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HSO ECONOMICS DEPARTMENT

HELLO FROM THE TEAM

Hello and welcome to the newest edition of the Headington Economist!

Given that many of the writers are new to the area of economics, we are incredibly grateful to every Lower Sixth student who contributed to the magazine. We also want to express our gratitude to the Upper Sixth, who managed to contribute to the magazine despite this busy term. We would also like to give a special mention to Deirdre for all the effort she put into the magazine's design and for taking on such a significant responsibility.

As Ali Babacan–a Former Minister of Turkey once said, ‘Population is a strong driver of the economy as well as the quality of the labour force‘. With the world population hitting 8 billion recently, it is believed that there will be a continuous increase in the supply of labour force, providing sustainable growth to the world’s economy. Yet, with rising challenges from cost-push inflation posing a great threat to the labour market, the labour market is undergoing great changes. This has inspired us to organise the magazine to have a deeper dive into how external events like COVID and Brexit have impacted the quantity and quality of labour.

Hence, the Headington Economics team would like to present this year’s title– Labour Economics and we hope you enjoy reading these articles as much as we enjoyed writing them.

Valerie and Victoria
Economics Ambassadors
2022

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LABOUR SHORTAGES AND HOW COUNTRIES ARE SOLVING IT

DEIRDRE Y

Labour shortage occurs when employers struggle to recruit qualified applicants for available job openings, leaving a certain amount of job vacancies. The UK, which is suffering from an employment crisis, would be a good example of severe labour shortages with over 1.3 million job vacancies left over but lacking demand to fill them. The shrinking GDP growth rate from 1.3% at the start of 2022 to the current -0.1% shows its massive effect as shortage of workers results in less goods and services to be provided, slowing down economic growth. While the main reason for the UK to lose its working force is mainly due to Brexit, there are more causes for labour shortages and owing to its severity across the globe, countries are establishing different measures to ease labour shortage.

Initially, the ageing population and demographic disadvantages limit the working population. Canada, for instance, suffers deeply from such an issue. The baby boomer's generation chooses early retirement with the pandemic as a catalyst; whereas the younger generation opts to leave the Canadian workforce for better work-life balance and to avoid its seismic demography. But most importantly, for more job opportunities with higher pay and a more preferable working environment. The unbalancing disparity between the leaving older generation and the replacing younger generation elicits the lack of workers filling up the vacant positions left behind, which leads to labour shortages. The Canadian government tries to help firms and companies to attract foreign talents by introducing the Global Skills Strategy. It provides foreigners who opt a job in a Canadian firm a shorter and more straightforward application process, aiming to efficiently recruit workers into their working force. Together with the Global Talent Stream, firms can be excluded from getting a Labour Market Impact Assessment to hire highly-skilled workers, accelerating the opportunities for firms which crave hiring skilful workers and workers who want a job in a Canadian firm. However, its feasibility came to doubt as employees would not want low-income jobs and with the large number of Canadians leaving for better working opportunities prove the vacant job's condition to be inferior to other countries. Yet this is when the next reason comes in to make these easing measurements useful, which is political conflicts.

Politics should definitely be taken into account as one of the major reasons for labour shortages as politics and economics are always related in which the impacts of political issues are proved to be affecting the Hong Kong Labour market intensively. After the forceful establishment of the extradition bill, people are determined to leave the city in order to preserve their freedom, especially wanting to avoid the suppression of speech and press. One of the jobs which has severe labour shortages fell on the education sector with over 5000 teachers leaving this academic year, resulting in a 50% rise in drop-out rates. As foreign teachers are required to swear allegiance to the city, it further decreases the willingness of people who are against the bill to be in service in the education system under the soon-coming despotism. Several countries show support to the anti-extradition bill protests, allowing easier and quicker methods for people to migrate, such as BNO released by the UK government. As people crave a better working and living environment, over a hundred thousand Hong Kongers left the city, leaving the Hong Kong working force in dearth. The contracted real GDP of Hong Kong proves the urgence in the weakened production and service provided by the diminishing working force. Another strong example of weakened labour force would be caused by war, starring specifically on the Russia v Ukraine war. About one fourth of the Ukraine population left the country in order to survive. While Ukraine remains helpless of the reducing labour force, the Hong Kong government did nothing to enhance its working force, further leaving its labour force in emergency.

Labour Shortage remains a massive problem as supply chains are greatly affected, slowing down economic growth globally. With exceptions like demographic disadvantages, the pandemic and political pressures, policy makers would really have to think deeply on how to attract candidates into the working force. The potential impacts of labour shortage could not be anticipated and underestimated and it should be considered as one of the most crucial issues to solve right now.

HOW WILL THE UPCOMING RECESSION IN THE UK AFFECT THE LABOUR MARKET

TINU B

I'm sure you might have pondered it before - so what do you think your post-Headington life looks like? Where are you working? I suppose the colour of your Bugatti is the real question we should be asking ourselves here.

It has been predicted by the Bank Of England that we are about to enter a 'still recovering from COVID' recession. So what does this mean to you? Well firstly, that Bugatti might have suddenly become a bit more expensive than you anticipated, due to those sharp increases in prices - And when we go on our weekly shop, we will now have fewer items in our trolley for higher prices and this is due to inflation. The inflation rate is forecasted to rise to more than 13% before the end of this year, forcing more people to find jobs with higher salaries - this had resulted in over 75% of UK employees considering changing jobs, because of this inflationary pressure.

The labour market is somewhat reliant on the cycle of inflation, despite it being a gradual process, and this isn't particularly beneficial for companies let alone us as consumers. It forces many households to live on stricter budgets, with 3% of real value pay falling way behind the current rising cost of living. This is not only an issue affecting the UK but the rest of Europe and even the world's largest GDP-attaining country, the United States. So how do we go about solving this?

Not only have interest rates been raised by the most in 27 years, but this also explains the booming energy bills and results in minimal economic growth - The cause of this being Russia's invasion of Ukraine. Essentially, what this means for many businesses is that companies will have to spend more on costs and have smaller profit margins, leaving many people across the nation to become redundant. This is so companies can still keep their businesses running and by reducing the number of employees, they have lower expenses and costs to cover.

Although recessions evoke many disadvantages in the labour market, they can also encourage our population to become more educated as a result of this. During the Great Recession in 2007, the US Census Bureau found that the number of students who returned to college after being in the workforce grew by 30%.

This shows how the recession acted as an incentive for more people to re-specialise in another field of work. In the long run, through increasing occupational mobility, workers are most likely to be able to earn higher salaries amidst the recession. Currently, the top three highest paying jobs in the UK are from medical practitioners, entrepreneurs and chief executives, with an average salary ranging from £50,000 to £250,000 per year.

So what is the next step from here? Well, the UK economy is expected to shrink for more than a year, contrasting to the 2020 recession lasting just 6 months. In terms of tackling the recession, as Boris Johnson resigns from office, the ongoing debate continues between Conservative MPs Rishi Sunak and Liz Truss on whether to cut taxes in order to stimulate the economy and eliminate the battle of inflation. Income tax cuts would stimulate demand for consumers as consumer spending drives 68% of economic growth. On the other hand, a higher income tax reduces the take-home pay and disincentives people to want to work and thus, rising unemployment rates.

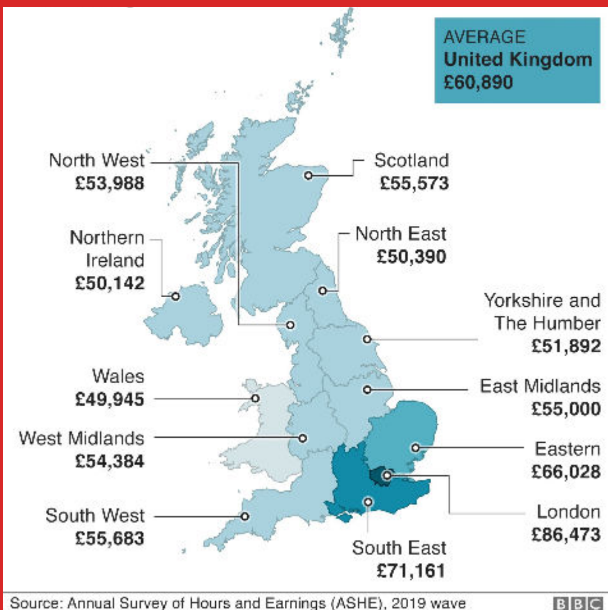
Let’s circle back to where you want to be working in your post-Headington life. Where do you picture yourself? What kind of industry do you think you’ll be working in and how do you think a recession would affect you? But what colour was your Bugatti again?

REGIONAL DISPARITIES IN WAGE LEVELS

EMILIA B

The concept of a North–South divide–a line that dissects England, renders the two halves economically differentandisprevalent throughout English history. If you ask anyone in the UK about the North-South divide, they will be quick to tell you that the average salary in London and its surrounding areas are significantly higher than in other regions. But is this true and how does this issue play out in different areas across England?

Firstly, let's look at wage comparisons in different areas across the UK. Average workplace earnings in the North East are £50,390, compared to £55,000 in the East Midlands and £86,473 in London. While the picture is more complex than a simple North-South divide, the map below shows that cities with the highest average wages are mainly located in the Greater South East.



This is due to the domination of heavy industries such as shipbuilding, steel-making and mining in the North during the late 19th and early 20th centuries. As these manual jobs were lower paid by being less skill-demanding, whereas labour who have specialist skills will be awarded higher pay, the differences in skills can explain a significant share of the wage gap between certain socio-economic groups. This is because, for jobs with specific qualifications, supply is limited and is more desirable to employers, who compete for workers through the level of wages they can offer. Investing in education has a direct effect on skill level, explaining why extended training or education must lead to higher-paying jobs.

More recently, the collapse of the mining and steel industry is due to the movement of secondary services to other parts of the world as well from Thatcher's work. It could be argued that government investment was insufficient to replace lost jobs in the North. This has resulted in poorer education and transport links and the discouragement of firms to do private investment in the North, causing its low wage.

Adding to that, strong transport links have further heightened the North-South divide. The lack of major transport links between the North and the Southeast has meant it has become increasingly difficult to travel between the two. As businesses are attracted to areas with good transport links, they then move to areas in response to the growth in employment, most likely areas with a high population density. This is an example of how agglomeration economies may enhance the economic performance of firms operating in urban areas in terms of productivity and wage growth. Firms in the highest-density areas may increase the range of diverse roles, thus workers' abilities. However, competition among firms for the skilled workforce can lead to higher production costs and further upward pressure on wages. Nevertheless, this is only a problem in the private sector as public sector jobs tend to be paid similar wages.

In response to these problems, the government has formed several plans. Work on a high-speed rail link (HS2) connecting the North West and the South East, stopping at Manchester, Birmingham and London has started in hopes of creating jobs and growing the UK economy outside of London. However, there have already been significant changes made, for example, the cancellation of the railway line passing through Leeds.

Despite the government's attempts at trying to encourage business growth further up the country, the lack of connections to major economic hubs in the North will mean that the wage gap will not close. Another project the UK government started in an attempt to reduce regional inequalities is the ‘Levelling Up’ programme. This document sets out a plan to ‘transform the UK by spreading opportunity and prosperity’. This includes 55 Education Investment Areas designated by local authorities in England where school outcomes are currently weakest. These areas, 95% of which are outside London and the South East, will benefit from investment and support to provide local skills improvement plans.

To conclude, we can see that regional disparities in wage rates are not as simple as a North-South divide. Though the gaps in average income are not as large as we believe them to be as proven by the map, there are still predominant differences seen between London and the surrounding areas compared to large northern cities. The key concept of these differences in wage rates is mostly down to the lack of investment in the northern regions, leading to fewer opportunities to develop a skilled labour force which attracts new business and resulting in higher wages. Hence, the fact whether governments provide adequate infrastructure and transport links plays a role in increasing unemployment by promoting geographical immobility, alongside with the labour’s skills in creating occupational immobility. This supports my view that governments should implement more interventionist supply side policies, like more educational opportunities and transport infrastructure in reducing the immobility of labour and the intra income inequality of the North-South Divide.

HOW HAS COVID AFFECTED THE LABOUR MARKETS IN DIFFERENT INDUSTRIES?

FREYA L-J

The Covid pandemic resulted in a drastic effect on the labour market, with a huge reduction in the employment rate and a steep increase in the number of people considered economically inactive. The demand for labour decreased, resulting in cyclical unemployment. In the first three months of 2020 the number of people in work fell by 825,000 in the UK. In comparison during the final three months of 2020, unemployment rose by approximately half a million, with the number of underemployment also increasing. With the UK economy shrinking by approximately 9.8% during the months April to June in 2020 and some services recording almost no output, the confidence consumers and producers had was minimal.

The Travel and Aviation industries during the first wave of the pandemic saw demand dramatically decrease. Some say Air travel reduced by at least 50%, with knowledge about the virus increasing, severe restrictions on travel and economies beginning to slow, consumer confidence was drastically reduced. According to the Airport International Council, the impact of Coronavirus on the aviation industry was significant, “more than 1 billion passengers will be removed from the whole industry in 2020…representing a decline of 64.6% of global passenger traffic.” This not only significantly reduced an airline's profit but also decreased the demand for labour. As a result there has been a significant reduction in the number of those employed in the aviation industry. This reduction in the number of people employed in the industry has had a profound impact on the ability of the industry to cope with any uplift in demand. Until recently the demand for air travel has been greater than the Industry’s ability to meet the demand, resulting in many flights being cancelled, long check in queues and issues regarding baggage handling.

The hospitality industry was significantly impacted as a result of Covid, specifically in the areas of accommodation and food services. This industry was said to have reduced by up to 90% in the months of April and May 2020. It has proven to be one of the worst performing sectors. However some sectors, including camping, have seen an increase in turnover. With the nature of the virus restricting travel abroad and holiday plans being affected, camping saw an increase in demand. Therefore increasing the demand for labour in this sector. However the demand for other types of accommodation such as hotels remained low, suggesting that people believed it may be easier to socially distance on a campsite than in buildings.

While some sectors were negatively impacted, others thrived. Online shopping grew far more than its pre-pandemic trend. The first wave of the pandemic forced the closure of shops selling non-essential goods. This led to a boost for online retailers. Online purchases represented approximately 28.5% of total sales in October 2021 in contrast to 20.1% in the previous February. This could be a consequence of an underlying trend of increased online shopping. However, with no need to social distance or to even leave the comfort of your home plus the added risk of contracting the coronavirus, online shopping was a safe and convenient option to purchase goods. However, in June 2021 the proportion of online retail sales dropped due to the reopening of high street shops, increasing the demand for labour in the retail sector.

In summary, the coronavirus has certainly had a major impact on the labour markets in the various industries by causing occupational immobility and reducing labour's disposable income. Yet, the inelastic price elasticity of supply of those industries has been affected by the low willingness of employees to return to work and the long periods of time it has taken to process employees applications, particularly in the aviation industry. Hence, this has affected their ability to bounce back from the pandemic.

THE IMPACT OF LABOUR STRIKES ON THE ECONOMY

ROSIE N

Strikes, especially prolonged ones, can have a negative effect on the economy. They increase unemployment, reduce business confidence and increase the risk of economic stagflation. Although firms can still function during a strike by hiring temporary workers, it is likely that the firm will be less productive and lose revenue as a result of the strike. Business confidence would also decline, discouraging investment and therefore the growth of the business. Strikes cause an increase in unemployment, a decrease in growth and may increase inflation (if wages rise). As a result, economic stagflation is likely to occur.

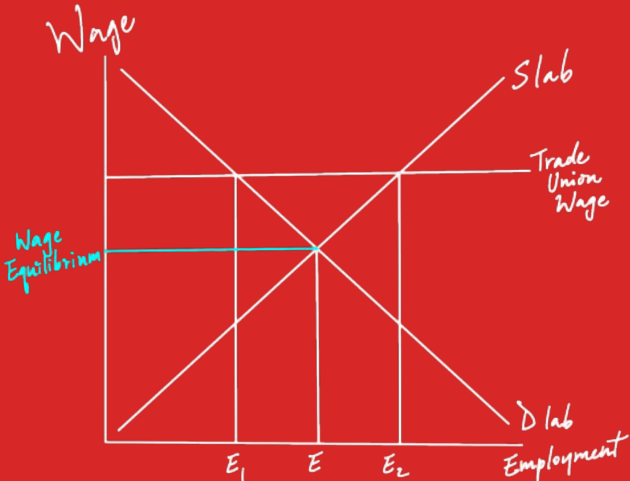
Strikes can affect the future productivity of the economy. University strikes could be an example of this, occurring on a large scale in 2018 and more recently in 2021 where university staff went on strike because of pension cuts, deteriorating pay and working conditions. If these strikes lasted for a long period of time, they could impact the quality of education that students receive. This could result in less skilled labour. Though this wouldn't impact the UK's productivity immediately due to a time lag, the UK's productivity would decrease in the long term. This is due to labour producing less per hour, increasing the average cost of production. Hence, a reduction in growth occurs.

Strikes by trade unions also increase average costs for firms when employers adopt their demands. If wages increase, average costs may rise above average revenue of the production process, so the firm will end up making a loss. This will result in firms trying to reduce costs. This process could involve redundancy, the firm moving offshore where labour costs are less or increasing automation. An alternative would be attempting to increase their average revenue which passes the additional cost onto consumers. To increase average revenue firms would, depending on the elasticity of their product, have to increase or decrease product price. If price increases this causes inflation, which decreases people's purchasing power and in turn negatively affects their standard of living. If the firm intends to decrease the price to increase consumption, they need to make sure costs remain stable.

There are many different reasons workers may strike, the main ones being wages and working conditions. The highest numbers of people going on strike was during the late 1970s (over 10 million working days were lost through strike action), with a peak of more than 4.6 million people striking in 1979. This was around the time of the winter of discontent. Workers went on strike against the Labour Government's attempts to reduce wage increases.

Strikes are organised by Trade Unions, a certain percentage of members have to vote to strike for it to be legally recognised and have to give 14 days notice before they strike. Wage growth since 2008 has been exacerbated by the declining power of Trade Unions. Workers have been less able to demand better pay and conditions, despite record low levels of unemployment. Since the 1970s, the number of people counted as members of a Trade Union has fallen to around 6 million, down from a peak of more than 13 million in 1979.

Trade Union strikes create labour market failure because they prevent the labour markets from functioning efficiently. Due to trade union strikes, wages are forced above the equilibrium level (Fig 1). This creates unemployment between the labour demanded and the supply of labour (E1-E2). This negatively impacts the economy because increased unemployment means workers will have less disposable income and consumption decreases. Thus, aggregate demand shifts inwards, causing economic growth to decrease.



Not all businesses have access to a trade union (especially private sector firms). This reduces trade union power, therefore the business may have lower wages as a consequence. Cost of production is lower and therefore they could reduce the price of the product. This increases international competitiveness and therefore exports increase. If there is an increase in exports, aggregate demand would shift outward, so economic growth would increase. However, wages act as a work incentive that will inevitably increase productivity. Therefore, it could be argued that strikes are a necessary evil that eventually benefit the economy.

^Chart created by the guardian to show the number of people striking over the years.

UNSUSTAINABLE GROWTH - LESS IS MORE

ALETHEA H

Less is more is the negative connotations of economic growth through capitalism, describing the increasingly large demand of resources, including labour. Despite the underlying negative tone of capitalism, it also shows the positives such as capitalism initially causing sharp rise in wages, cutting global poverty to 'half' which indicates that despite its negative impacts, there have still been some major advantages.

Capitalism changed how the economic system and resource extraction worked by creating a new ideology of the earth just being natural resources to be used for industry, this of course includes labour, leading to a massive spike in slavery in the initial introduction. This ideology was encouraged in the 1500s by Bacon who sought to use technology to dominate nature through technological advancements; this ideology later came to be known as dualism. Capitalism is the encouragement of economic growth in all sectors of our economy. Yearly, capitalism encourages growth of 2-3% in high income countries, with emerging countries experiencing a much higher growth . This growth is needed yearly, because this is necessary for large firms to maintain aggregate profits. Capitalism creates an exponential curve, where 3% growth means doubling our economic size in 23 years, and doubling it again in the next 23 year. This leads to exploitation of resources and amplifies the problem of scarcity, with firms sourcing the best quality of factors of production in order to remain competitive.

Industrial capitalism changed the idea of work and separated it into two categories, work and leisure. Industrial capitalism also invented something now so commonly used in modern society that we cannot imagine the world without it. It created jobs, although jobs existed before industrial capitalism, humans could still survive without dependency on it as they could be self sufficient. For example, in a barter economy, humans could trade and exchange goods without the use of money. However, once jobs were made, workers had to look for jobs delivering maximum benefits specifically, or most commonly in wages, though sometimes it could also be the work environment and in return for minimum costs. Minimum costs usually involve working for shorter periods of time or more holidays.

On the other side of the spectrum, Karl Marx described the capitalist system as ‘rigged against workers’. This is due to people who actually own capital are the ones benefiting from capitalism-the richest 1% of people in our world have around ⅓ of the entire wealth of the world, and the gap between wealth and income is becoming increasingly wider. Yet, despite the short run success of trade unions, capitalism would retain power and the control over working time. With trade unions making it more common for people to feel unhappy or unengaged with their work, due to only one in three workers in America saying they feel ‘engaged’ with their work.

A majority of people around the world agree that capitalism does more harm than good, in France it was as high as 69% while in India 74% and 64% in the UK. Even in the USA, the main supporter for Capitalism has 55% of people agreeing that capitalism has negative connotations for the world and is becoming increasingly unfair. A Harvard study showed that 51% of US Americans aged between 18 and 29 no longer support capitalism.

POSITIVES AND NEGATIVES OF ZERO-HOUR CONTRACTS

ANNIE Z

To begin with, what are zero-hour contracts? And how do these work? According to the UK government, they are usually for 'piece work' or 'on call' work. One example would be interpreters, which means: they are on-call to work when needed; not necessary to give them work to do; have a choice to do the work when asked. However, they are still entitled to statutory annual leave (paid time off for every hour they work and the national minimum wage in the same way as regular workers. So the most important question now is: what is good and bad about zero-hour contracts? And how does that affect the labour market?

First of all, there are many advantages of zero-hour contracts for employers. For example, *flexibility* – this means that you can hire workers to ensure easy changeability for your business during uncertain times such as the pandemic we are going through at the moment (from 0.6% in 2011 to 3.3% in 2020 of people in employment on a zero-hour contract in the United Kingdom. This is also ideal for businesses that notice peaks and dips in demand, such as a result of the different seasons. You w ill be guaranteed to have staff available when you need them, but there's no commitment to give them hours when things are less busy. Another example is, *affordability* – this means that it can help to keep the costs down for your business, meaning you will have more money to spend on improving the business. Once again, there is no commitment to give your staff any contracted hours when things are less busy, you can simply pay them for the time you require. It is also cheaper than paying agency fees when you have a surge in demand.

All the benefits from flexibility and affordability also come with costs. Due to the amount of flexibility given to the employers, this results in *less reliability* – meaning that they can turn down shifts if they have prior commitments. This means that you might find yourself short-staffed if workers don't accept the hours that are offered to them which is allowed as part of their contracts.

This may also lead to a *lack of consistency* – because when workers are on a zero-hour contract, you might end up with different people doing the same job, which leads to the quality of the work varying depending on which member of staff is working. This can result in slower growth in the business since the efficiency of the business is also affected in this way as some workers' strengths may not be used in the right job.

On the Other hand, moving on to the advantages of zero-hour contracts for the employees, *flexibility* is also a benefit for them – as there are no set contracted hours, employees have the ability to accept or refuse hours that are offered, meaning they can work on their own terms, around their family, studying or other commitments which is much more convenient than working full-time or even part-time. Another benefit is: *extra income* – since taking on a zero-hour contract is quite a good way to earn extra money outside of your normal employment. Whether you take on evening shifts in a bar outside of your usual 9-5 or even summer work during your summer break from university, a zero-hour contract can be an effective way to earn extra income in your free time.

And so, the same goes for the benefits that employees receive from the flexibility and extra income, they also come with costs. Due to the flexibility given to employees, this means that there is a *lack of security* – since your hours aren't guaranteed. Whilst one week you may work 40 hours or more, the next you might not work any hours, leading to financial instability which can cause grave issues relating to the affordability of the cost of living in the future. Although employees with zero-hour contracts can sometimes receive extra income, this should not be mistaken for having a *high income*. Because one of the costs for them is having a *low income* – since there aren't enough hours to go around, especially if there are many and increasingly more workers on this type of contract. This could leave you unable to pay the bills and eventually in debt.

So thinking back to the question at the start after looking at the disadvantages and advantages for both sides of the labour market: Do you think zero-hour contracts positively or negatively affect the labour market?

WHAT IMPACT DOES BREXIT HAVE ON THE UK LABOUR MARKET AND WHAT ARE THE RESPONSES?

KIKI W

On 31 January 2020, The United Kingdom officially declared to leave the European Union. The EU and the UK reached an agreement on their new partnership, and after the Brexit transition period, the new rules and policy started full implementation. When it comes to the topic of Brexit, there are always a lot of changes related to it, both benefits and drawbacks. So the most interesting question here is: How does Brexit impact the labour market? And how do firms respond to that?

First of all, what is the *Labour Market*? The labour market is the availability of employment and labour, in terms of supply and demand. Here is the latest UK labour market overview from September 2022: “Full-time employees and self-employed workers increased over the latest three-month period, while part-time employees decreased. The most timely estimate of payrolled employees for August 2022 shows a monthly increase, up 71,000 on the revised July 2022 figures, to a record 29.7 million.” Even though the result published by the government is showing a positive trend, behind the decreasing unemployment rate is the increase in economic inactivity rate (eg. zero-hour contract), implying there is a labour shortage.

Even though this is not the sole cause, Brexit does take a big part of the responsibility for exacerbating labour shortages in the UK. The European Union is a single internal market without borders. By removing technical, legal and bureaucratic barriers, the EU allows citizens to trade and do business freely. Before Brexit, free movement rules gave EU citizens the right to live and work in the UK without requiring permission, and also works the other way around.

Currently, fewer UK citizens are working across Europe and fewer European citizens are working in the UK as well, because it is more complicated for people to come and work in the UK. That is due to the negative impact of immigration restrictions. From 1 January 2020, EU citizens migrating to the UK are subject to more restrictive immigration rules and any person moving to the UK to live or work now requires a visa. This could lead to both structural and cyclical unemployment when the continent's diverse and highly skilled talent pool is no longer shared among the countries, causing a drop in growth.

One of the biggest advantages of the single market for the multinationals is the removal of tricky legal and financial processes to hire a worker from other countries. So what does Brexit mean for multinationals? Well if only considering geographical mobility, companies need to plan for worst-case scenarios with regard to changes to labour laws. If there are major changes, corporations will have to recruit and relocate several employees to cover the losses. In addition, they might have to increase wages in order to keep hold of the current employees. According to the LMO Autumn 2019 report, 59% of private sector employers reported raising salaries to help offset their recruitment difficulties.

Even so, the report '*How is the End of Free Movement Affecting the Low-wage Labour Force in the UK?*' highlights that employers have faced recruiting difficulties and high vacancy rates in many different occupations across the economy, including in industries that relied heavily on EU workers such as hospitality, transport and storage. In fact, at the beginning of 2018, some two-thirds of organisations said they would continue to recruit EU nationals.

On the other hand, with all these limitations going on, employers would still like to make efforts in ensuring they have made the necessary preparations and employ EU workers. The reason is really simple. Companies just want to employ workers who are suitable and skilled — to guarantee quality and productivity. For semi-skilled or unskilled roles, the main reason given was that employers could not find domestic applicants to fill those vacancies.

DO LOW-INCOME HOUSEHOLDS BENEFIT FROM FINANCIAL SERVICES?

AMBER H

In order to answer the question we need to define the key components of the subject. Financial services are defined as *'professional services involving the investment, lending, and management of cash and assets.* This includes a huge range of services and products ranging from wealth management to payday loans. Finally, we need to define what we mean by benefit, for this article we are defining it as having had the ability to use these services and or products.

Households in this demographic are more likely to receive some form of benefits. Benefits from the UK government are paid into a bank account so there is no choice but to receive cash. An example of such benefits would include Job Seekers Allowance, a benefit which you can claim while you are actively looking for a job.

According to the Bank of England, only 23% of all payments in 2019 were made using cash, in addition, they state that cash usage is decreasing and was as little as 15% in 2021. This means that anyone, regardless of socioeconomic status, has to rely on financial services to help with payments, this includes everything from banking to contactless payment cards. Whilst low-income households by their very definition do not have a lot of money, it does not mean that they have none, so they too are reliant on these services.

A recent study found that low-income households are relieving the stress on their finances by utilising debt. Taking on £12.5 billion of additional debt in 2022 through bank loans, credit cards, payday lenders and even store credit accounts. As some of these people are earning minimum wage (currently £9.50 per hour) or below, they can find money running short between each paycheck. low-income households are also more likely to have bad credit ratings which limits their choices when it comes to borrowing money. This has led to an increase in payday lenders, companies who make short-term loans at exorbitant rates to people who run short of funds before their next payday, and a debt cycle for a lot of families.

Financial services permeate through other facets of people's lives, nearly everyone has a mobile phone now. In addition, people change them on a regular basis. With new phone prices over £1,000 most people do not buy them outright. low-income households are even less likely to spend this level of money on a gadget. This means that people are paying for gadgets monthly (usually disguised as the monthly phone bill). This is done as a loan agreement between you and the phone company's financial services departments.

The labour market and financial services-

Specialisation is the process in which countries or individuals decide to focus their labour on a specific type of production. This results in a greater output of one good or service that is produced to the best quality. Consequently, every country has one sector which they produce to the best of their ability. For countries such as Qatar, this good is more obviously oil; in the UK this good is financial services. The UK's Central business district - London provides some of the best financial services, consequently being the second largest financial hub, after New York, in the world.

The finance sector contributes £173.6 billion to the UK economy, taking up 8.3% of total economic output. This shows that the financial services sector requires large amounts of labour to meet such high demands. As a result, over 1.1 million people are employed in the financial sector in the UK; therefore, due to the requirement of workers, people from low-income households are provided with a pathway into the financial services sectors hence providing another benefit of financial services.

So, do low-income households benefit from financial services? It can be argued that there are some downsides to financial services in low-income households. This includes debt cycles, which are often provided by financial services through grants such as payday loans and consequently result in many people from low economic backgrounds struggling to escape them; however, I believe financial services benefit low-income households in a greater array of ways, as discussed in this article. They have helped to reduce unemployment rates by providing more jobs in the financial sector and with this helped to increase the GDP of the UK. This opportunity for jobs can help thousands escape their poverty cycle and hence provide them with a better standard of living.

GROWTH OF REMOTE WORKING AND ITS EFFECTS ON INDIVIDUALS, BUSINESSES AND THE ECONOMY

LANA N

The 1980s was the beginning of remote working. Starting from one person, to 2000, 9 million, and now in 2022, at least 30% of the working force in the U.K. Remote working has gone viral, but what could this mean for the country?

In pre-covid times, remote working was less prevalent than now, with only 32% (3.29 million) of workers working remotely full-time or part-time. However, when lockdown began in 2020 with most people unable to leave their homes, the percentage of remote workers rose to around 50% in the first half of 2020, only slightly falling in numbers up till now. Nowadays, 'hybrid working' is preferable with its flexible work model of in-office and remote working. This significant contrast with work schedules beforehand has led to several effects and changes to individuals, businesses and the economy.

Firstly, remote working has changed individual workers' views on the concept of a 9-5 working day five times a week. Most employees have started demanding flexibility with their work days and hours due to the positive effects of remote working such as better flexibility and less time for commuting. These can lead to a better quality of life for individuals who feel more secure and joyful, with positive effects. In the census 2021 data, this was proven when 85% of working adults said that they preferred hybrid working. However, remote working has also shown drawbacks for some individuals. Employees felt isolated and couldn't separate their home and work life, negatively affecting their mental health. But, as with remote working growing in demand, the creation of hybrid working has shown ways of favouring people with different work preferences and supporting all individuals.

Remote working has also affected businesses and what they must do to thrive in their markets. In the past two years, one in three employees quit their job, seeking a workplace better suited to their needs. The treatment of individuals by businesses can affect their productivity and efficiency, which in turn also influences profitability. For example, suppose workers are in a happier working environment. In that case, productivity is likely to increase with better concentration and efficiency, which would increase profits and encourage reinvestment.

Moreover, remote working has also changed what firms invest in. With remote hybrid working, office space, machinery, and commuting costs are not needed much; thus, companies have saved up to £11,000 per employee. Because of this, they can invest more in other sections of the business, e.g. market research or advertisement. As a result, remote working has reallocated how capital is spent and created more and better business opportunities.

Lastly, remote working has influenced an even wider range; the economy. Statistics have shown that during the covid lockdown, GDP would have fallen twice as much if remote working was not possible. Remote working has provided stability to the U.K.'s economy by maintaining business opportunities. While some may argue that remote working has caused lower spending on goods and services being bought and a loss of clustering benefits between businesses and workers, online networks have become so popular in this time where specific goods and services are traded in different ways instead, meaning there were minimal effects on the GDP. There's also strong evidence that remote working could even help decrease inflationary pressure as workers would be willing to receive lower wages for more flexible schedules and have their needs satisfied better, meaning it's less likely for businesses to raise prices and enable inflation which is damaging to the U.K.'s GDP.

Overall, remote working has become much more prominent over the past few years and plays a big part in the U.K. and our standard of living. While there are both positives and negatives, the effect of it on individuals, businesses, and the economy has shown to have been more positive in the past and possibly the future too.

GENDER INEQUALITY IN THE LABOUR MARKET

CHARLOTTE C

Women have been underrepresented in the workplace throughout history. Despite the large influx of women in the labour market - mainly the service sector - over the past decades, gender inequality in the labour market remains as an apparent and persistent problem up to this modern day - women still receive lower pay, fewer opportunities and status. In the UK, the median pay for all employees was 15.4% less for women than for men in 2021. Moreover, this pay gap has narrowed only marginally within these past years. Indeed, reducing gender inequality in the labour market is widely promoted and has become a goal in political agendas worldwide as it is a human rights issue, but from an economic perspective, how does this also benefit the economy?

Throughout history, the gender norm of women spending time doing housework, the belief that women are less productive and intelligent as well as the blatant discrimination against women have shaped the labour market into being patriarchal. This male dominance in the workplace has resulted in a lack of opportunity, decent pay and benefits for women, which only prevents their labour participation. But how does this negatively affect the economy? Research shows that women can more effectively employ the emotional and social competencies correlated with effective leadership and management than men, outperforming them in skills such as conflict management, organisational awareness, adaptability and so on. With the lack of women's involvement in the labour force, their talents are undervalued and underutilised. Thus it is difficult to make the most out of the myriad of skills they possess and to increase the efficiency and productivity of the economy to its fullest potential. With that being said, improving gender inequality in the labour market can certainly benefit the economy as higher productivity can increase output, resulting in higher economic growth and an increase in GDP.

Other than increasing the productive capacity of the economy, improving gender inequality is also beneficial to the economy as poverty rates can improve subsequently. It is a known fact that women are less likely to participate in the labour market than men, especially in developing countries. In the UK, the gender gap in the labour force participation rate is 9.1%, however globally, this gap is a lot wider, with 25%, suggesting that women generally earn less money and are less financially independent than men. With this in mind, it should not be surprising that the proportion of women in poverty is higher than that of men. Therefore, if women can receive equal opportunities in employment and fairer pay, they are more likely to earn more income, which allows them to be more able to financially support themselves and less likely to fall into poverty. As poverty rates decrease, the economy can certainly improve. Not only will there be an increase in disposable income for the people, increasing consumption which generates revenue for firms, there will also be a reduction in the amount of transfer payments, like welfare benefits, and capital expenditure on the NHS from the higher standards of living.

Fortunately, in the UK as well as other more developed countries, policies have been implemented in order to make an effort in reducing gender inequality in the labour market. For example, in the UK, the Equality Act is imposed, requiring employers to publish information relating to the gender pay gap, such as the difference between the average hour rate of pay and the proportion of male and female employees who receive bonuses, to ensure that gender equality is achieved within organisations. However, this is not the case for poorer developing countries where gender discriminaton is extremely serious and gender inequality is still a severe problem. Therefore, it is crucial for us to continue fighting against this injustice, to stop undermining the economic opportunities for women, and to encourage active participation of women in the labour market as achieving gender equality is not solely for the good of women, but for the benefit of the economy as a whole.

WORD SEARCH

R	A	V	P	I	E	C	E	W	O	R	K	D	D
E	F	O	P	Q	W	E	F	B	G	H	M	J	E
C	M	O	N	V	V	S	A	R	S	D	N	B	M
E	W	D	S	T	R	I	K	E	S	H	J	X	O
S	B	R	O	G	T	H	D	X	D	G	M	B	G
S	S	D	G	F	C	O	V	I	D	Z	I	D	R
I	N	E	Q	U	A	L	I	T	Y	C	N	G	A
O	A	R	D	L	O	A	F	F	V	C	F	M	P
N	E	D	L	H	O	B	C	S	Z	R	L	W	H
K	F	C	N	O	P	O	O	B	E	R	A	L	I
V	F	T	B	E	D	U	O	T	R	G	T	P	C
R	G	T	D	F	M	R	I	V	E	F	I	O	B
G	H	Z	C	X	S	W	R	I	L	D	O	E	F
D	I	S	P	A	R	I	T	I	E	S	N	X	Z

Recession
Inequality
Covid
Labour
Brexit
Disparities
Strikes
Demographic
Piecework
Inflation

THANK YOU FOR READING

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Labour was the first price, the original purchase – money that was paid for all things

Adam Smith