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Age	Sex	Year	Country
15-19	Male	1975	United States
20-24	Female	1975	United States
25-29	Male	1975	United States
30-34	Female	1975	United States
35-39	Male	1975	United States
40-44	Female	1975	United States
45-49	Male	1975	United States
50-54	Female	1975	United States
55-59	Male	1975	United States
60-64	Female	1975	United States
65-69	Male	1975	United States
70-74	Female	1975	United States
75-79	Male	1975	United States
80-84	Female	1975	United States
85-89	Male	1975	United States
90-94	Female	1975	United States
95-99	Male	1975	United States
100+	Female	1975	United States

Year	New cases
1995	~10,000
1996	~10,000
1997	~10,000
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1999	~10,000
2000	~10,000
2001	~10,000
2002	~10,000
2003	~10,000

BEYOND BORDERS

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FUTURE

ASSUMPTIONS

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Akshat Jakotiah

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Lily Jenkins
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EDITORS' NOTE

Welcome to the first issue of the Assumptions Magazine from our new Senior Editors! This edition presents 6 different accounts of economies across the globe. Join our Junior Editors as they dive into the history and future of economies around the globe - from the Gulf's sustainable shift to China's economic slowdown.

Happy reading!

***Lavina Shah &
Akshat Jakotiah***

EDITORS-IN-CHIEF

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DRAMA IN K-DRAMA LAND: SOUTH KOREA 2024 ECONOMIC PLOT AND 2025 FUTURE SCENES

BY LAVINA SHAH

South Korea is known as a global leader in digital technology and for its influential pop culture. It has had significant growth in GDP rates since the 21st century and hosts the fifth largest motor vehicle production industry in the world. With companies like Hyundai and Samsung, South Korea presents itself as a strong leader in the innovation space yet has become vulnerable in the past year after suffering from political and structural economic issues.

South Korea featured heavily in the news after the emergency declaration of martial law on 3rd December 2024. Martial law is when the military takes control of the government and enforces strict rules, usually during emergencies like war, riots, or political crises. This declaration would suspend political activities, impose restrictions on the press and limit basic rights for the population. This 'emergency introduction' of martial law came after the President accused the majority Democratic Party (DPK) in the National Assembly of engaging in "anti-state activities" and collaborating with "North Korean communists" to undermine the nation. This declaration was met with such an immediate strong negative response, provoking riots and protest, that the law was lifted at 2:30 am on December 4th. This situation showed the rest of the world the political instability of South Korean and the vulnerability of its democratic institution.

This event had consequences for the Korean won. The Korean won held a downward trend against the dollar, but the value fell to a 15 year low after martial law was declared. The won was the worst performer in Asia against the US dollar last year, weakening by -12.43% in 2024. While a weaker currency often benefits export-oriented economies, South Korea's reliance on expensive imports, notably energy, outweighed any potential benefits, economists said. The currency weakness has contributed to the deterioration of the trade surplus South Korea held at the end of 2024, yet now it holds a trade deficit of 1.9 USD bn in Jan 2025. We are witnessing a real-life J-curve affect as South Korea hangs in the time lag where the trade deficit worsens due to the large reliance on imports.

In December 2024, South Korea's unemployment rate surged to a three year high of 3.8%. This increase was driven by a combination of political instability, including a brief martial law declaration and weakened consumer confidence, both of which restrained economic activity. Additionally, government employment programs were terminated causing further strain on the labour market and reducing job availability. The rise in unemployment contributed to a decline in consumer spending, which in turn led to a downward revision of the country's GDP growth forecast for 2025. However as of Jan 2025, the labour market seems to have somewhat recovered as the

unemployment rate decreased to 2.9% as most jobs were gained in government-backed programmes.

On a more positive note, South Korea's fertility rate has risen in 2024 to 0.75 births per woman for the first time since 2015. This comes from a positive change in social values and mindsets after the country faced structural economic issues. With the government increasing parental leave and providing large allowances for childcare, the number of marriages has increased since 2019. The low number of births and marriages can be traced back to the pandemic and structural economic challenges. To combat these pressing issues, the Bank of Korea is expected to introduce fiscal policy and pension reforms to help ease labour shortages, reduce the high opportunity cost associated with motherhood, and allow fertility to rise to increase output.

Trump's tariffs have had a significant impact on South Korea's export-oriented economy, especially as the U.S. has become a major destination for South Korean investments in sectors like semiconductors and batteries. In 2023, South Korea was the largest source of foreign direct investment in the U.S., with its manufacturers setting up plants to supply these industries. However, this influx of goods and increased trade has led to a record trade surplus, which has long been a point of contention for the Trump administration. As a result, South Korea now faces the threat of retaliatory tariffs.

The Korean finance minister and experts like Shin Min-young from Hongik University have expressed concerns that Trump's tariffs could severely impact the country's financial markets and economic

stability. The tariffs, while likely to be implemented gradually, are expected to exacerbate inflation, which has already accelerated in the past two months. The Bank of Korea (BoK) has revised its 2024 GDP growth forecast down to 2.2% and slashed its 2025 projection to 1.8%, a stark decline from the average growth rate of more than 3% seen in the 2010s.

South Korea's economic outlook remains uncertain, as the unstable political and economic environment continues to damage consumer confidence and discourage foreign direct investment. While the jobless rate has improved, it's primarily due to government-sector employment, and rising import prices, fuelled by a weak Korean won, are adding pressure. Given these challenges, further macroeconomic policy support is expected in the coming months to stabilise the economy and encourage growth amidst growing uncertainty and external trade pressures.

BEYOND OIL: THE NEXT CHAPTER FOR GULF ECONOMIES



BY AKSHAT JAKOTIAH

Once barren desert landscapes sustained by no more than modest fishing communities, the Gulf States have undergone one of the most rapid and striking economic transformations in modern history. The discovery of vast oil reserves in the 20th century turned countries like Saudi Arabia, the United Arab Emirates, and Qatar into global powerhouses, driving extraordinary growth, futuristic skylines and expansive sovereign wealth funds. Today, the region stands as a symbol of ambition and reinvention, with ambitious diversification plans aiming to reduce dependence on its natural resources. Yet in a world of economic uncertainty that is towards sustainability, one key question stands: where are the Gulf economies headed next?

The discovery of oil in the Gulf during the 20th century reshaped the region's destiny almost overnight. Bahrain was the first to strike oil in 1932, followed by major discoveries in Saudi Arabia and Kuwait in 1938. What were once

small, coastal economies quickly transformed into global energy powerhouses. In Saudi Arabia, for example, oil revenues jumped from just \$7 million in 1938 to over \$22 billion by 1970, fuelling an era of unprecedented development. These revenues funded the construction of modern infrastructure, healthcare and education systems that rivalled those in the West. At the same time, the Gulf's rising importance on the world stage gave its rulers both economic recognition and geopolitical leverage. The result was a new model of state-led capitalism, where oil wealth replaced taxation and helped solidify political control - a dynamic still central to many Gulf economies today.

In recent years, Gulf States have recognised the long-term risks of relying too heavily on oil, and are now investing heavily in diversification. Saudi Arabia's Vision 2030 stands at the centre of this effort - an ambitious plan to expand sectors like tourism, entertainment, technology, and logistics. The Public Investment Fund (PIF), worth over \$700 billion, is driving many of these initiatives, from developing

futuristic cities like NEOM to acquiring stakes in global companies and sports franchises. Meanwhile, the UAE has positioned itself as a hub for finance, AI and green energy. Although progress has been uneven, these strategies reflect a broader attempt to future-proof their economies in anticipation of a post-oil world. The challenge lies not in ambition, but in execution - creating private-sector jobs, attracting talent and sustaining growth beyond state spending.

One of the Gulf's most powerful tools in recent years has been the rise of sovereign wealth funds (SWFs), which have turned oil wealth into global influence. Saudi Arabia's PIF, Abu Dhabi's ADIA and Mubadala and Qatar's Investment Authority (QIA) collectively manage assets worth well over \$3 trillion. These funds have gone beyond traditional investments, strategically buying into tech, infrastructure, luxury brands, and even sports - from Uber and Lucid Motors to Manchester City and Formula 1. These moves serve dual purposes: securing returns and elevating global visibility. At the same time, SWFs offer a backdoor route to diversification, allowing Gulf economies to earn income from non-oil sectors abroad, while slowly shifting the narrative from oil-rich to opportunity-rich.

Behind the Gulf's rapid growth lies a complex and often overlooked story of demographics and labour. Many Gulf countries rely heavily on foreign workers, with expats making up over 85% of the population in the UAE and Qatar. This labour force has powered construction, services, and domestic work, allowing local citizens to remain concentrated in the public sector. However, high youth unemployment - particularly in Saudi Arabia, where it hovers around 17% - has pushed

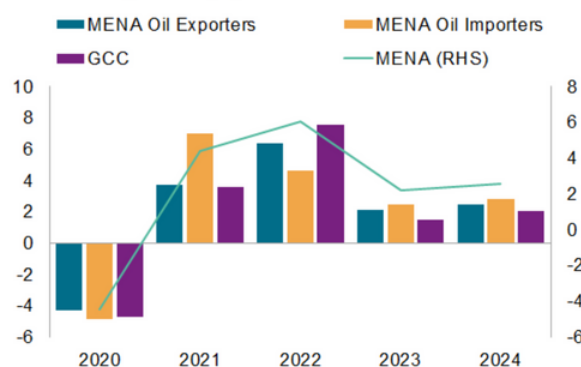
governments to rethink this model. Policies like "Saudization" aim to get more nationals into private-sector roles, while also tackling long-standing gender gaps and productivity issues. These shifts are critical for long-term sustainability, but they also require cultural and structural changes that can't happen overnight.

As the world accelerates its shift toward cleaner energy, Gulf States find themselves in a unique and often paradoxical position: they are among the world's largest oil exporters, yet they've also emerged as vocal advocates for sustainability and climate action. The UAE, for instance, hosted COP28 in 2023, highlighting its ambitions to lead on green issues despite its heavy fossil fuel footprint. Across the region, governments are investing in renewable energy projects, including Saudi Arabia's plans to become a global leader in green hydrogen and solar energy through initiatives like NEOM's Oxagon and The Line. The UAE's Masdar City aims to be one of the world's most sustainable urban developments, while Oman and Qatar have launched major wind and solar projects of their own. These efforts signal a clear recognition that long-term prosperity will depend not just on extracting resources from the ground, but on innovating beyond them.

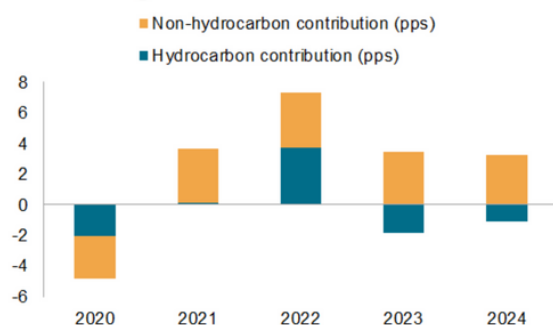
At the same time, Gulf countries are increasingly working to position themselves as cultural and educational hubs, moving beyond their traditional reliance which was on hydrocarbons. Through the development of modern, world-class museums, internationally affiliated universities, and global partnerships, these nations are using soft power to reshape their international image. The Louvre Abu Dhabi, for example, symbolises cultural diplomacy

and the UAE's efforts to bridge civilisations. Qatar's Education City, home to branches of top global universities such as Georgetown and Carnegie Mellon, reflects an ambitious vision for academic excellence. Meanwhile, Saudi Arabia's scholarship schemes, such as the King Abdullah Scholarship Programme, aim to equip a new generation with global skills and perspectives. These efforts are not only intended to attract international talent but also to nurture local capacity, foster creative industries, and build national identities that are globally engaged and culturally grounded. The graphs below serve as an example of how growth from hydrocarbons is playing a decreasingly important role in the development of some Gulf economies.

Real GDP growth (%)



GCC: Hydrocarbon/Non-hydrocarbon contribution to real GDP growth



Another key theme in the region's transformation is the interplay of cooperation and competition among Gulf states. Saudi Arabia, the UAE, and Qatar are each pursuing distinct national visions – such as Vision 2030 and the UAE Centennial 2071 – aimed at economic diversification and global influence. While this creates competition to become the region's leading hub for sectors like tourism, technology, and finance, it has also encouraged collaboration in areas such as renewable energy, logistics, and artificial intelligence. Shared infrastructure projects and strategic alliances point to a growing recognition that regional challenges require joint solutions. Yet, historical rivalries and political tensions persist, making the balance between cooperation and competition delicate. Ultimately, the Gulf's post-oil trajectory will be shaped not only by global forces, but also by the evolving dynamics within the region itself.

The Gulf States find themselves at a turning point. Their journey from quiet coastal outposts to major players in global finance and energy has been nothing short of extraordinary. But as the world gradually moves away from oil, the region's future hinges on its ability to adapt, diversify, and stay ahead in an increasingly competitive global economy. With ambitious plans, deep pockets, and a growing drive for innovation, the Gulf certainly isn't short of potential. The real test, though, lies in whether it can tackle long-standing structural issues and deliver growth that's both sustainable and inclusive – or whether its grand transformation will, for now at least, remain a work in progress.



EASTERN EUROPE : RISE AND RECOVERY

BY SAM POWELL

Straddling the geographic, cultural and political crossroads between Europe and Asia, Eastern Europe is an ambiguous and historically dynamic collection of countries. Reaching Russia's Ural mountains in the east, by a broad definition Eastern Europe contains 21 countries including ex-Yugoslav, USSR and Eastern Bloc states.

After a decade of economic stagnation, on December 8th 1991, Russia, Ukraine, and Belarus signed the Belavezha Accords, declaring the USSR dissolved and when Mikhail Gorbachev resigned on Christmas day, the Soviet flag was lowered from the Kremlin for the last time. Yugoslavia's breakup was much more violent. Strong nationalism between ethnic groups and rising economic inequality led to multiple wars and persistent tensions which still exist today.

As Soviet influence waned, many countries embarked on sweeping economic reforms, lifting citizens out of poverty and creating new opportunities. However, behind rising GDP figures, rural towns in the east have often been left behind, as Soviet-era industry faded and people moved in

search of better opportunities.

Reform and Convergence with the West

In the early 1990s, Eastern European governments embarked on ambitious "shock therapy" reforms aimed at dismantling state monopolies and introducing market economies. These reforms were initially met with rising poverty and inflation, but as countries integrated into the European model, growth did emerge. Poland's transformation is perhaps the most striking: its GDP per capita surged from around \$6,200 in 1990 to nearly \$48,000 by 2023. Similar reforms were implemented in Czechia and Slovakia, with structural changes rapidly modernising industry and finance. Estonia, too, capitalised by embracing digital technology and deregulation. Now, the capital, Tallinn, is a hub for tech startups and financial services, boasting many notable examples such as Skype. Slovenia diversified its manufacturing industry into machinery and pharmaceuticals, which along with a thriving tourism sector have enabled it to become a high

income country. Even Belarus, although still under strong state control and subject to sanctions, has managed to post modest growth figures. Integration into the European Union played a crucial role in driving these countries' convergences with the rich nations of western Europe. Membership opened access to the single market, reducing procurement costs to drive investment in infrastructure and technology, ultimately raising living standards. These reforms have helped reshape many of these countries, though the benefits have been skewed towards urban hubs, leaving some rural areas and old industrial centers behind.

Recent Economic Performance and trends in Eastern Europe

In recent years, economic performance across Eastern Europe has been as varied as its history. While the average GDP growth in the region moderated to around 0.7% in 2023, there was a modest rebound to approximately 1.9% in 2024.

Poland continues to be a regional powerhouse with growth forecasts nearing 3.5% in 2025, supported by robust domestic consumer demand and strong export performance. Hungary, on the other hand, has been grappling with inflationary pressures; early 2025 figures show an inflation rate of about 5.6%, which has prompted government interventions such as price controls on basic food items. Czechia has maintained steady recovery, driven by improvements in industrial output and consumer demand, while Slovakia is forecast to grow by 2.6% in 2025.

Energy remains a critical factor in the region's economic performance. Recent data show that electricity prices have stabilised, influenced by significant investments in renewable energy.

Poland, for instance, has expanded its solar photovoltaic capacity, which has helped to moderate electricity costs in its urban centres. Estonia continues to invest in wind power and digital infrastructure, ensuring a competitive energy market despite occasional volatility. In Ukraine, the conflict has taken a heavy toll; after a dramatic contraction of 36% in 2022, the country managed a rebound with 5.3% growth in 2023. Yet, persistent conflict continues to disrupt its energy infrastructure, forcing Ukraine to import electricity in volumes that have surged dramatically, while inflation remains stubbornly high at 8.6% year-on-year.

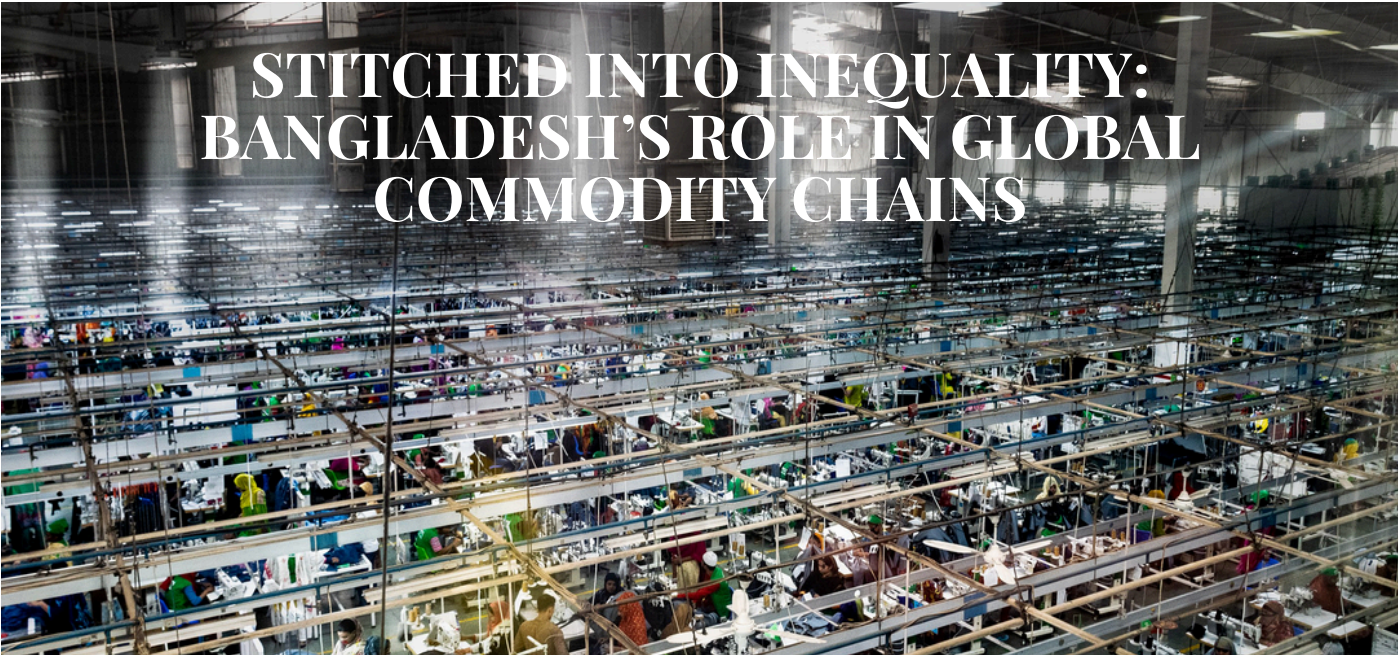
Future Outlook and Targets.

Looking forward, the future of Eastern Europe hinges on several key factors. Energy transition and security will be paramount. With renewable energy installations on the rise—driven by aggressive investment in solar and wind power—Eastern European countries are gradually reducing their dependence on imported fossil fuels. However, disruptions remain, as seen in Hungary and Slovakia's challenges with high-cost LNG imports following the termination of Russian gas transit through Ukraine. The EU's ambitious plan to invest €584 billion in electricity grids by 2030 is expected to improve cross-border connectivity and stabilise energy prices, further enhancing regional resilience. Fiscal discipline is another critical priority. Many Eastern European nations have undertaken significant fiscal consolidation efforts to reduce deficits and stabilize public debt. Poland, for instance, is on track to lower its budget deficit to meet EU standards by 2028, while similar efforts in other countries continue to yield positive results. However, there are still challenges that remain as governments work to extend benefits of reform to less-developed rural regions, ensuring that modern industries and urban centres do not

leave behind traditional areas. Geopolitical risks will continue to influence the region's economic landscape. The ongoing conflict in Ukraine, along with the broader repercussions of Russian actions and Western sanctions, creates uncertainty. Ukraine's reconstruction needs remain vast, with estimates suggesting that over \$500 billion in aid may be required to rebuild its infrastructure post-conflict. Meanwhile, Belarus continues to face economic sanctions that dampen its growth prospects due to its strategic position with Russia. The resolution of these geopolitical issues, along with strengthened EU cooperation, are crucial for a stable and prosperous outlook. Forecasts from organizations such as the IMF and OECD, suggest modest and steady improvements. While average GDP growth in Central and Eastern Europe is projected to rise to 2.8% for EU members, individual country forecasts vary widely. Poland is expected to remain a leader, while Hungary and Ukraine face more challenges with inflation.

Overall, Eastern Europe's economic transformation since the Soviet collapse poses a remarkable narrative of reform. The region has achieved substantial progress in modernising its economies and central urban hubs, however challenges remain. Rural areas still lag behind these centres, and energy dependencies, especially amid geopolitical turbulence, continue to pose risks.





STITCHED INTO INEQUALITY: BANGLADESH'S ROLE IN GLOBAL COMMODITY CHAINS

BY LILY JENKINS

Bangladesh has become a key player in the global garment supply chain, a sector that sustains its economy and strengthens its position in the world market. Its integration into global commodity chains has fuelled economic growth by supplying clothing to multinational brands in wealthier nations, accounting for 85% of Bangladesh's total exports. However, this rise has come at a large cost. The industry is built on entrenched inequality, with low wages, poor working conditions, and the exploitation of vulnerable workers being extremely relevant in contemporary Bangladesh. Beyond labour issues, external debt and climate risks threaten long-term stability. As Bangladesh secures its role in the global economy, its dependence on low wage industries leaves it largely vulnerable to economic and environmental shocks and unrest from workers, highlighting the fragility within its rapid growth.

The global garment industry is a critical element

of Bangladesh's economy, with over 4 million workers employed in the sector across more than 5,000 factories. In the fiscal year ending December 2024, Bangladesh's garment industry generated \$50 billion in exports, marking an 8.3% increase from the previous year.

These figures reflect the increasing demand for low cost and mass-produced clothing, which is often outsourced by multinational brands seeking to reduce manufacturing costs. However, while multinational companies reap enormous rewards, workers in Bangladesh endure some of the lowest wages in the world. As of 2023, the minimum wage for garment workers in Bangladesh was a mere \$75 per month, largely below the rising living costs. Worker's efforts pushed for higher wages seen in the 2023 protests following moves for a \$209 monthly wage raise despite only being raised to \$113 by the government highlight the dire need for fairer compensation. Bangladesh Garment and Industrial Workers Federation and

other unions protested for the \$209 monthly minimum wage leading to over 10,000 workers striking and the temporary shutdown of 600 factories. While Bangladesh may be thriving at surface level in its part in global commodity chains, if attitudes and strikes from workers within the industry persist, its economy will suffer significant damage as factory shutdowns disrupt production and workers refuse to continue working for the same low wages. This situation represents the broader problem in global commodity chains, where emerging economies like Bangladesh are integrated into global markets on terms dictated by wealthier countries. The focus on cheap labour and mass production prioritises profits over ethical sourcing. Bangladesh's garment industry, despite its success, remains tense with issues of exploitation and inequality. The collapse of the Rana Plaza building in 2013, which claimed over 1,100 lives, highlighted the severe risks workers face in factories that prioritise profits over safety and the uncertainty this places on Bangladesh's main source of exports and income.

Bangladesh's integration into global commodity chains is not only due to multinational investments but also by financial loans and funding. The country's increasing reliance on foreign loans, particularly from China and multilateral lenders like the World Bank, raises concerns about whether Bangladesh's debt-driven development is sustainable or whether it will be stuck in a future 'debt trap'.

Bangladesh has previously relied on the Asian Development Bank for loans, which typically offer loans with low-interest rates and extended repayment periods meaning Bangladesh may remain at a low risk of external and overall debt distress. Despite this in 2024, Bangladesh sought a

\$5 billion soft loan from China to support various infrastructure projects. This escalated the country's external debt which reached around \$103.8 billion by June 2024, an increase from \$100.6 billion in December 2023, including debt accumulating to over \$1 billion to Indian power companies. In the 2023-24 fiscal year, Bangladesh dedicated 16.9% of its national revenue to servicing external debt, supported by a record 44% increase in interest payments, which amounted to nearly \$1.35 billion for Bangladesh.

This surge was driven by a sharp rise in borrowing costs, placing Bangladesh, a country heavily reliant on borrowing, in a challenging financial position. Although, Chinese loans are a long-term investment for Bangladesh as seeking loans in Chinese yuan was part of Bangladesh's strategy to diversify its foreign exchange holdings and reduce reliance on the US dollar. While Bangladesh may show some long-term security in its development due to its 'diverse', lowered interest loans, many experts argue that its reliance on loans and investments alongside increasing interest rates only boost Bangladesh's already uncertain economy, exposed by its position in global commodity chains.

Bangladesh is one of the most climate vulnerable countries in the world. Its geographical location makes it susceptible to flooding and monsoons. For Bangladesh climate vulnerability isn't just an environmental issue but also a critical factor that influences its ability to make production needed for global commodity chains. Every year seasonal floods displace millions of people; damaging critical infrastructure, agriculture, and homes. It is estimated that flood-related losses account for around 1-2% of Bangladesh's GDP annually, with projections even indicating that agricultural GDP

could decrease by 3.1% each year due to the effects of climate change. In 2020, the monsoon floods affected one-third of the country, displacing 4.7 million people and damaging over 1,500 square kilometres of farmland which proved detrimental to Bangladesh's economy.



A typical factory in Bangladesh

Given that the agriculture sector employs 40% of the population, these climate disasters have devastating effects on livelihoods. Bangladesh's government has developed the Bangladesh Delta Plan 2100 (BDP 2100), a long-term initiative aimed at addressing the country's climate vulnerabilities.

However, despite the importance of this plan the government currently allocates only 0.8% of GDP to climate adaptation programs, largely below the estimated 2% required to fully implement these plans. International climate funds such as those from the UN and the World Bank have provided some support.

In 2024, Bangladesh received \$278.9 million in multilateral climate funds. Yet the country requires around \$533.7 million to implement its key climate action plans including the BDP 2100,



National Adaptation Plan, and Nationally Determined Contributions. Without sufficient funding Bangladesh will struggle to mitigate the devastating effects of climate change on its economy, particularly in sectors like agriculture and low-wage labour.



CHINA'S ECONOMIC SLOWDOWN: A SUPERPOWER STALLING?

BY MANAV BASRA

China was once widely considered to be the country that would dethrone the US as the world premier economic superpower. However, after decades of double-digit expansion, China's economy is experiencing a marked slowdown. Under the leadership of Deng Xiaoping, in 1978 the Chinese Communist Party ushered in a wave of market-based reforms which revolutionised the economy and ignited rapid growth within the country. The current state of the Chinese economy is a far cry from this.

China's era of rapid growth has cooled, decelerating from over 14% in 2007 to 3% in 2022 (the slowest rate in decades) partially due to China's zero-covid policy. Official figures suggested a growth recovery to around 5% in 2023 but some analysts speculate actual growth was markedly lower (around 2.5%). The reduction in trend growth reflects the structural issues facing the economy: a real estate crisis, falling foreign direct investment, an aging population and rising local government debt. One of the most prominent

drags on China's economic performance is the real estate downturn the country is facing, following the burst of the property sector bubble. At its peak, the property and real estate sector contributed to nearly a third of GDP. The boom collapsed following China's tightening of credit which exposed debt-ridden developers. Evergrande, once the largest real estate developer in the world, defaulted on its debt in 2021 fuelling a liquidity crisis in the sector as well as leaving hundreds of projects unfinished. Estimates vary, but the country has roughly 60 million unsold homes which will take around 4 years to sell without government aid. This extensive oversupply has placed downward pressure on property prices, with house prices having fallen since the industry collapsed. House prices declined roughly 6% in 2024. This brings with it wider implications for the economy, eroding household wealth in a country where houses are a primary store of value. Since the start of the real estate crisis the sector has increasingly been propped up by the state, with state-backed developers having acquired more

land than private developers for each of the last three years. Most economists acknowledge that reinvigorating growth cannot happen without first stabilising real estate, but a comprehensive plan to save the industry is yet to materialise.

The foreign direct investment that drove much of China's growth has slowed dramatically in recent years, falling roughly 30% in 2024, due to geopolitical uncertainty and the growing desire to diversify supply chains. Many multinational corporations are now pursuing 'China+1' strategies, adding alternative production bases in countries such as Vietnam and India to reduce dependence on China. The trade war started by President Trump in his first term contributed significantly to this supply chain reorientation and the tariffs currently being weaponised by Trump are likely to exacerbate this. The aim of these 'China+1' strategies is to de-risk supply chains from China, which will limit company exposure to tariffs, recent regulatory crackdowns by the CCP and the risk of China invading Taiwan and a subsequent war.

Alongside the economic struggles plaguing China's economy, the country continued to undergo demographic issues, with China recording its third consecutive year of population decline in 2024. Last year was the year of the dragon and this led to a boost in birth rates due to the superstition that those born in these years are likely to be more rich and successful. Though this year held the first rise in births since 2016, it failed to overcome the downward population pressure. The declining population is the legacy of the one-child policy introduced in 1979 and has had profound consequences for the Chinese economy. The country faces a diminishing age population,

greater pressure on labour productivity and a rising dependent population. Hence, China's demographic policies have shifted dramatically since the one-child policy, with the country now using subsidies, tax breaks and persuasion techniques, such as cold calling married women, to encourage couples to have more children. Policymakers are also pursuing automation and robotics to maintain productivity and compensate for the declining workforce.

Moving forward from China's troubled present, what does the future of the Chinese economy look like? The country faces an arduous recovery path in the immediate future. The short-term outlook will be determined by property stabilisation efforts, the direction of consumer sentiment and the impact of Trump's trade war. However, China's history is riddled with crises that they have overcome so it would be foolish to disregard their capability to recover from their current economic challenges. China is still capable of producing innovative companies which have a global impact. This is evidenced by Deepseek's newest AI model which achieved a quality of output similar to US large language models but with apparently far less capital expenditure. This led to a historical fall in the value of Nvidia, leading to shares falling 17%, erasing \$589 billion of its market value. This highlights China's ability to still have global impacts despite a slowdown. For the world, China's economic trajectory will have profound implications. A thriving China could be a source of innovation, markets, and stability in global growth, whereas a struggling China could export deflation, geopolitical tension, and uncertainty. As of now, China stands at a crossroads between revitalisation and stagnation, and the coming few years may well set the course for decades ahead.

VENEZUELA'S ECONOMIC PIPELINE: A CRUDE AWAKENING



BY RAANIYA MAJID

To understand the position the Venezuelan economy is in today, historical and political context is needed of the oil-infused country and how it has evolved. The national oil firm cannot go unnamed when describing Venezuela's past: *Petróleos de Venezuela SA (PdVSA)* has had a pivotal role in dictating the economic triumphs, as well as laying the foundations for Venezuela's economic lows (or rather, laying a lack of foundation to insulate the economy from the oil price dips).

Venezuela possesses the world's largest crude oil reserves, and this is reflective in their economy. This began when these reserves were initially discovered in 1922, and Venezuela swiftly became the second largest exporter of petroleum in the world, pumping out approximately 100,000 barrels of oil daily and Venezuela became a hub for more than 100 foreign firms looking to benefit off its rich resources. However, as production boomed from annual figures of 1 million barrels to 137 million during the 1920s, this success had little

effect on the deliverance of a socioeconomic safety net, or even the prospect of a sound fiscal stimulus given the poor infrastructure and underproductive agricultural sector at this time. This was no surprise given the imbalance in the Venezuelan oil sector; just 3 foreign firms accounted for 98% of the Venezuelan oil market by the 1930s, limiting domestic revenues and sectoral imbalance started to cough up the symptoms of Dutch Disease as oil exports began to account for 90% of total exports in 1935 as the bolivar climbed in value. When steps were taken to largely translate oil revenues into government revenues, this initially was for the benefit of the militaristic ruling regime at the time; the Hydrocarbons Act of 1943 required 50% of foreign firms' profits be turned over to the government, increasing government revenues six-fold. Other significant developments including joining OPEC meant Venezuela enjoyed the 1970s oil price boom, becoming the richest country in Latin America in GDP per capita.

However, it wasn't until the oil industry was nationalised forming PdVSA, that an effective channel was created for the deliverance of social and economic welfare programmes to benefit Venezuelans. The 1980s and 90s saw a shift in attitudes towards internationalisation, the expansion of PdVSA's operations overseas buying into foreign plants such as Veba Oel and Citgo, as well as an expansion in PdVSA's powers as it grew in corporate strength, as well as political influence to shape public policy, an unpopular development. Following political discontent, popularist Hugo Chávez was elected with promises of political and economic reform, largely targeting PdVSA. The Bolivares Misiones he delivered arguably had many short-term benefits; his anti-poverty programme involved road-building, house construction, mass vaccination and education, reducing poverty by 20% and improving literacy rates nationally.

However, he created lasting challenges through his interference with PdVSA, an institution he had long criticised; political tension between the free-marketeer preferring company and the interventionist state amongst a series of 49 laws passing, nationwide strikes and protests culminated in 18,000 PdVSA employees and managers being fired, constituting for almost half of its workforce. The company was brought under state control, with losses from the strike constituting \$40 million daily losses as production had plummeted from its 3.2 million daily barrels to 400,000. Furthermore, he failed to sufficiently reinvest oil revenues that existed during the price surges, limiting the long-term capabilities of domestic oil production. The capital-intensive nature of the production process meant it could not sustain its long-term efficiency without the adequate reinvestment into its required capital.

Restructuring the company and removing the majority of its technically specialised staff meant PdVSA would never recover its production, a harrowing reality for a country so dependent on oil revenues. The country faced its worst recession ever seen following this, effectively reversing any benefits the Bolivares Misiones had provided.

However, the positives these social programmes delivered to the Venezuelan impoverished populace is only one side of the coin. This overreliance on oil revenues to fund social and political agendas is exactly what makes Venezuela so vulnerable to changes in this cash flow. This is a vulnerability that can and has been manipulated by external powers, a method unbeknownst to the US, notorious for delivering economic sanctions to countries whose political regimes they take issue with. Cuba, Iran and Yemen fit this category and their populations have all suffered at the hands of trade limitations. The series of economic sanctions bestowed upon the Maduro administration in 2015 continuing up until this March 2025, prove that that Venezuelan populace is no stranger to this suffering either; often essential food and medicine is unable to reach the shelves of Venezuelan stores due to these trade limitations which largely prevent the funding, borrowing and investing activities of the Venezuelan government and PdVSA with respect to the US.

Trump's first administration delivered a series of economic blows to Venezuela in the form of economic sanctions in 2019, accusing PDVSA of having "long been a vehicle for corruption". Amongst this, after the Biden administration delivered Chevron a permit for further oil extraction in Venezuela, the second Trump Administration has ordered this license be

revoked, so far ignoring requests from Chevron's CEO to extend this license by at least 60 days to allow operations to wind down, who has rightly warned of other powers such as China and Russia advancing further into Venezuelan economic territory considering the US's retreat leaving a new gap to be filled. The revoked license will ban the payment of any taxes or royalties to the Venezuelan Government, nor any sort of transactions or dividends to PdVSA and generally involves a removal of all Chevron activities taking place on Venezuelan soil, ameliorating the already exorbitant levels of inflation.

Trump's immigration policies will also have an impact on the future of Venezuela; after using the 1798 Alien Enemies Act to justify getting "bad people out of the country", the Trump administration deported hundreds of immigrants, including over 238 Venezuelan alleged members of Venezuelan gang Tren de Aragua, where they have been sent to El Salvador and Honduras, despite court rulings against it. If this continues, this will likely only further contribute to growing social unrest in Venezuela following the widely labelled fraudulent re-election of Nicolas Maduro, Chávez' appointed successor amongst long-lasting concerns over Venezuela's economy, inherited from Chávez' presidency, which saw government debt more than double, hundreds of independent businesses and foreign assets nationalised, press limited, and essentially laid the foundations for Maduro's never ending dictatorial rule.

This does not leave Venezuela in an optimistic wake, however one can only hope that slow and steady progress can be made by economic reform, restructuring and diversification, to address the long-standing obstacle to stable growth that sectoral imbalance and Dutch Disease poses to

Venezuela. However, this is unlikely to occur unless accompanied by sufficient political reform and a new widely accepted administration which is capable of removing the number of trade sanctions that Venezuela faces from its nearest economic superpower. Conversely, there is a possibility that other superpowers might instead fill this void that the US has left in the Venezuelan economy, and whether Venezuela might be able to forge ahead in light of this, regardless of the US's continued sanctions, given that the existence of these are not a new development. This is highly possible, given Venezuela and Russia's historical and recent close relationship and sparks wonders as to whether some sort of aid might be given to Venezuela for it to proceed on its path to economic restructuring and recovery.



THANK YOU NOTE

Thank you for diving into this edition of the Assumptions Magazine! We're thrilled to share these insights into the key economic and historical highlights from around the world. A big shoutout to our Junior Editors for their dedication in crafting this issue. We hope it not only informs but also inspires meaningful discussions. Stay tuned for more insightful content, and we look forward to having you join us for the next issue!

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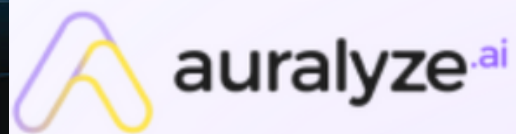


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