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# LOGICAL ECONOMICS

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# **FOREWORD:** ECONOMICS IN REVIEW


Welcome to Logical Economics in 2025/26; this termly publication has been designed by students for students to help better understand stories that happen around the world, with just a hint of Economic theory sprinkled in.

In this issue, we will look at a range of topics student are passionate about, looking at the forces currently shaping their reality. For me, we are looking at an interesting back and forth between trade liberalisationists and protectionists; some countries have been weighing up the efficiency of far reaching global supply chains, versus, the security and certainty of domestic production.

In addition, inflation has been growing as of recent and has transitioned into a new phase after the war in the Middle East.

We are now starting to see the lag effects of contractionary monetary policy, where interest rates has been increased and so now they have filtered through the economy to cool demand. Will this cooling be even more impactful when costs keep rising and demand keep contracting?

The question now remains, if the cost of living and inflation continue to rise, how will behaviours change in consumption. Will this lead to sustainable changes or longer term negative externalities?

**Mr. Shah**

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# Rising UK Unemployment in 2026: Why the Job Hunt Feels Tougher Right Now

by Liliana Mazureac

**Unemployment is climbing**

Unemployment - one of the biggest issues people in the UK face today. Right now in early 2026 the UK overall unemployment rate is at 5.2% - that's the highest it's been in nearly five years. Around 1.87 million people are unemployed, and forecasts suggest it could even edge towards 5.3-5.4% later in the year. For young people aged 16-24 the picture looks even worse: the youth unemployment rate has risen to around 16%, with nearly one million 16-24 yr olds not in education, employment or training. Many find it harder to secure part-time jobs, apprenticeships or first full-time roles in shops, cafés and delivery work. The rise shows how higher costs and skill gaps in the job market are creating problems, which then spill over into the whole UK economy - affecting growth, inflation and policy choices.

**What's going on in the job market?**

The current demand for labour has shifted left because hiring has become more expensive. The National Living Wage rose to £12.71 per hour in April 2026 (+4.1% for 21+), £10.85 for 18-20yr olds. Employer National Insurance has also gone up, hitting sectors like retail and hospitality the most as businesses taking fewer entry-level staff. This has led to 'sticky wages' - wages that are slow to adjust to changes in the labor market, (don't easily fall even when fewer jobs are available) often due to minimum wage laws. As a result it creates a surplus of workers chasing fewer jobs and causes real-wage unemployment. Other factors also make things worse for young people. Occupational immobility; there is growing demand for the tech and AI jobs, so the 'old' skills don't match new jobs which causes fewer entry level roles; Information failures are also a big reason for unemployment within young people as there still not as much information provided where and which opportunities are available to them. Therefore the younger and lower skilled workers are hit the hardest. Labour demand is often wage-inelastic in the short run so even small cost rises lead to bigger hiring cuts. Minimum wage aims to fix low pay and improve equity, but it can sometimes lead to reduction in job opportunities for 16-19yr olds in the short term.

**How does this hit the whole economy?**

Rising unemployment threatens UK economic growth. When fewer people are working the average household income falls and people have less disposable income to spend on different things - weakening consumption which is a major part of Aggregate Demand, slowing down economic growth (2026 GDP forecasts now around 0.6-1.1% already downgraded). At the same time higher wages and National Insurance increase the costs for businesses everywhere increasing their costs of production that result in many of them passing their costs on to us, the consumers, creating cost push inflation.

**Tough choice for policymakers**

This rising level of inflation in the UK (3.2%) put the Bank of England under pressure leaving them with a dilemma: Should they cut interest rates to encourage spending and hiring? Or keep them high to stop prices from rising too fast? Keeping rates higher (currently 3.75%) would help cool down price rises and protect the value of the pound through higher FDI and demand for the pound making imports cheap. However it makes loans more expensive for the families/firms incentivising more saving and cautious spending/hiring. What makes the situation tougher is that the government has limited budget room to spend additionally on apprenticeships, and skilling programmes to help with skill mismatch and unemployment, without increasing their borrowing or raising taxes.

In the short term the higher minimum wage helps those who already have a job by allowing them to keep up with rising cost of living. However it can create more barriers for others who're looking for new jobs - especially young people. In the long term things might get better if the government focuses on better skills training/education to increase productivity. Unemployment is forecasted to peak around 5.3% later in 2026 before gradually falling. The current job market is tight due to higher hiring costs, skills mismatches and more cautious spending across the economy. For young people who are just getting into the market it's important to focus on building flexible and transferable skills that employers seek out for like communication, digital skills, basic programming knowledge, teamwork, being able to work with AI and adaptability.


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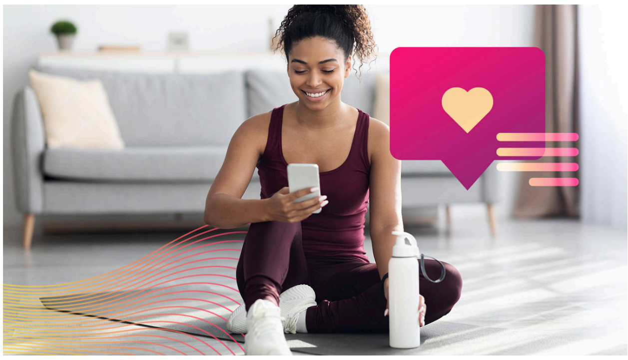
# The hidden economics of fitness influencing.

by Salem Musa Al-ansari

In previous years the fitness industry has had a soaring rise in viewers online heavily due to the growth of social media personalities online. Platforms such as tiktok and instagram have given regular gym personalities a platform to showcase their physique and offer tips to the viewers, often attracting millions of views. Through this platform influencers promote fitness advice, products and lifestyles. However behind this trend lies an important economic concept of asymmetrical information. This article will dive deeper into how gym influencers affect consumer behaviour through an economic perspective and how the regular view should remain wary on what they trust online.


For example many gym influencers often promote training programs or supplements in which they are offering advice on behalf of what they use or most likely it is a paid partnership in which the influencer has been paid by a brand to promote the product or service. However some influencers may not disclose key information such as who can use these supplements or who these training programs are targeted to. As a result, followers may believe the influencers before doing any research into the effects of the supplements or what they are spending their disposable income on that may not deliver the results they are expecting or what they have seen online.



A key concept in economics is the idea of asymmetrical information, which occurs when one party has more information than another. In the case of gym influencers this is when the influencer knows more than the viewer often leading the view to believe what the influencer is saying and blindly trusting the influencer due to their high following. Influencers often appear knowledgeable though followers may not have enough information to judge the accuracy of their advice. This imbalance of of information may lead to poor decision making by the consumers

From an economic perspective this can lead to insufficient market outcomes as consumers may over-pay for low value good and services due to misleading information. This situation is similar to "the market of lemons" theory here buyers can not distinguish between high quality and low quality goods. As a result of this higher quality products may struggle to compete in the market. Furthermore influencers act as both advertisers and trusted figures with often young children looking up to them. This increases the likelihood of consumers trusting their advice and recommendations. On the other hand some influencers do offer genuine and trustworthy advice and that not all influencer activity is harmful but that consumers should remain cautious and wary of what they put their money into.

In conclusion gym influencers play a significant role in shaping consumer behaviour and trends. The concept of asymmetrical information helps explain why consumers may make bad purchasing decisions without doing their own research. Therefore greater awareness of these economic principles can help individuals make better informed choices and to not trust everything they see online and that they should always remain wary and what they are being told to do especially in the fitness supplement industry.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# IS IT REALLY CHEAP ? THE FAST FASHION PARADOX

by Giovanni De Souza

## What is fast fashion?

Defined by British Vogue, fast fashion refers to quickly produced trends sold at lower price points. Fast fashion has revolutionised the way consumers buy clothing; due to its extremely affordable pricing, consumers, being utility maximisers, have been rapidly consuming fast fashion to the point where the market growth is expected to reach 291.1 billion USD by 2032, which is more than half the GDP of the United Arab Emirates (571.6 billion USD), or 50.8 billion Big Macs. Are the cheap prices just a facade, underlining key concerns? As much as consumers may love fast fashion, it comes with an opportunity cost. In the short run, the production of fast fashion contributes roughly 10% of the total global carbon emissions; this is an example of a negative externality (resources are not allocated efficiently). Moreover, in the long run, the throwaway culture has worsened the amount of times garments are worn by roughly 36% in 15 years, highlighting a trend contributing to the negative externality, as it causes landfills to fill up with clothes. Despite being cheap to individual consumers, they come with additional costs to society

## Market composition:

The fast fashion market in the UK is led by brands such as Zara, H&M, and Primark, suggesting an oligopolistic market due to high concentration ratio, as the market is controlled by a few dominant firms. Furthermore, these firms, due to their large market capitalisation, are able to benefit from economies of scale (for example, bulk buying to reduce the cost of production), which in turn allows them to produce goods at a lower average cost. This enables them to offer relatively affordable prices, which acts as a natural barrier to entry, as newer firms that cannot benefit from economies of scale may struggle to compete on price. This further reinforces the idea of the market being oligopolistic. Moreover, these firms are interdependent, as they consider rival firms when making decisions on new product launches and pricing, which is another key characteristic of an oligopoly. They also compete through non price competition, such as introducing new, trendy clothing (innovation) and marketing. However, other firms such as ASOS, Next plc, and Boohoo are also significant players in the UK market. This means they too can benefit from economies of scale and offer relatively affordable options to consumers. Furthermore, newer firms such as DFYNE, Old Muse, and Montirex have entered the market and are competing alongside established brands like Zara, H&M, and Primark, which could indicate that barriers to entry are not absolute and that the market may be a weaker form of oligopoly.

## The root cause:

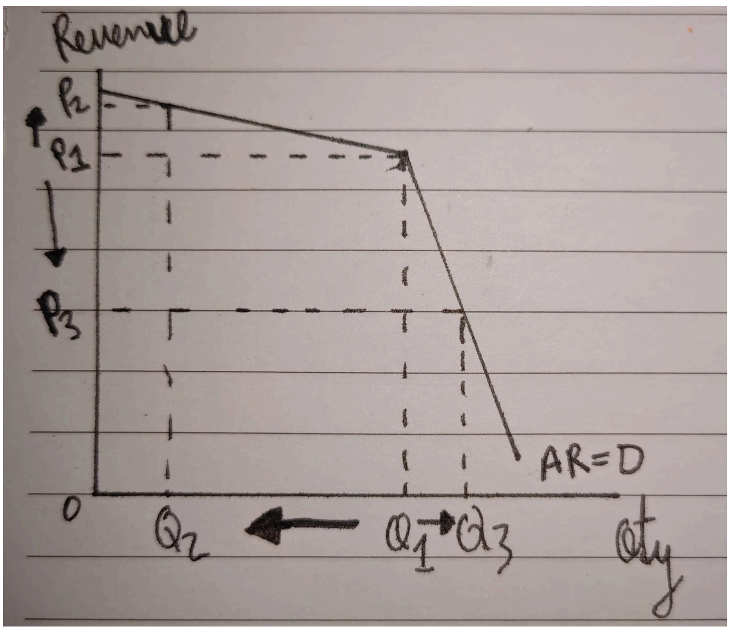
The root cause would be the misinterpretation of the price signals; when consumers see the budget friendly fast fashion, they assume the cost of production per unit was also lower. However, they forget to consider the environmental damages it inflects, which leads to allocative inefficiency.


## In a mixed economy:

Government intervention can actually reduce the negative externality and bring the market to a social optimum; this can be through:

Indirect tax - taxes on fast fashion production would increase the cost of production for firms and, assuming firms are rational, they will increase the price of goods to protect their profit margins. This would increase the costs of the products (fast fashion); assuming consumers are rational, the increased costs disincentivises the consumption of fast fashion as the utility gained per unit falls.

Information provision - campaigns informing and educating consumers about the external costs of fast fashion may reduce asymmetric information, which will help consumers make better decisions that factor externalities and long term effects, which in turn could reduce consumption.



# IS IT REALLY CHEAP ? THE FAST FASHION PARADOX

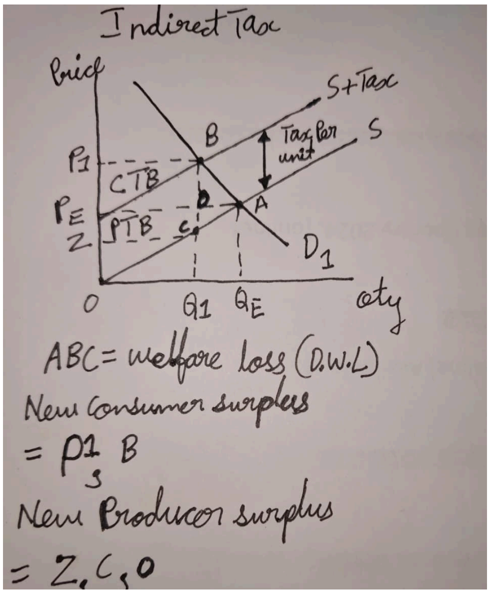
by Giovanni De Souza

**While government intervention** can reduce market failure it may not always be the most effective

disproportional effect: The increased cost of per unit of fast fashion, will have a disproportional effect as lower incomes will be affected more than higher income consumers, this may worsen income inequality

Magnitude of the tax: governments may have outdated information or lack the resources needed to accurately identify the magnitude of the tax needed to internalise the negative externality, this may reduce the effectiveness of the tax

Ultimately leading to a risk of government failure, as the intervention can produce inefficient outcomes




**Conclusion:**

The fast fashion industry highlights a crucial issue in older economic models - markets are efficient at lowering prices, but usually forget to account the external costs inflicted on society due to the lower prices. Government intervention must be carefully designed and implemented to reduce the risk of government failure. Reaching the social optimum is only possible when there's a balance between social responsibility and market efficiency.

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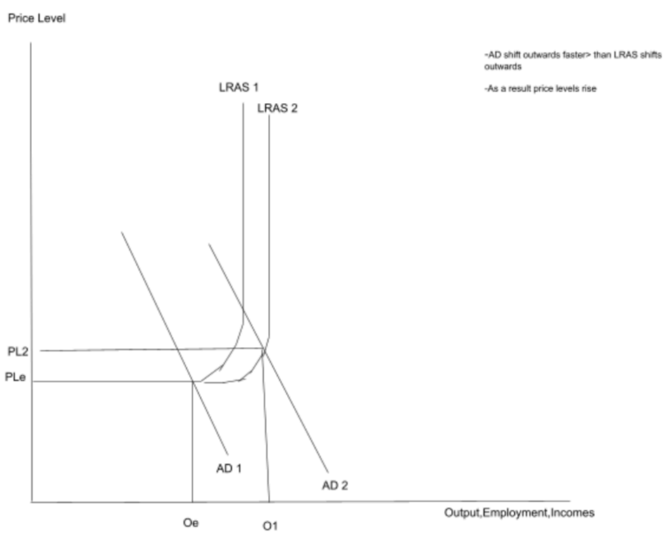
# The Resource curse in Sierra Leone: The involvement of Inflation

by Jad Michael

Sierra Leone is a small and poor country in West Africa, neighbouring Guinea, Liberia and the Ivory Coast. The International Monetary Fund projects a Real GDP growth rate of 4.5% and a nominal GDP of $8 billion leading into 2026 for the country. The Human Development Index in 2022 was 0.458 ranking it no.184 out of 192 countries, similarly, it ranks no.149 in the world in terms of PPP.

Sierra Leone massively focuses on mining and subsistence agriculture, its main focuses being diamonds, iron ore, titanium , bauxite, these resources are the engine for its economic growth.

Despite having one of the largest diamond deposits, its GDP per capita is around $500. Sierra Leone is an example of the "Resource curse" in which resource rich countries often fail or lack growth economically or institutionally. An example of this being, Investment in mining crowds out other investments, leading to a lack of diversity in the make up of the economy. Furthermore, diamonds being one of the main and only exports, makes it extremely susceptible to shocks in changes of diamond price. Heavy Focus in mining, alongside weak infrastructure and low skilled human capital, caps the potential of LRAS shifting outwards. This is due to the determinants of LRAS (CELL) being weakened by the focus on one export such as mining (eroding land from mining, deterring domestic entrepreneurship etc...).



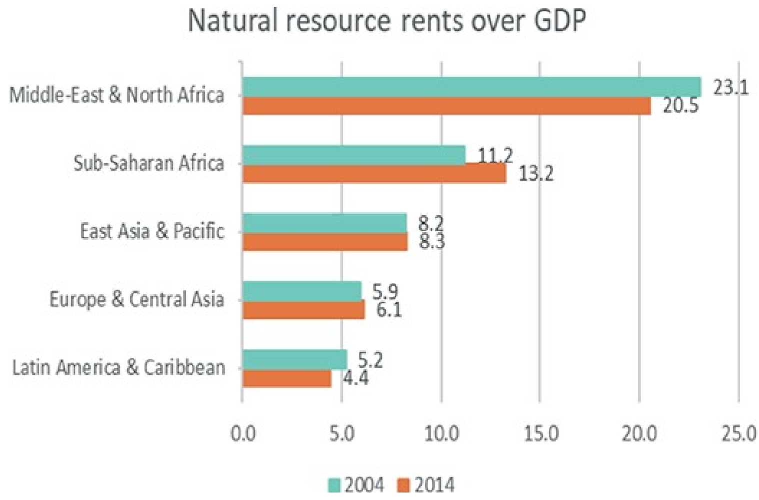
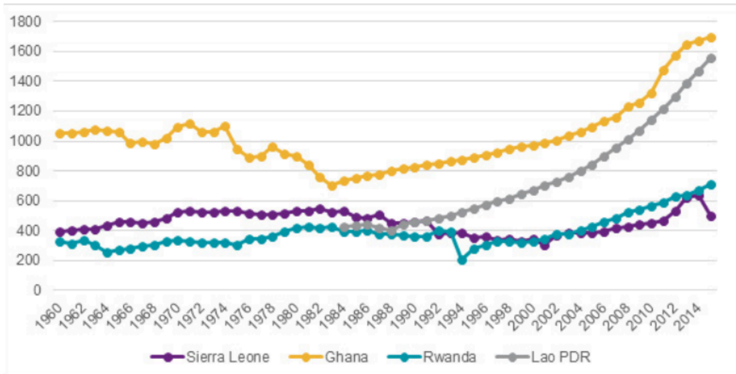




Figure 1: GDP per capita




Furthermore, corruption acts as a blockade, political elites control the revenue leading to misallocation of resources which leads to government failure, this is also seen through the lack of funding in healthcare, and public goods in general. So any possible outward shift in LRAS is further reduced, so a negative multiplier ratio is in this case. Dutch Disease refers to when there is a boom in one sector , in Sierra Leone this is the mining Industry, there tends to be failure in other sectors, such as agriculture, as a result , Sierra Leone is forced to import most of its food, and other commodities, as it cannot produce them domestically , worsening the trade deficit.

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