

Special Report 1: Business and climate change

By Addie Louthian

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a. The great disrupter

“The world’s 20 most-polluting countries produce roughly 80% of global emissions.”

The past couple of years will go down in history as one of the most innovative, yet trying times. The economy has faced obstacles relating to constant adaptations to the pandemic, but also the need to prioritize climate change as a means of global preservation. Industrial advancements have caused a dependence on finite resources like fossil fuels, China and the US being the leading culprits. The International Energy Agency predicts that 1.2 trillion dollars more annually is needed to fix the power system alone. However, the pandemic has given way to new mitigation measures by reducing transportation needs. Additionally, climate change investment has risen drastically, allowing renewable resources to compete with fossil fuels. Full global commitment to climate change mitigation is necessary to impact the world, but it is difficult and costly. Businesses cannot afford to ignore the prevalence of environmental sustainability, but they also cannot afford to fund it efficiently. Companies must become more proactive for four reasons: immediate business operation impacts, implementation of intense regulations, litigation risks, and technological costs.

b. Physical impact: A grim outlook

Climate change will negatively impact every firm to some capacity. While some businesses take steps to mitigate the risks that changing weather conditions pose, many do not. Physical risks are difficult to identify, address, and manage, but facility-level data does allow researchers to analyze the climate exposure of a business. Furthermore, physical risks lead to shorter supply chains, a result that was also catalyzed by the pandemic and trade wars. Additionally, the climate is worsening faster than countries are able to respond. This pattern is anticipated to continue as the issue’s prevalence grows. “This may mean, among other things, a 40-80cm rise in sea levels, a 25% increase in dangerously hot days and a 36% jump

in the quantity of rainfall over land. And each additional degree of warming increases the impact.” There are two models of analysis to assess physical risks. Shroder’s approach analyzed these risks and demonstrated that climate change could reduce the value of a firm by 2-3%. Four Twenty Seven analyzed which events pose the most threat to companies and listed the following factors from most to least impactful: water; heat stress; flood, hurricane, and tycoon vulnerability; and sea-level rise. While risk assessments are done by companies, the accuracy is unknown. Because of this, third party analysis is becoming more widespread. In the CPD’s assessment of self-reported climate risk assessments in 200 firms concluded that the cost of risks for those companies together is approximately one trillion dollars. Infrastructures also pose risks as it may be unable to serve as the groundwork for climate change mitigation with power cuts and loss of service. Some companies, like Microsoft, are moving their physical locations to less risky areas. However, clustering in areas of specialization increases risks as well. Political pressures are rising, causing governments to pay attention to the severity of climate instability, but in the meantime, companies are encouraged to build contingency plans and practice resiliency in these unprecedented times.

c. Regulation: Costs of carbon

“The Grantham Research Institute at the London School of Economics counts over 1,900 pieces of climate legislation around the world. Almost two-thirds were enacted in the past ten years.”

Environmental costs are driving politicians to implement green regulations around the globe. However, growing concerns have only been only acted on in the past decade leading businesses and consumers to wonder if it is too late. More than seventy countries have committed to reach net-zero costs by 2050 in addition to the EU who has implemented similar goals. Meanwhile, the US has repealed sixty eight regulations as a result of Donald Trump’s climate hoax stance. The Biden Administration is now prioritizing environmental regulations to counteract this by committing to allocate two trillion dollars towards mitigation efforts and rejoining the Paris Agreement. America is also planning to participate in “nationally determined contribution”, the Paris Agreement’s efforts to decarbonize countries. Vivid Economics analyzed how increased climate regulations will impact business by evaluating the transition

risks of 1,400 companies. It was concluded that 3.1% of market capitalization would be wiped off the global stock market, measured by the MSCI All Country World Index. Delaying decarbonization efforts will only put businesses in a deeper cost hole.

“The worst-performing 100 firms would lose 43% of their value; the best performers would gain 33%.”

High-emitting companies, like energy, will observe the most losses. Consumers are on the forefront of this crisis by building loyalty with green-conscious brands, causing other firms to implement environmentally-attractive regulations. Those that do not, risk losing a significant portion of their target market. The current approaches for decarbonization are as follows: sell dirty assets or buy clean ones, buy cleaner energy, low-carbon product investment, and the decarbonization of supply chains. Carbon taxes are generally low costs that can aid firms by providing a competitive edge. However, the Transition Pathway reported that only 18% of the world’s firms with the biggest carbon footprints are making proactive efforts to decrease carbon emissions.

d. Carbon offsets: Cheap cheats

Carbon offsetting is the donation of funds to environmentally active organizations by firms. Corporate demand from companies aiming to achieve net-zero emissions or carbon-neutrality are driving carbon offset practices. Fortunately, these investments are largely inexpensive due to bulk purchasing the abundance of inefficient carbon offsets. The European Commission found that 85% of carbon offsets were not beneficial to the environment. Offsets with unmeasurable results, like deforestation efforts, remain the most popular.

e. Legal risks: Guilty by emission

As climate tensions and regulations rise, so do the legal repercussion potentials. Columbia University’s Sabin Center for Climate Change Law concluded that around 30 cases were brought to litigation between 1990-2010, while the past decade has observed almost 110 cases, mainly targeted at fossil-fuel emitting firms. However, conviction can take years. The Big Tobacco industry’s run with climate litigation indicates that countries who follow their failed model will face high costs. Legal risks are organized in the following three categories: causation establishment, human rights appraisal, and

cases against individual executives. Causation establishment refers to the link between the firm's actions and their environmental impact, while human rights litigation combines the two legal factors of emissions and human ethics, and individual executive cases charge specific violators rather than the company at large. Activists are also able to spark fundamental changes by holding governments accountable. This is seen in the suing of the Dutch government by activists, forcing the judicial system to implement necessary change. Legal risks are expected to grow, however, because the links between weather events and climate change are increasing, activists are expanding their targets beyond the fossil fuel industry, and judiciary attitudes are changing. Despite growing frustrations, lobbyist groups and experts support the notion that technological change may be a beacon of hope for innovation that allows for environmental changes to take place.

f. Technology: Green machines

Consumers, governments, and activists are pushing for businesses to innovate and become more green-conscious, and many firms are adapting by producing more sustainable products. Said firms depend on regulation patterns, subsidies, and pricing to technologically innovate. This is measured by the places where greenery meets technological change: the adaptation industry which will thrive as a result of physical risk, greater energy efficiency which will require regulation, renewables which will require even more regulation, and carbon removal which is still too expensive. Adaptation investment has increased as it offers substantial returns. The agriculture industry uses adaptation tactics to develop resilient products through plant gene analysis, like Bayer and Syngenta's modified corn crop that will be more durable in storm conditions. For companies moving towards renewable energy, which is becoming less expensive than natural gas, there is an observed 10-20% decrease in emissions in addition to a decrease in costs. Companies like France's Schneider Electric are doing this by installing waste detection sensors, solar panels, and other green technologies. Digitization is also becoming a platform for transportation alternatives that further lower emissions by maximizing truck and boat capacities rather than using more vehicles for the same amount of product. Energy storage models are needed as renewable energy sources can be unreliable, raising costs for companies, despite the decrease in energy costs themselves. Electric

vehicles and hydrogen are examples of energy storage innovations that we are likely to see more of.

Companies like Italy's EnelX are able to use employees' electric vehicles' battery storage at no cost to the employee. Additionally, hydrogen has the potential to decrease global greenhouse gas emissions by 34% according to Bloomberg NEF. It is also estimated that carbon removal costs could reach 900 billion dollars in the near future. Firms are turning to integrating natural carbon options and selling offsets, but risks still exist in the form of carbon storage and costs. Mineralization, a process where carbon dioxide is naturally transformed into rock over centuries, shows promise for sustainable carbon production. Efforts to store this carbon under seabeds demonstrates potential for "limitless storage".

g. The future: Directing the disruption

"The principal message of this special report is that companies everywhere urgently need to step up their action against climate change."

Firms are facing more pressures than ever before to implement climate regulations into their business models. If government and consumer pressures are not convincing enough to change companies' outlooks, firms also face direct consequences from physical risks and financial decay that cannot go ignored. Carbon-emissions data improvements serve as a starting point for companies to obtain information about their impacts and therefore identify areas that require change. Regulations such as carbon labels could also force companies to make changes, as their impacts will become more evident to consumers. Consumer actions are not substantial enough to make the amount of change necessary, but green voting can impact systemic developments and apply pressure on governments to confront the gravity of the issue at hand. Firms must take early action for two reasons: international trade has caused commerce to be global and climate change is a systemic issue. While decarbonization introduces costs, it is also a medium for innovation and profitability.

Implications

The environmental crisis will only worsen with time and firms will have no choice but to face it head on. Declining weather conditions will increase the occurrence and severity of natural disasters, furthering political risks and the reliance on digital alternatives. Costs will undoubtedly rise as companies

neglect to take early action against said risks, decreasing revenue and raising product prices. Next, foreign direct investment will be impacted by countries' varying degrees of dedication to the cause, leading more sustainable countries to invest in each other's businesses and boycotting unsustainable countries' firms. This will, in turn, emphasize the importance of investor activism as it creates a mutually beneficial platform for returns. Shorter supply chains will become necessary rather than preferable, decreasing complexities and customization abilities, ultimately causing products to become more universal to avoid disruption. Lastly, transparency will become a primary target for activists and governments. Likely, standardized climate reports will be implemented and publicly disclosed to allow firms to compete and be aware of their impacts.

Special Report 2: Dementia

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a. As humanity ages the numbers of people with dementia will surge

Dementia is a cognitive disease, primarily affecting women, that diminishes everyday functionality capabilities in its victims. The disease impacts decision-making processes and memory access, causing patients to neglect health precautions and potentially put themselves at risk. Specifically with the progression of the pandemic, those affected by dementia were robbed of the small aspects of social life that they had left, like visits from family members.

Formerly known as “senile dementia” or “senility”, the disease was considered a symptom of growing old, but it has since been further researched. Dementia’s prevalence does increase with age, but certain conditions like obesity, smoking, or being diabetic escalate its development. With no known cure, dementia is a condition that resists lifespan increases. By 2030, dementia will increase by 50% in wealthy countries and by 80% in poorer ones. Presently, all sensible mitigation options are unsustainable, leaving countries anxious about the disease’s rapid development. Inability to fund dementia research leaves patients frustrated by a lack of treatment options and those unaffected are compelled to ignore the disease’s existence.

b. The science: The search for a cure for dementia is not going well

With underfunded and underdeveloped research already being a primary obstacle for dementia’s diminution, the pandemic has furthered complications by preventing clinical trials and allocating more efforts towards the mitigation of COVID. Existent research mainly utilizes an approach called “the amyloid hypothesis which attacks Alzheimer’s symptom-causing proteins, beta-amyloid, but its hypothesis remains unconfirmed. So far, four drugs (of the over 200 tested) have been successfully modified as treatment options. American firm Biogen and Japanese firm Eisai have succeeded in Alzheimer drug production by producing promising results in their test of anti-amyloid drug aducanumad.

Biogen states, “Patients...experienced significant benefits on measures of cognition and function such as memory, orientation and language.” This advancement is the first success of its kind in years, serving as a beacon of hope to those who had previously given up. However an approved drug brings alternate challenges such as expenses, lack of full relief from the disease, and the inability to recognize dementia’s symptoms before they become too advanced. As Finnish neurologist, Dr. Kivipelto states, the “cocktail” combination of several drugs will produce the most effective results. Blood tests are accurately able to determine risks that predispose people to the disease, but not identify the presence of the disease. “Biomarkers” are able to detect the presence of Alzheimer’s by either measuring amyloid or tau in the cerebrospinal fluid or medical scanning technologies that may be hard to find and expensive to pursue. The creation of a new test that distinguishes dementia from other neurodegenerative conditions is a promising advancement on the forefront of Alzheimer’s detection and treatment. Additionally, technology is developing much faster than medicine, so artificial intelligence also serves as a medium for hope. However, the use of technology may be too invasive as data technologies follow and detect cognitive patterns in internet users. It is noted that the Alzheimer’s Association predicts that 40% of dementia cases could be delayed or prevented by attacking its 12 risk factors, including:

- Excessive drinking
- Head injuries in middle life
- Exposure to pollution
- Aging
- Smoking
- Obesity
- High blood pressure
- Hearing loss
- Lack of education
- Diabetes

With no sign of an impactful cure being available as the rate of demand increases, Dr. Kivipelto's "Finger" trial study indicates that lifestyle changes may be the most successful option offered. Certain activities like "cognitive training" are included in these lifestyle changes and evidence supports this notion. Dementia's risks have the potential to be reduced, but not eliminated.

c. Care: The big question about dementia care is who is going to do it

"Care work is undervalued, underpaid, emotionally draining and physically exhausting. Yet it is, in my view, highly skilled. It requires enormous maturity and resilience; deep wells of kindness, too." Camilla Cavendish "Extra Time: Ten Lessons for an Ageing World"

Alzheimer's has become a cognitively debilitating disease globally, producing global concerns over how countries will be able to care for growing numbers of patients effected by it. Japan has implemented programs such as group homes for dementia patients that are cared for and encouraged to engaged in cognitive training daily. Dementia's prevalence is viewed differently in different regions with no universal treatment structure and inability to supply enough labor to meet care demands. Existing care facilities are also not ideal for patients as lives can become mundane or ignored. Organizations are pursuing efforts to implement "reminiscence therapy" as well as the use of music among other tactics in care facilities to mitigate patient neglect.

In the Netherlands' "social-relational, non-institutional" model for their "dementia village" serves as a template for how other countries can maintain their patients' humanity. "Care homes" like this one are ideal for patient comfort as the disease continues to progress if at home care options are unavailable. At home caregivers are emotionally impacted the disease and often see mental health complications grow, as seen in Japan's "nursing murders". Japan aims to become more "dementia-friendly" through "dementia supporter" and "orange patrol" training. Technology assists with Alzheimer's care when necessary by encouraging patients to keep a QR code and send alerts to care takers in case of emergency. Infrared and radar sensors can also indicate worsening symptoms, showing care takers when patients' health is declining. Apps like "How do I's" "refresh player" and "refresh studio" use photo and video technology

to reteach patients how to be independent through memory-jogging and providing tutorials on daily tasks.

d. Going abroad: Might dementia tourism to lower-wage economies become a trend?

Dementia is not only difficult for those that it infects, it is a source of turmoil for those that are impacted indirectly. Martin Woodtli's father committed suicide after his wife no longer recognized him, leaving Martin to lose job opportunities to care for his mother whose cognition was deteriorating. He has since turned his generosity into a business with fourteen European dementia patients who require ethical care. Thailand's Vivobene, a "long-stay resort with integrated care" has adopted a patient-centered approach to dementia care, customizing treatment to patient preferences rather than viewing it as one size fits all. People from countries of inadequate Alzheimer's care will outsource to find ethical facilities that are in the patients' best interest. This "dementia tourism" proves that large-scale care facilities are not beneficial treatment options for patients that require more attention than they are given.

e. Financing care: No country has found a sustainable way to finance dementia care

"The basic problem is that ageing is going to require increasing amounts of labour to be redirected towards elderly care at exactly the same time that the labour force starts shrinking." Goodhart and Prantham "The Great Demographic Reversal"

Alzheimer's care remains a costly and under researched area in which there are no sustainable care options as most countries have not attempted to mitigate the growing issue. The estimated global cost of dementia is around two trillion dollars, but most of these costs are allocated to labor. Dementia's prevalence is increasing and there is not enough funds or available labor to efficiently provide care. The 2015 ADI's World Alzheimer's Report indicates that social care and informal care are twice as costly as direct medical care. With the pandemic overwhelming healthcare budget allocations, government intervention is largely unavailable. Japan, however, offers universal long-term-care insurance that goes towards government-sponsored care, but cannot be distributed for at-home care. This model is still lacks sustainability as patient co-pays and other taxes would also need to rise. However, the implementation of the "dementia tax" failed. America's model does not offer long-term benefits, but rather a limited amount

of nursing care and no residential care benefits at all. Britain's healthcare approach gives patients free treatments for diseases like cancer, but does not account for social care. Now, there are less available funds than ever whilst there are more dementia cases than ever. Economist, Sir Andrew Dilton, claims that the "social-care emergency" could be mitigated by "social insurance, collective provision with a relatively large excess". Because the developed world faces difficulties with care sustainability funds, the developing world is even further behind. Even the Chinese government neglects to offer much public financing for the duration of the necessary care time. While finance is one of many issues that countries face, labor shortage is the leading issue of dementia care.

f. Ethics: Too often the basic rights of people with dementia are overlooked

"The only cure for dementia, after all, is death."

Lack of funds allocated towards dementia care leads to inadequate intentions for patient well-being. Infringement on basic human rights is the leading source ethical controversy. South Korea's guardianship law allows patients to give full guardianship to one person or delegate decisions among many as cognitive decline impacts all forms of decision-making, some distinguishing between life and death. In countries where medical assisted suicide and euthanasia are available, decision delegation issues are less prevalent. However, "unbearable suffering", the necessary prerequisite for euthanasia, can be difficult to prove for patients suffering with cognitive deterioration that is not exteriorly evident. Dementia patients are not a priority in healthcare initiatives and there is not enough support to alter this preconceived notion.

Implications

Dementia impacts the entire world. The short and long term implications of dementia are impacted by labor shortages, lack of research and development, and ethical controversies. Labor shortages will cause the industry to place reliance on immigrant workers, but this remains an unsustainable alternative as cultural and language barriers complicate the ability for foreigners to adapt to host country care protocols. The lack of finances to fund research and development, as well as the prevalence of the

COVID-19 pandemic, will hinder the necessary mindset changes required to catalyze the disease's mitigation. The pandemic has caused healthcare budgets to be allocated towards direct emergencies, leaving government services and subsidies largely unavailable. Because of this, it is unlikely that dementia will be accepted as a global emergency in developed countries, and virtually impossible that developing countries will take any efficient measures. Human rights and rising ethical concerns are being alleviated by the implementation of identity-protective regulations that are aimed to protect rather than exploit patients. However, some countries are more successful at achieving this than others. Different cultures place different levels of significance upon the disease's seriousness, not even those that are doing the best lack the tools to sustain and develop lasting models. Dementia tourism describes the outsourcing of patient care to regions, such as Asia, where cultures place a higher level of importance on elder respect and care.

The increasing prevalence of dementia will escalate at an exponential pace, leaving countries frustrated by their inability to cure the disease. Ultimately, I predict that the disease will continue to grow as most governments ignore patient care complications, shrinking the global life expectancy. Patients will continue to be outsourced to countries with better care, but eventually, these ideal facilities will be unable to cater to the demand effectively. Global frustrations have the ability to bring countries together to fight for a cure, but the fire to do so has yet to be ignited. A cure is still unknown and with no signs of increased research and development efforts, one will not be attained anytime soon.

Special Report 3: The Chinese Communist Party

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a. The push to revamp the Communist Party for the next 100 years

This report examines how China's authoritarian and communist regime has developed over the past 100 years, as well as the future innovations that we will see under Xi's rule. Originally, when Mao embarked on China's journey towards communism, citizens were supposed to blindly support and follow a president who had not previously studied Marxism or its effects. Mao strongly disapproved of any opposition which instilled nationalism in his people, but also a disdain for western ideologies. Today, Xi states that China has created an original ideology; a "new political-party system" which consisted of one-party rule and a relationship between the government and its citizens. With China maintaining its position as a global economic, political, and military power, it is evident that their party system has catalyzed exponential growth that is beneficial for those who reap the benefits. However, China has a minority of wealthy citizens, while agricultural workers and underpaid manufacturing workers are forced to believe in a system that does not have their best interest in consideration. The Chinese government even goes so far as to utilize several mediums of invasive technology to collect data from geographic regions to locate Chinese ethnic minorities, like Uyghurs, who the Chinese government aims to "de-radicalize" in concentration camps. Xi states that China is "moving to the global centre-stage" despite humanitarian concerns about the country's practices. Although Xi does not necessarily promote communism or Marxism, China's economic model contradicts this. He aims to implement new developments, but preserve the elements of traditional communism simultaneously. Xi instills fear of opposition in his people through more transparency than previous Chinese leaders, as well as warnings of communist failures, like that of the Soviet Union, to prevent history from repeating itself. By utilizing campaigns like anti-"historical nihilism", he is gaining public loyalty. However, China still remains a hub for ethnic cleansing and totalitarianism, as the fused government powers have control over every branch of

government and only a few party rulers at the top who profit from the exploitation of the Chinese majority.

b. Internal rifts: Trying to heal the party's wounds

As China runs rampant with corruption concerns, leaders like Xi plan to emphasize the importance of party loyalty. China fears that its people are losing motivation to support the government which could result in uprisings and an overthrow of the century long political regime. Through digital spying, Xi is able to locate opposition within his constituents and his own staff. This purge of opposition sends disloyal citizens to concentration camps, but in some cases, disagreeing with Chinese ideology results in death. Xi continues to worry that his people have access to too much information with the rise of technology that make gatherings and uprisings easier to organize and promote because the Soviet Union was able to coordinate opposition during communist rule even prior to the internet's introduction. Xi believes that this is a result of a lack of censorship and the ability for Soviet citizens to oppose party rule, an option that the Chinese are not given. Xi maintains his position that the party is the only way to make China flourish, like in his "Chinese dream", and that the fall of the party would cause the country to descend into chaos. Despite what we as westerners observe to be a humanitarian crisis, Chinese citizens view their government as a democracy. They believe that the party acts in their best interest even though they are unable to contribute to political decision-making processes. Furthermore, China's president has developed more commissions to lead that oversee virtually every element of Chinese government security, economy, and military. Additionally, Xi revised the Chinese constitution in 2018, fundamentally securing his reign. Xi still implements corruption purges (harsher than those of his predecessors) periodically to exemplify power and the potential destiny of those who are disloyal.

c. China's methods of surveillance: Busybodies, backed by AI, are restoring the party's visibility

China's technological oversight, nicknamed "big brain", watches citizens' every move to seek out "sudden incidents" through artificial intelligence. Subjects can be reminded of daily tasks, yet it also extends to more punishable criminal activity. From cameras to police patrols, there are eyes everywhere.

Such regulations are an extension of Mao's physical political presence keeping track of people prior to the internet. However, as the middle class boomed, mass migration to cities made populations denser and surveillance more difficult, requiring the influx of technology to do the work that officials had previously been tasked with. Through "grid management", Xi is able to divide citizens into grids, instilling a classist system and decreasing the surface area in which a particular commission would have to keep watch. Grid information is reported to the police who then follow whatever necessary protocol is in place for that specific "crime", such as opposition discussion. The government has extended this grid system to select student informants who report on disloyal peers as a way to prevent student uprisings from occurring.

Xi's emphasis on ridding China of regime opposition represents a perceived notion that he himself is aware of the country's infrastructure errors. If the party was truly ethical and benefitted all of its members, or at least attempted to, disloyalty would not be a primary object of importance to the government. Likely, the president is eager to maintain power in a densely populated country where people do not have the opportunity to live liberally or contribute to decisions that directly impact them.

d. China's corporate sector: The party is eager to expand its influence within business

The Chinese Communist Party intends to make its presence known within the business sector of both the country and the world. Elements in the workplace like reminders of the "original intent" to work and make China a greater country for all of its people are displayed publicly to keep the dream of world domination alive. Such reminders instill a sense of unity and stability to prevent the rise of a different political party that remains a source of anxiety for Xi. To further mitigate his worries, Xi encourages the workplace to be an extension of the party through the creation of commissions among political officials who operate in the same business, all of which are overseen by Xi himself. Firms that are privately owned are still controlled by party censorship through party-led building-affairs committees in each commercial property which has resulted in great success for the country. Presently, over 70% of Chinese organizations are in cooperation with party efforts in the workplace.

Although China is an attractive host country for foreign affairs, they do not involve themselves in foreign workplaces. Most countries are unaware of China's influence on domestic business efforts, but are

cautious of their strict laws and regulations. Chinese citizens who operate abroad, however, take notice of how liberal foreign regulations compare to those at home. In the Hodo Model, for example, companies like the Hodo Group, promote Chinese ideology by fusing political and business positions to maintain a party presence. The Chinese government wants influential and successful businessmen on their side and vice versa. Party loyalty is a requirement for all citizens, but those who choose to further the party's efforts economically or politically are rewarded for doing so. The benefits of membership far outweigh the disadvantages for those at the top, so many of China's most intelligent and wealthy citizens are compelled to pledge themselves to their political regime. This controversial merge of business and politics may not seem ethical, but it achieves Xi's dream of full unity between the people and the communist party.

d. How to join the party: Getting into the vanguard of the Chinese elite

As previously mentioned, China has a class system in place, whether admittedly or not, there is a definitive elite group that profits from supporting the political party. China prioritizes its image both within its country and on a global scale. Due to pandemic mitigation successes, although questionably reported, the country has strengthened its sense of nationalism and instilled further disdain for western political ideology as we have been largely unsuccessful with pandemic handlings. China was able to utilize its abundant population in addition to political branches to manage the country's COVID-19 outbreak. Because of this, citizens felt of value to the government as well as an opportunity to quickly become an ally of the party. China has since seen an overwhelming amount of applicants in the elite, but only around 6% are actually admitted. Xi prefers to keep the elite members to a minimum to prevent the entry of opposition into the front lines of the government. Citizens associate the fall of the Soviet Union to a lack of classism, something that China has in abundance. Membership is necessary to pursue certain professions, but a large proportion of new members are surprisingly students. Xi aims to recruit only the most intelligent that will assist his efforts. Again, allies of the party are rewarded for their loyalty in various ways including dining privileges for student applicants. Once the application is completed, including two referrals from existing members and an interview with the branch, new entrants are

considered “party-entry activists” until they are fully admitted a couple of years later after completing reports, background checks, etc. Lastly, members pledge themselves to be fully available to the party whenever needed.

e. The Communist party abroad: As Chinese citizens head overseas, the party does likewise

China plans to further its economic and political influences in the western hemisphere by setting up party branches abroad. Publicly, China wants to portray themselves as ethical and agree to follow foreign protocols of operation, but firms worry that the country’s efforts to expand internationally will bring authoritarian activity. The US even requires foreign political party members to be registered with the government before pursuing any type of action such as student gatherings to study the speeches of Xi. The government is still able to maintain tabs on students and professionals abroad. However, through organizations, digital spying, and the requirement that said students and professionals report to their Chinese party superiors.

f. The party’s next century?: A future, but with Chinese characteristics

China has been able to do what no country has done in the past: create and maintain a communist political party that shows economic success through a rise of the middle class and the ability to keep citizens happy and engaged in the party’s efforts. Though typically nonviolent, Chinese officials have utilized forceful measures such as the massacre in Tiananmen Square in 1989. Because of this, remaining party support shocks westerners. The country also commits to using force upon its Asian territories, like Hong Kong and Taiwan, when necessary to keep them supportive of the party and “reunify”. Although Xi claims pieces of Marxism, he opposes its full implementation and censors Marxist extremism through technological controls. Citizens worry, however, that their private property is not being protected. The regime faces obstacles within its liberation of political officials and threats from western ideology, but it is cautious to protect its popularity and longevity. The people believe in and trust their leader’s statements regardless of how true they may be. This will result in China maintaining their position as a world superpower, assuming there is no new president or extreme political changes in the near future. As the

regime has succeeded for this long, their dominance is expected to remain constant, if not grow exponentially.

Implications

China's current leaders often neglect to accurately report data as a way to hide corruption and appear powerful to its competitors. Additionally, the Chinese government mainly serves its elite and abandons, or in some cases, punishes ethnic minorities and the impoverished. This illustrates the model of two Chinas: A and B. China A is composed of the elite who benefit from party support and loyalty to Xi, while China B suffers from genocide and unlivable wages. From a bird's eye view, China appears to be unitedly successful, but again much of the information received is incorrect and does not account for Chinese sufferers. In the future, I suspect that there will be another revolution to prevent the government from taking further steps in the totalitarian direction. Citizens will become skeptical of the country's access to personal information, leaving virtually no intellectual or property rights. If not, the government will continue to test its control and become an extreme dictatorship, similar to that of North Korea. Foreign countries will also be impacted by the regime's longevity through apprehension of sending home countries to China. Xi states that China respects host country laws abroad and does not monitor foreign firms in China, but the accuracy of these claims are unknown. I predict that westerners will continue to observe the superpower's strict regulations and censorship efforts increasing in severity which will result in less investment in Chinese firms and less western firms moving to China until a democracy is established.

Special Report 4: The future of shopping

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a. The return of one-to-one commerce

As e-commerce continues to remain the most prevalent medium for shopping, firms are continuing to innovate their business models to accommodate these changes. Specifically, one-to-one commerce refers to the decreasing reliance on “middlemen” who traditionally facilitate business-to-consumer purchases. Today, these “middlemen” are being phased out as a result of companies, like Nike for example, moving towards direct-to-consumer models. Despite the e-commerce boom, however, shoppers and retailers are not abandoning brick-and-mortar shopping experiences. With consumers being the leaders of today’s market, companies are following consumer patterns to innovate in favor of the digital age. The United States is confronting this transition with apprehension as the Industrial Revolution and the retail model in general have set up a market for in person buying experiences prior to the rise in technology. Because of this, countries are having to reinvent the wheel with market infrastructures. In Asia, however, this digital revolution is a move in the right direction as it accompanies urban density and Asia’s existing economic infrastructure. Countries and firms around the world are all taking different steps to mitigate and innovate the rise of the digital age and attempt to preserve the physical buying experience to a necessary extent.

b. The marketplace: E-commerce profits may become harder to make

This article further elaborates on the importance of technology in the rise of an electronic market. China’s online food supplier, Pinduoduo (PDD), is a representation of success within club business models. PDD will become the most widely used e-commerce platform over retail giant Alibaba in China because of its use by poorer Chinese consumers as well. Additionally, the Chinese government has begun to strengthen its enforcement of antitrust laws leading to obstacles for firms, consumers, and the economy

as a whole. This has made it evident that established and unestablished companies will both successfully compete in a virtual market that is unlikely to be dominated by existing retail giants. Overall, these regulations will cause difficulties such as slow growth rates and discount reductions, but there are still opportunities to succeed.

In the west, however, e-commerce has been dominated by retailers such as Amazon and Walmart, despite Amazon's absolute advantage in most products. With a deep assortment and wide variety, Amazon sees little competition from other European and American companies. Although controversial, Amazon's model, comparable to that of Chinese retailer Alibaba, has succeeded in market dominance. Additionally, e-commerce has led to the rise of social media marketing through platforms like TikTok that allow influencers to be sponsored by particular brands that they then advertise to their followers at a much lower cost to companies than traditional advertising. Smartphones are predicted to become the primary platform for e-commerce transactions, leading to innovations in media advertising and "social commerce". Lastly, taxes on technological services will further economic hardships for companies, but despite these obstacles, regulations will maintain the ability for companies to compete successfully.

c. The merchants: The rise of rebel brands

This article reports on a phenomenon nicknamed the "Amazon effect" and how it has impacted business models, the supply chain, and the consumer shopping experience. The "rebel" brands in the article's title refers to companies like Allbirds, a shoe retailer who refuses to utilize Amazon as a medium for retailing its products despite the bandwagon appeal to do so. Alternatively, Allbirds maintains its independence and ability to sell individually through Shopify, a more liberal platform. Physical retailers, however, have been "cannibalized" by this phenomenon which has caused store closures and a lack of openings. Even Inditex's large corporations like Zara have seen an influx of store closures as more shopping transitions to the internet. Surprisingly, however, discount retailers are on the rise. This is likely a result of the attraction to lower prices as we are currently seeing more luxury brands, and even reasonably priced brands, transition to include less expensive items. There is irony in this logic as the most innovative way for an online retailer to expand is to sell physically. It is difficult to gauge how this

cycle of store openings and closures will ultimately play out revenue-wise, but the primary goal is to give consumers the opportunity to personally interact with a product before they purchase it. Experts agree that companies will not fall victim to a completely digital business, despite pressures that make it seem like retail domination leaves no room for competition. Because of the pandemic, companies have had to reinvent themselves by innovating in a way that they never had to before. E-commerce provides the opportunity for “limitless growth” and experts and professionals predict that this will lead to a “perfect economy” after the tensions between consumers and retailers are mitigated.

d. The travelling salesman: Independent retailers may choose multiple sales channels

Although the punctuated equilibrium seen in the technological revolution that we are experiencing now was catalyzed by American and Chinese e-commerce efforts, other global institutions, like the aforementioned Shopify have strategically innovated to prepare for such a movement. Shopify provides several channels that allow for businesses to maintain their independence and succeed in an unforgiving market. The Canadian retailer’s president, Harley Finkelstein, foreshadows that his model, as well as that of other e-commerce giants, will observe positive effects for consumers. Consumers will reap the benefits of e-commerce and have control over retail market decisions.

Asian companies like Japan’s Rakuten or China’s Alibaba maintain market shares in global businesses as seen in China’s Southeast Asian stakes. These further developed countries want a part of India’s less technologically-focused market as a way to innovate before the country itself is able to dominate. Foreign competitors are trying to interest Indian consumers in smartphone commerce to expand business without physically opening storefronts. Overall, Amazon is mentioned again as the western retail leader, but not necessarily in South and Central American countries.

d. The food stall: The importance of “omnichannel” strategies

Omnichannel strategies include both physical and digital mediums of a business model. Walmart, for example, was able to utilize the opportunity for omnichannel innovation as a result of the pandemic by offering online and offline shopping options to cater to every consumer’s needs. Amazon intends to continue its omnichannel innovations as well through technological advances such as a laborless

supermarket. In general, digital grocery shopping has yielded successful results. With grocery stores already having a low profit margin, operating losses from services like delivery will negatively impact profitability. Food retailers will have to utilize alternative platforms to produce more revenue. In China on the other hand, the digital food market *is* profitable due to China's population density, making deliveries less costly and more effective, as well as general consolidation of the supermarket field. In the US, companies like Instacart charge consumers for delivery, but provide a completely virtual shopping experience that shoppers are willing to pay for. This reduces company costs, but still provides options to consumers. Although omnichannel strategies are on the rise to appeal to all consumers, it is unlikely that a strictly digital grocery shopping experience would replace a traditional one. Mainly, consumers want choices and food retailers will innovate so that they have them.

e. Mass craftsmanship: How to know what customers want

As the pandemic has altered consumer preferences, it is important that businesses accommodate this transition in taste to compliment preferred products. Dogs, for example, have become increasingly popular as humans craved companionship during lockdowns and quarantines this past year. Purina has adapted to the digital pet market in three key ways: wholesale e-commerce, selling directly to consumers, and the “blurring” of the boundaries between goods and services. In China, however, their consumer-to-manufacturer approach has allowed for more personalized products as well as waste reduction. PDD believes that this will allow for even faster production at lower costs. With constantly changing consumer preferences, companies globally will have to continue to adapt to these changes.

f. People: Shop assistants and the retail renaissance

The retail industry is a hub for millions of jobs that are being impacted by the transition to e-commerce. In Europe and the US, 1 in 6 people are employed in retail. This is changing as less retail professions are necessary and jobs in manufacturing and production are increasingly necessary. Jobs aren't being lost per say, they are being translated and changed. Because of this, wages in the US have increased, but with this comes costly labor which could potentially result in technological replacements for some professions. Those who still have their in-store retail jobs will likely become more specialized

and be needed for less mundane tasks. While there are many who have lost their retail jobs, there is a need for skilled employees in technology.

Consumers, on the other hand, are utilized, and sometimes violated, for data collection digitally by companies like Google. However, the retail apps that collect data also offer virtual shopping services that allow for consumers to connect with retailers. Although there is a risk of data theft and misuse, most companies have data protection. Concerns about personal data sharing remain, but keeping the customer loyal and content is the retailer's priority.

g. The future: Welcome to democratised retail

Due to this technological revolution, digital retail is becoming democratized. Consumers are more environmentally-conscious than ever before and technology has allowed for brands to communicate directly with consumers. Retailers globally have had to address the issue of global warming and ease customer concerns through a decrease in mass production and consumption. Although transitioning to a digital world allows for a more ethical market, this will only include a minority target market of wealthy consumers with digital access. Sustainability and innovation are at the forefront of this revolution, but 85% of retail transactions are still physical.

Implications

The rise in e-commerce is generally a positive transition globally. We as American consumers have seen a rise in inflation as well as labor and stock shortages as a result of companies adapting to pandemic hardships, but in the long-term, digitalization will make room for more white collar workers as technology becomes increasingly more important. Blue collar workers may be transitioned between several manufacturing and production jobs which, in turn, will increase the want and need for higher education in order to be placed into professions of higher security and pay. International trade will be impacted as countries will have to navigate technological regulations between countries' different softwares. Additionally, firms will have to alter their approaches to advertising and inclusion. Different cultures are attracted to different advertisements that cater to them specifically. While influencer brand partnerships work for American consumers, that may not be the case in India. Companies must consider

the idea that not all consumers have access to the same technology which may harm revenues if a company moves completely virtual. Lastly, greenwashing is prevalent, but I predict that most companies will begin to respect the seriousness of sustainability and begin to compete with each other to have the lowest waste, etc. The digital age has made both consumers and retailers more conscious of each other and they will continue to work together through data and innovation to maintain a free and mutually beneficial market.

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d. South Korea is going through deep social, economic change

South Korea has been democratized for nearly three decades now, but with the pandemic came harsher regulations and more government controls. Despite a strict government response to the pandemic, citizens followed protocols efficiently, leaving South Korea to serve as a model for COVID-19 mitigation worldwide. Additionally, the country has shown success in their liberation through elements like the film *Parasite*, which is recognized in western cultures as a phenomenon as well. Prior to the country's democracy implementation, corruption was widespread and citizens rebelled against authority. Because of this recent history, other cultures are surprised to see South Koreans so willingly comply with government regulations. South Korea is in the midst of a cultural revolution, with more "cultural products" being manufactured and exported than anything else. Additionally, K-Pop has become a popular music genre in the west. However, South Korea still faces unequal pay for women, rampant sexism, and the lowest fertility rate in the world because of it. Economically, the country is at a plateau, with a need for growth in order to make up for pandemic losses and combat an inevitable recession.

e. New economic models: Startups offer a different future for South Korea's economy

"Starting with the "creative economy" initiative launched by the Park Geun-hye administration in 2013, it has been pouring money into seed capital, incubators and networking opportunities for budding entrepreneurs."

Startups are showing economic promise for South Korea's stagnant growth. Chaebols, conglomerate businesses, remain the center of economic growth, and are helping to catalyze this start-up transition. Firms are investing in themselves and venture capitalists are anticipating an increase of nearly ten million dollars in investments by 2022. The government is also in support of this effort by making

loans attainable and payable for small businesses. “*“The chaebol-led growth model is broken,” says Randall Jones of Columbia University. “Improving productivity means moving towards a more startuppy, digitalised model.”*” Small businesses are less productive than larger ones, so sustainable growth remains questionable. From a short term perspective, pandemic complications are the primary concern for the country. South Korea is extremely dependent on trade, so inability to do so at their capable extent presents supply chain difficulties and a lack of revenue for the country. The South Korean stock market crash of 2020 has ravaged the economy and created a financial crisis that the country cannot afford. People are relying on “nice landlords” just to pay rent and get by while airlines, restaurants, bars, and stores close or face intense losses due to a lack of consumer traffic. China’s factory closures resulted in a 20% profit decrease which impacted South Korean manufacturing as well, as seen in Hyundai’s 13% sales decrease. Historically, South Korea confronts health and financial crises incredibly efficiently and their continued efforts are no exception. Experts predict that country’s resilience and economic foundation will allow them to prevail. However, export complications will remain and the country will have to decrease their reliance on trade or risk becoming a case of the “Dutch Disease”. Long-term challenges are also expected to continue as South Korea has an ageing population and a high rate of poverty among its eldest. People are retiring earlier and the working population is shrinking. Overall, venture capital investment within startup companies has transformed the country’s capital, Seoul, into a prosperous business hub. The pandemic will remain one of the most difficult financial obstacles that South Korea will overcome, but it will take time and infrastructure investments before the country will maintain its profits in fields other than exportation.

f. Men and women: South Korean women are fighting to be heard

Korean women experience extreme degrees of otherness from South Korea’s conservative society. However, women have become more educated, powerful in the workforce, and vocal about equality than in previous years. Women still earn less than men in the same jobs and are often exploited by the media and entertainment industry. Movements, like the global “Me Too” movement against sexual assault, have increased feminist organization and extreme behaviors like cutting hair, not wearing

makeup, and swearing off marriage in radical cases. In their previous dictatorship that has since been abolished, the country implemented gender role extremes. Women were homemakers and subordinates while men were soldiers and professionals. Currently, women still face obstacles in traditional marriage life and the workforce, so 56% of South Korean women do not believe that marriage is necessary. However, only 2% of children are born out of wedlock, proving the existing respect for conservative views on marriage despite the female reluctance to tie the knot. The fundamental issue lies in South Korea's sex education system, or lack thereof. Children are taught that sex and abortion are taboo, that women exist to provide for a man (and eventually his entire extended family as well), and there is no mention of LGBTQ+ inclusivity at all. However, the country has had no choice but to compensate for the increase in women in the workforce, leading to a 1% annual GDP allocation towards childcare and more liberal parental leaves. Although it is evident that change is occurring, it is at a slow pace and the general male beliefs are far behind the demands of women, leaving them frustrated and at a loss. Women are still viewed as lesser and given less opportunities to succeed professionally.

d. Beyond K-pop: K-pop is changing, too

South Korea is home to the global phenomenon, K-pop, or Korean pop music. BTS, the highest grossing boy band in the world, is a sensation among Asian listeners as well as the subject of a strong fan base in the Americas. BTS has redesigned the traditional K-pop genre by maintaining their authenticity and liberal songwriting. The band taps into historical references, like Greek philosophy and psychoanalysis, to integrate deep meaning and social commentaries. Westerners are baffled by the band and genre's unprecedented success, but BTS remains a chart topper in Asian, European, and American countries.

e. Politics: South Koreans are unhappy with the pace of political change

In 2014, the Sewol, a South Korean ferry containing mostly schoolchildren, sank and resulted in 304 casualties. The government disregarded the lost lives, condemned opposition, and contributed to a rise in activism among South Korea's millennial generation and generation Z. The ferry served as a symbol for tensions between the government and the citizens, who seem to be continuously let down by

their political system that is supposed to be designed to protect them. “The candlelight movement” was born from the wreck, establishing political reforms that are currently being ratified. South Korea’s youth are inspired and motivated to replace parliament officials with younger generations who care more about the future and innovation rather than the maintenance of conservative ideology. United Future, South Korea’s main conservative opposition party, is likely to have less representation in parliament as the electoral reforms will transition the country towards a proportional-representation model. The country’s current leader, Mr. Moon reflects United Future’s ideology and intends to listen to the people as a true representative of what reforms they want to see. However, his success is proving to be less modern and innovative than originally expressed. Corruption and unfair elections are also a suspected practice within Mr. Moon’s reign and defies democratic and ethical principles.

f. North Korea: North Korea is changing, but still dangerous

North and South Korea had previously been a universal cultural region prior to the political split after World War II. Currently, North Korea is home to the world’s largest human rights disaster and dictatorship in the world. 33,000 North Koreans have successfully defected to the south, but find adjustment to democracy to be difficult. The North Korean economy has implemented less Marxist regulations, leading to economic promise and a hope that social models will reflect a more liberal ideology as well. In 2018, Moon Jae-In and Kim Jong Un met to rediscuss Korean relations, “spirit of Panmunjom”, and ultimately decided to reduce military tensions, end the Korean war, end the nuclear war, and take steps towards the reunification of Korea. Most South Koreans favor the idea of reunification despite the fact that taxes would increase significantly and South Korea’s stronger infrastructure would have to absorb and redesign that of the weaker North Korea. However, this would be an investment for the south and result in economic growth in the long term. It is estimated that the reunification investment would cost South Korea between 3% and 12% of its annual GDP for decades. Mr. Moon’s “new northern policy” aims to reestablish transportation and trade before the Koreas unify and implement a singular federal structure. North Korean and Chinese opinions on the matter present obstacles, as they want to

remove American troops and would likely push for Kim leadership despite ethical dilemmas. Unless North Korea politically and socially reforms, the divide between the two countries will be too shocking of an adjustment. North Koreans have fallen victim to famine alongside genocide and deprivation of basic human rights. Jangmadangs, North Korean black markets, serve as a platform for the sale of items that most citizens depend on for survival. Kim Jong Un's efforts to move the north towards a market economy has established successful trade with China among conglomerates, but little benefit for the population as a whole. Strengthening trade relations with China have escalated to stronger border controls and difficult and costly escape routes for North Korean defectors. Additionally, the North Korean government is losing realistic support among its people. Many citizens now fake their faith in the system to survive, but are realistically aware of corruption. "North Korea is increasingly turning into a place where there is nothing money cannot buy—as long as you have it." Kim Jong Un believes that by growing the economy, he will maintain support and leadership. Nuclear weapon development, "new path" missile technology, and strained alliances are all significant barriers that prevent unification and increase global political tensions. "I still hope it'll happen but it probably won't."

g. The future: South Korea's transformation is still fragile

The Asian financial crisis has made the growth of South Korea's already stagnant economy difficult, and the pandemic is only emphasizing the hardships. "The increased willingness to challenge prevailing conditions and to try something new is behind many of the developments highlighted in this special report." However, young people like successful artist, Park Hye-Soo, are more willing to comment on social issues and speak up for reformation. The country has made steps in the right direction by liberalizing gender roles, becoming more democratic, and listening to the perspectives of the young activists who placed these officials in office. The political system has become more reliant and representative of the population. Social validation remains an important factor for those who enter the workforce and crave respect from their families and society.

Implications

South Korea is in the midst of economic, social, and political foundation reforms. This turmoil is likely to promote growth and positive equality changes for minorities, such as women. Education increases will lead to a strengthened political unit that will grow the workforce and promote equal wages for men and women. Gender roles will shrink and the unification of the Koreas will likely never occur until a complete fall of the Kim dynasty takes place and the infrastructure of the north is completely redesigned to reflect a certain degree of democracy. Social change will continue to escalate at a frustratingly slow pace, but it will continue nonetheless. Despite pandemic setbacks, South Korea's growth is on the rise.