite Covid, support eventually drained away from the Conte-led coalition. Crucially, former Prime Minister Renzi withdrew his support in early 2021. At this moment, an election seemed likely.

### Super Mario

And so, it may have been, had it not been for one man and the second cause – Mario Draghi. Draghi was wheeled in by Italian President Sergio Mattarella to replace Conte. This decision proved decisive. Draghi – or 'Super Mario' as Italians have christened him – is the internationally respected former head of the European Central Bank. Draghi, well-liked by most Italians, injected important belief and trust into a beleaguered institution at a crucial moment. In fact, not only did Matteo Renzi, the PD and MS5 support Draghi – but such was the allure of Draghi that even Salvini and his Lega party supported him. In essence, politics in Italy in 2021 was the most stable it had been in many years – with widespread consensus on the key question of leadership.

### Why Now?

An election must happen between now and early 2023 – but there is a good chance it will happen sooner. If it does, it is very likely to be enormously consequential for both Italy and Europe. 24th January 2022 is a date to chalk into one's calendar. This marks the beginning of the next Italian Presidential election. Mario Draghi has made noises that indicate interest in such a post, which only opens every seven years. The President's power is pivotal to Italian politics, having the power to appoint Prime Ministers and being a rare bastion of security in a politics dominated by rapid, unpredictable change.

As much as Italians may prefer this, Mario Draghi cannot hold two posts at once and must vacate the

Prime Ministerial seat if elected President. As a result, the keystone of political stability may become loose. If Draghi resigns, it would be hard to replace him and so an election, and political vacuum may be imminent. Such uncertainty ensures parties may begin to circle.

Even if Draghi chooses not to take up the post, the Presidency remains up for grabs, causing similar logic to apply. When the electoral clock ticks close to zero, playing around is a dangerous game – what matters is avoiding any unforeseen potential electoral shocks.

### So What?

This potential for crisis matters. It matters because if things turn sour in Italy, through political instability sinking consumer confidence, it may ripple into its neighbours and the EU.

Italy's debt-to-GDP ratio is high, at 180%, and remains the third biggest in the EU. This combination could prove potent.

If confidence in Italy's ability to pay off its debt falls, the cost of borrowing will rise as Italy is forced to offer more lucrative bonds to international markets. For a country with such high debt, this can turn bad quick. If Italy is unable to borrow money off international markets – it will cause a national crisis. The Euro and deep intra-EU trade links make such a crisis hard to isolate – and so will rock the European boat. A crisis in Italy will be terrible not just for its people, but also for its trade partners and fellow Union members.

This may happen because of an election for two reasons. The first is that if Mario Draghi is not at the centre of a coalition, international financial markets may lose trust and confidence in Italian bonds. The Covid crisis has laden a debt-heavy nation with even more. It is a testament to the strength of Draghi's fiat that such pressure has not been borne sooner.

The second is that an election is likely to place more diehard populists into power. Together populist hard right parties Matteo Salvini's Lega Nord, Silvio Berlusconi's Forza Italia and Georgia Meloni's Fratelli d'Italia are likely to gain well over 50% vote share. If they do, the coalition they create could be difficult to

control, Eurosceptic and fiscally indulgent. All three of these characteristics seem custom-designed to annoy rather than placate international markets.

### **A European Crisis**

Nevertheless, there are some areas where some optimism is justified. The crisis sounds scary, but it is unlikely there is to be a repeat of Greece in 2010. If anything, the next crisis will likely be far more typically European – drawn-out, technocratic and tedious.

Loans, quantitative easing and forms of debt mutualisation will be the watchwords of such a crisis. The EU, slow-moving behemoth though it is, is unlikely to repeat its most egregious past mistakes. As a result, it may move to prevent the crisis before it turns toxic.

"History never repeats itself, but it rhymes", so said, Mark Twain. So, it may be in 2022 – like in 2012, Europe may find itself in a debt-related crisis. But this time around, Europe have experience and wields the tools and hopefully the knowledge to tame such a potential beast. Europe will have the power to do even more if it has learned from past mistakes. The next crisis, we can hope, will be EU own brand – so boring you won't realise it ever happened.

# Looking Back, Looking Forward: Blues for Sudan

*By Shona McCallum*

It has been just over 3 years since the incredible citizen movement in Sudan ousted the leader, Omar al-Bashir, from power and the world went 'Blue for Sudan' in support. Yet, the collapse of the transitional government which was formed in the aftermath of this success has placed recovery and progress in more doubt than ever. As protesters rally again, what does the future hold for Sudan?

The so-called 'Sudanese Revolution' in 2019 took place as similar uprisings spread across the surrounding regions – in Algeria as well as Iraq and, later, Lebanon – a moment of profound optimism in the Arab world, generating comparisons to the 'Arab Spring' of 2011. The movement in Sudan was central to this revival of pro-democracy, anti-regime protests.

Originating in the town of Atbara over increasing fuel prices, the protests quickly spread across the country and to the capital Khartoum, expressing discontent and disdain for the government. Led by Bashir for over 30 years, the regime was deeply oppressive, corrupt, and guilty of war-crimes and crimes against humanity in the now-separate Southern region of Darfur. It had also made Sudan a 'pariah', sanctioned by many Western states. Protestors, enraged by low standards of living, subjugation, and the inaction of authorities, used tactics such as civil disobedience and strikes, marches, and sit-ins, centring around the capital. The main call was for a peaceful transition into democratic governance, as an often-splintered political opposition worked together to organise the calls of the people. Protestors faced swift and violent suppression at the hands of security forces and military police, including



by those previously involved in genocidal Janjaweed militias in Darfur. In early months of the uprising, many protestors were killed or raped, or arrested and subjected to torture and sexual violence in prisons – human rights abuse often not reported due to widespread internet shut-downs within the country.

However, the Sudanese diaspora and experienced organisers ensured the protests continued and were seen and supported out-with the country itself, gaining support from world institutions such as the African Union, UN, and World Bank. Much of this was led by inspiring Sudanese journalists such as St Andrews alumna, Yousra Elbagir; by influential Sudanese figures such as rapper Bas; by Sudanese people living internationally; and through social media campaigns which ensured the world was aware of and cared about events in Sudan. One of the most famous pictures of the year was of Alaa Salah, standing atop a car in a white thobe, leading a crowd of protestors in chants against religious-based laws enacted by the government: "Islam is innocent. Islam tells us to speak up and fight against tyrants ... the bullet doesn't kill. What kills is the silence of the people." She was one of the many women who partook in and organised protests, pushing gender equality and safety for the multiplicity of Sudanese women the movement sought to represent.

Indeed, it is not surprising that the protests galvanised an international movement; Sudan has a long and rich history of activism. Since winning independence from British colonial rule and forming its first government in 1956, democracy has been a hard-fought battle by the Sudanese people, often characterised by war, and

frequently resulting in exile for supporters. Following a coup, strikes and sit-ins occurred in many schools and universities from 1962-64, placing a new government the following year. Similarly, following another uprising a peaceful coup occurred in April 1985, although the assumption of power by authoritarian Bashir shortly afterwards meant this was quashed. To commemorate the initial success, on April 6th, 2019, a sit-in began at the military headquarters in Khartoum – aiming to finally remove Bashir from power. The military attempted to violently disperse protestors, but when certain soldiers began to protect them, optimism around the movement rose. Within days, on April 11th, Bashir was overthrown.

This was an immense moment of success for the movement, but protests continued to demand that the transitional government was made up of civilian opposition politicians, not military forces who would continue the suppression of freedom of the previous rulers. On June 3rd, the horrifying Khartoum Massacre occurred, in which more than 100 protestors were killed, and many more were injured and faced sexual violence. This was a huge set-back, and irretrievably tainted the joy of this time. It also saw the Blue for Sudan hashtag emerge on social media, an emotive moment where many people expressed solidarity and pain for those in Khartoum and the diaspora, but which has, in hindsight, lost the hope it once held.

By September, a transitional government was sworn-in under Abdallah Hamdok, promising elections within 3 years. It had equal civilian and military representatives and four women, but the enduring influence of Bashir-era General Abdel Fatah Adbelrahman Burhan and Darfur militia-leader Mohammed Dagalo, 'Hemedti', caused tensions and discontent both within, and about, the government. Although some progress was made, especially with diplomacy toward South Sudan, and the government appeared to be willing to extradite Bashir to the International Criminal Court, much of the time there was political deadlock. Military ties dating back to the Bashir regime, religious and racial division dating back to British colonial regime, economic stagnation, and corruption were amongst the issues which persisted. The result of months of hopeful protests seemed to flounder.

In March 2020, there was an assassination attempt upon Hamdok, who also faced several failed coups. Many have also pointed out the failure of the international community to take protests seriously in helping deliver a new, democratic Sudan. In October 2021, a military coup took place and General Burhan announced the dissolution of the government, but Hamdok was later re-established. Amongst this turmoil, protestors once again took to the streets to restate demands for democracy and were met with brutal crackdowns. On January 2nd 2022, Hamdok resigned, despondently stating that he had “tried [his] best to stop the country sliding toward disaster... to fulfil [his] promises to the people”, but that the fragmented cabinet and military influence had made it impossible.

Reports have suggested over half a million protestors have gathered in Khartoum – a similar number to the past. However, violence is now more pervasive while any media and global attention has been significantly reduced in comparison. Looking forward, protests are continuing against a background of increasing economic woes and a worsening political situation, especially given that the country is now entirely in the hands of the military. This makes the protestors' demands of security, social equality, and democracy harder to imagine. While the movement may remain strong at the moment, the outlook once again seems blue for Sudan.

# Malaysian Floods: What the Malaysian Government Needs to Learn From Their Mistakes

By Sabrina Najib

In the final month of 2021, Malaysia experienced one of its worst monsoon seasons to date.

The floods in Malaysia began with heavy rainfall, which the Malaysian Meteorological Department had given prior warning to. There had also been early discussions about the rainfall in July when MP Nur Izzah raised concerns regarding the monsoon season in parliament. According to the National Disaster Management Agency, over 125,000 people have been affected by the flooding, with 50 pronounced dead and 2 still missing. If there were early warning signs, it begs the question of how and why the flooding impacted Malaysia to the extent it did.

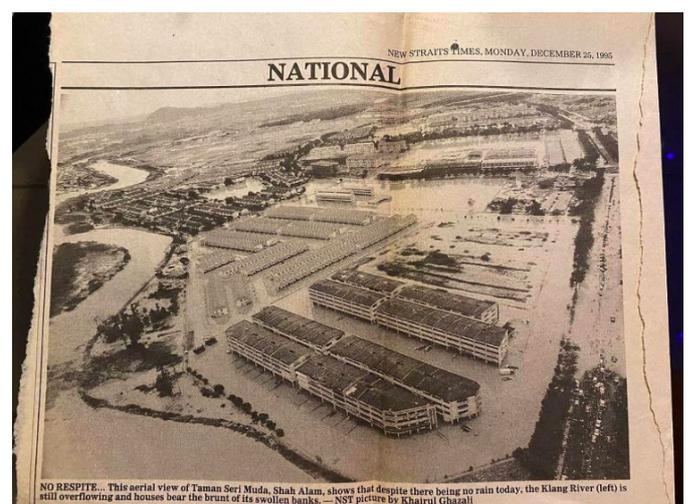
The current Malaysian government has become increasingly unpopular in 2021. Malaysia experienced its worst wave of Covid-19 due to the Delta variant during the summer, and poor governance resulted in the formation of the Black Flag Movement which sought to condemn the government's response to the pandemic. Protests took place and #kerajaangagal (failed government), #lawan (fight) and #benderahitam (black flag) were trending topics on social media which resulted in the then prime minister, Muhyiddin Yassin, stepping down.

Just as the Malaysian government began to see the light at the end of the tunnel with the successful vaccination rollout, they have now found themselves back at square one with their response to the recent monsoon season.

The story begins with poor urban planning. One of the areas hit worst by the flooding was Taman Sri Muda, which was originally designed as a flood retention area,



however, the land was eventually sold for housing projects. Many Malaysians have questioned and demanded an investigation to take place on how the development projects within the area managed to receive approval in the first place, condemning the government for poor township planning.



As the water from the continuous rainfall began to rise, the government was placed under continuous heat as Malaysians expressed their anger for their lack of urgency. Whilst Malaysia was experiencing its worst monsoon season for decades, UMNO, one of the political parties in the ruling coalition, was reported to be hosting an event with cake-cutting and fireworks.

Concerningly, an 'emergency parliament meeting' to address the situation is only set to convene on January 20th, a whole month after the rainfall began.

Until then, the government has evacuated victims and distributed resources to those affected. However, much of this aid has been condemned as being 'performative'. For example, pictures and videos of Rina Harun, The Minister of Women, Family and Community Development, helping clean up the damage have been released, however, she is seen wearing heels and washing pavements that appear to already be clean. Furthermore, resources have been photographed being distributed around Kuala Langat - another place that has been badly affected - in boxes with pictures of the local MP printed onto them. It couldn't be more obvious that aid has been used as a government publicity stunt.



In addition to the performative aspect of the aid, the aid has also struggled to reach most of the community, with the RM1,000 (£175) distributed to households in need only being accessible to Malaysian citizens, which excludes foreign workers who account for 20% of the country's labour force.

Currently, social media continues to serve as a platform to connect the community with information regarding the floods and how people can help, which helped give inspiration to the phrase 'Rakyat Jaga Rakyat' (the people help the people) which opposes the 'Keluarga Malaysia' (the family of Malaysia) slogan that the government has increasingly tried to promote. It does not help that the government had asked the Malaysian population for donations, which provides further evidence that the government was not adequately

prepared for the disaster that they were warned about.

It is apparent that the Malaysian government has struggled to address the natural disaster and has seen a great fall in popularity in the last year, particularly with the unpopular political tactics used in their response to both the pandemic and the floods. Moving forward, the government must reflect on its current policies through assessing planning restrictions and the potential corruption that consumes this. They must also prioritise early warning signs which will enable them to plan effectively to meet the needs of everyone. Most importantly, the Malaysian government needs to rebuild the Malaysian community by playing a more pivotal role in future situations that arise rather than focusing on publicity stunts aimed to please the people. It is beyond question that the Malaysian community is strong, but increasingly, this is due to the shared resentment of the government, when in reality, everyone should be trying to battle a common enemy, whether that be the covid pandemic or climate change.

Thus, the current government has a long way to go if they wish to stand a chance in the next election and it begins with decisive, prompt actions as well as rebuilding trust. All eyes will be on the Malaysian government as we witness how they approach this year and learn from their mistakes from 2021.

# Feminism with Chinese Characteristics

By *Otilia Meden*

“妇女能顶半边天” (Women hold up half the sky)

Following on from General Mao Zeodong’s rationale behind gender equality, Chinese President Xi Jinping continuously promises greater contribution and more opportunities for the world – giving emphasis to prosperity for women. With Chinese women making up one fifth of the global female population, Xi stresses gender equality in China not only gives expression to China’s own progress but also constitutes global equality and development.

Unquestionably, in recent years, Chinese women have gained more power in the political and civic spheres of life compared to earlier times. However, as the case is elsewhere in the world, working women; feminist activists; stay-at-home mothers; and all women in between are still disproportionately challenged in many aspects of life due to the mere fact that they are not men. For example, take how the Communist Party has cracked down on feminist activism and digitally censored words such as feminism and #MeToo in China. In addition, to remedy the disharmonious age gap in the Chinese population, Xi narrates that, put simply, women ought to stay home and procreate. Subsequently, these facts bring Xi’s promising words of a prosperous future for women into question. With the large proportion of the female population being Chinese, it is of utmost importance that feminist movements gain momentum by paying attention to both the visible visions and the excluded voices of feminism in China.

While the Chinese constitution guarantees women “equal rights with men in all aspects of life”, women’s progress has somewhat stagnated and been outpaced by the rest of the world. According to the CISIS gender equality index, China’s ranking in the index fell sharply from 63rd out of 115 countries in 2006 to 103rd out of 149 countries in 2018. A closer look behind these numbers reveal that female life expectancy and



literacy has increased greatly since the 1980s. However, it still falls short of high-income neighbors like Japan and South Korea. The lingering legacy of the One-Child Policy and longstanding “preference for sons” are reasons for China having the most imbalanced sex ratio at birth in the world, with 87 girls born per 100 boys. What ultimately constitutes the discrepancy between Xi’s promising words and the diminishing numbers of equalities is difficult to pin down. Yet, patriarchic structures and a deeply embedded macho culture might – as elsewhere in the world – contribute to the continued inequality between men and women in China. Human Rights Watch shed light on how 19 percent of the Chinese civic services jobs were aimed at allocating men and not women with the phrases “men only”, “men preferred”, and “suitable for men”. In sum, these factors contradict Xi’s promises of greater equality, and all factors combined; Chinese women’s opportunities seem limited rather than enforced in contemporary times.

A crucial fragment of understanding why gender equality might have eroded in China lies in the term “Leftover Women”, introduced by All China Women’s Federation in 2007. The “leftover women” (剩女) is a derogatory term for unmarried urban professional working women over the age of 27. More concisely, the phrase describes the career oriented middle-class women who postpone marriage and having children to later in life. According to the Chinese government, this

way of life, common in most parts of the world, does not complement their aims of closing the gender gap and securing the population for the future. Therefore, propaganda repressive of the “leftover women” is spread throughout state media. This rhetoric promotes traditional gender roles, where women are praised as mothers, faithful wives, and dutiful daughters. This misogynistic propaganda contradicts Mao’s prior notion of gender equality, with women no longer ‘holding up half the sky’, but instead used as mere means to control the future population.

As Dr. Leta Hong Fincher explores, the Government aims that future generations redeem a knowledge-driven economy. To achieve such an objective, the birth rate should particularly increase amongst well-educated women to produce ‘quality babies’. So, how do feminism and Xi’s objectives reconcile? By appearance, not very easily. Rather the Government seems to seek the patriarchic and paternalistic state in which women are subordinate to men in the name of feminism – with Chinese characteristics.

Feminist movements in China are not different from the ones we see in other places in the world. However, like other dissidents in Chinese society, they are cracked down on. When it comes to China, the Western world is cautious with criticism and even more so in the light of Chinese women’s deficit opportunities. Do world leaders care about the oppression of Chinese women? Probably not. However, these women do hold up at least one-tenth of the sky, thus, they probably should. As economic growth continues and women’s education is enforced, the future feminist movements in China hopefully gain even more momentum and challenge the patriarchic structures to a greater extent. The important steps for Xi in the future might be to reconcile gender equality with economic prosperity – not just in rhetoric but also in reality.

# Taiwan: The jewel of Asia?

By *Nicholas Cheung*

Taiwan, officially known as the Republic of China (ROC), is an island nation with a population of 23.57 million and a GDP per capita of USD\$32787, being considered a wealthy country by global standards. It is also one of the only countries in the Asia-Pacific to legalise same-sex marriage, and ranks as one of Asia's freest societies with its strong democracy. Despite its rich economy and liberal society, Taiwan struggles with one fundamental obstacle: Legitimacy. This obstacle has been plaguing the political, business, and entertainment world alike as a result of its powerful neighbour across the Taiwan Strait: China. As China's global influence grows exponentially with its massive economic clout, coupled with a weakening West, Taiwan's future becomes increasingly uncertain.

In political terms, Taiwan is seen as a renegade province by China which must be forcibly reunited with it. Despite Taiwan ticking all the checkboxes for being a sovereign state, China's growing influence in international organisations such as the United Nations (UN) and World Trade Organisation (WTO) meant that for states and businesses to have access to the Chinese market and receive Chinese funds, they would need to agree with the notion of Taiwan being a part of China. As a result, multinational cooperations and states avoid establishing deeper ties with Taiwan in fear of losing access to the lucrative Chinese market. As of the writing of this article, Taiwan only has diplomatic ties with fourteen countries and is not an official member state of the UN, showing how China is using its influence as a form of coercion to make life miserable for the Taiwanese government and its citizens alike. Despite Taiwan's grim political status, its overall situation is not as grim as it seems.

The election of Tsai Ing Wen and the Democratic Progressive Party (DPP) in 2016, and her successful re-election in 2020, has demonstrated a trend shift in Taiwan. This shift is a generational one, with the younger generation aligning themselves with the localist DPP, unlike the previous generations who still see themselves as 'Chinese', something which the opposing Kuomintang (KMT) stresses their importance



on. Despite China ratcheting up their pressure on Taiwan after Tsai took power, with means of pressuring its diplomatic allies with economic coercion and countless invasion threats, with Chinese vessels and aircraft infiltrating Taiwanese territory, these actions seem counterproductive for China.

Although Taiwan has lost eight diplomatic allies since 2016, Taiwan's importance to global affairs have strengthened. Taiwan's traditional allies, the United States and Japan, have been vocal about their support for Taiwan, agreeing to an increase in cooperation in the Asia-Pacific region to counter an ever-aggressive China amid rising tensions in the region. China's heavy-handed approach in suppressing Hong Kong's protests gave Taiwanese citizens the impression that China is not a trustworthy but rather a revisionist power that aims to challenge global norms through coercive means. This gave the DPP a huge advantage as its popularity skyrocketed, a rebound from its declining performance up to mid-2019, while the KMT, especially politicians like Han Guo-yu, were seen as traitors that only cared about building better ties with China. Furthermore, with Taiwan being the first Asian country to legalise same-sex marriage under Tsai, as well as having a democratically elected female president, it is no doubt that Taiwan can be a progressive role model for the rest of the continent.

As for COVID-19, Taiwan's response and handling proved to be a beacon of hope to the world. As countries around the world grappled with soaring infections, deaths, and the overburdening of hospitals, Taiwan's quick response coupled with citizen

cooperation, short lockdowns and border closure kept infections at check. Whilst most of the world's population suffered through sporadic lockdowns, Taiwanese citizens enjoyed a life of near pre-COVID normality. Although the tourism and aviation sectors took a big hit from Taiwan's strict COVID restrictions, domestic consumption and government approval ratings remained stable. Taiwan's determination to contain the pandemic has gained respect and gratitude from countries around the world as it kept its death rate and cases extremely low despite it lacking support from international bodies like the World Health Organisation (WHO) and China using its influence to prevent Taiwan from accessing vaccines from global organisations. This is a huge morale boost for Taiwan as it weathered the tide of a global crisis whilst its rich friends are still suffering from it.

Overall, Taiwan's diplomatic status is on shaky grounds as it is likely that China will continue to make use of its bellicose economy to pressure the global community to cut ties with Taiwan. However, Taiwan has still managed to stand firm and even have an influence on international relations. It will be interesting to see the direction Taiwan will take in the upcoming years with China and its own relation with the international community being the issue that pains it the most.