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insight.

Value

Letter from the Editor-in-Chief

Welcome to the 27th issue of Insight Magazine!

This issue is inspired by Oscar Wilde's cynic, often attributed to Economists - who knew the price of everything and the value of nothing. It seeks to challenge how Economics assigns value to reveal gaps and opportunities, from exploring what drives the market price of the Birkin bag to unpacking the principle values behind economic theory, and much more.

On behalf of the Insight community, I would like to take this opportunity to thank the School of Economics for their continued support of the magazine, without which this publication would not be possible. Also a special thank you to our writers, editors and producers for all their hard work in making this issue come to life.

If you think you might be interested in writing for Insight next semester, please see our Facebook page or Instagram. All students are welcome!

All the best,
Nina Davies
NDavies

The Insight Team

Klelia Kanellaki
Head of Production

Liam McLaughlin
Senior Editor

Bibienne Yeoh
Senior Editor

Hannah Zuraimi
Editor

Keita Hooker-Yoshikawa
Production

Levi Hughes
Editor

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Keynes' Scepticism of The Value of EconometricKs

By exploring Britain's most influential modern economist's distrust of econometrics, ***Liam McLaughlin*** *examines the value of common-sense in economics*

If there were ever a taxonomy of British traits, "ordinary common sense" - prudent judgments from a simple straightforward perception - would certainly be valued close to the top. Historian Dr Sophia Rosenfeld traces the origin of the British fetish for common sense all the way back to our own university's enlightenment philosophers. She argues that collectively David Hume, Thomas Reid, and Dugald Stewart's common-sense philosophy popularised a shift from philosophy telling people what to think, to instead attempting to explain why people think the way they do. These public philosophers transmitted their scepticism of deductive inferences throughout British academic and political life - instead vindicating the paramount value of common sense that persists in the UK today - vide Micheal Gove's slogan that "the British people have had enough of experts". Indeed, George Canning, until recently Britain's shortest-serving prime minister, famously summed up the British distrust of the value of unclear statistical inferences when he exclaimed to parliamentarians that "I can prove anything by statistics except the truth".

Our discipline, like most social sciences, has undergone the 1990s credibility revolution where much stricter experimental design and statistical methods are favoured for publishing. This shift was driven largely by American economist, Dr Edward Leamer in 1983 calling to "remove the con from econometrics" and push out many of the pseudo-scientific / intuitive inferences that had been used to fill experimental gaps between models. Today – to Canning's ethereal displeasure – it is clear the statisticians have won. Yet, it might surprise many that it was not so long ago that the British fondness for intuitive, or common-sense, economics was highly valued and even encouraged. One of the last of these happy few in the battle between common sense and statistics was Britain's most successful modern economist - John Maynard Keynes.

Keynes' distrust of Econometrics

Remembered as "the father of macroeconomics", across his lifetime (1888-1946) Keynes published several groundbreaking macroeconomic theories, served as an economist in both world wars, and designed the British contribution to the post-war Breton-Woods economic system. Yet, Keynes' distrust of statistical models separated him from many of his contemporaries. Robert Skidelsky, Keynes' most recent biographer, summarised this distrust as coming from two dimensions: one statistical and the other philosophical. According to Skidelsky, Keynes' primary worry was that statistical methods could never qualify Economics as an "exact science, because the number of variables was too great, and stability of variables over time could not be guaranteed". Keynes' view was compounded by reading common-sense philosopher, Edmund Burke. From Burke, Keynes adopted a small-c British conservatism that instilled him with disdain for risk and a high value for pragmatic ordinary common sense. Consequently, Keynes argued that statistical inference today could not be guaranteed tomorrow, and for a Burkean like Keynes, it would be better to avoid making precise but wrong claims. Together these influences led Keynes to the conclusion that it is best to trust common sense over statistics - as "it is better to be roughly right than precisely wrong".

The Job of the Economist

Instead of quibbling over statistical methods, Keynes saw the job of an Economist as connecting the dots between established economic facts and to try to explain phenomena using common sense. As a lecturer at Cambridge, Keynes was known to act more like a stockbroker than a theorist, using his encyclopaedic knowledge of discrete economic figures as a starting point for speculation. He was known to frequently riff relationships between accepted facts – weaving plausible interaction hypotheses and motivations into an economic theory.

Like many of his Cambridge University "Bloomsbury group" colleagues, Keynes was simultaneously brilliant, eclectic, and eccentric. However, this did not win him many supporters within the stiff Edwardian academic

circles. One of Keynes' many biographers Charles Hession, criticised his methodology as one part feminine intuition and another masculine logic. Despite this patent sexism, it was his unorthodox methodology that allowed Keynes's career to have such huge shifts in his research, adapting quickly to 'big new ideas', and moving roughshod across business cycles, formal logic, Versailles reparations, the gold standard, wartime employment, the general theory of macroeconomics, and international capital flows. As Keynes argued in defending his 1936 magnum opus, The General Theory of Employment, Interest and Money, "the difficulty [of economics] lies, not in the new ideas, but in escaping from the old ones".

Keynes the Logician

Keynes' deeper rationale for distrusting statistics came from before his study of economics. Son of a logician, he had written his 100-page dissertation (published in 1921) on the logic of uncertain outcomes. Though taking primary aim at moral philosophers, his dissertation spent much of his argument refuting the traditional understanding that statistical inference is valid from probabilistic frequency distributions. Instead, Keynes argued that statistical inference's validity is very limited, that it is only applicable in cases where a phenomenon's frequency distribution is stable over time.

For example, if we know one class is a third male and every class is composed with the same gender frequency, then a student drawn at random will have a 1/3 chance of being male. However, without the knowledge that every class is composed of the same gender frequency, it is impossible to claim that because one class is a third male every class will be a third male. Thus, if we have no reason to think our distributions are stable over time then we have no reason to think that statistical inference will hold – undermining the value of econometric models that provide only statistical conjecture.

Instead, Keynes advocated for the logic of partial entailment where our common-sense intuitions about causality determine the fundamental reasoning for why a frequency distribution holds over time. From this insight, Keynes that determined the economist's job is to describe through common sense why economic phenomena take place and then why we expect them to keep taking place in the same way. For Keynes, the economist had to do more than show happenstance conjectures but try to explain causality.

Keynes' philosophy of science affected his relationships within the field of Economics well into the late 1930s. In letters, he rebuked his Dutch contemporary, and later Nobel laureate, Jan Tinbergen for the trap of treating economics as a "hard science" and ascribing indeterminate human economic motivations as the predictive power of physics' fundamental laws:

> ***"One has to be constantly on guard against treating the material [of economics] as constant and homogeneous in the same way that the material of the other sciences, in spite of its complexity, is constant and homogeneous. It is as though the fall of the apple to the ground depended on the apple's motives, on whether it is worthwhile falling to the ground, and whether the ground wanted the apple to fall, and on mistaken calculations on the part of the apple as to how far it was from the centre of the earth."***

To Keynes, it was evident that, while the physicist can predict what will happen to an inanimate apple, an economist – concerned with fluctuating human motivations – can never make infallible economic predictions.

Nonetheless, even Keynes' acolytes have at times doubted his methodology. Analysing Keynes' later work, Skidelsky noted "he aimed to choose models capable of explaining the 'facts of experience', [yet] his models are not derived from experience but from introspection". While Keynes rejected econometrics due to the uncertainty intrinsic to probabilistic statistics, he has often relied too heavily on the equally fallible oversimplification of common sense when more careful analysis was required. These frequent oversimplifications are credited for the decline of his General Theory. When despite their intuitive sense, Keynes' macroeconomic models could not deal with the reality of the 1980s stagflation – simultaneous low growth with high inflation and unemployment – Keynesian macroeconomics hegemony collapsed in favour of the Monetarist macroeconomics we see today.

Yet, at its core Keynes's distrust of econometrics gives an insight into where he believed the value of an economist lies. Should they be someone who, like Keynes, riffs a credible story between economic facts? Or should they instead try to impose infallible predictive models on an uncertain reality? The work valued in published economics today is most certainly in the latter category. However, Neo-Keynesians, such as Skidelsky and Yanis Varoufakis, bemoan that a modern-day lack of Keynes' cavaliering economics contributes to stale research and a lack of 'big new' macroeconomic ideas. Outside of this nebulous debate, students will have to make up their own minds about the value of statistics. However if, perish the thought, we one day get statistical results that don't make sense, it may be right to remember Keynes' distrust and ask ourselves – do we value our work more if it is roughly right or precisely wrong?

Consumer Value

Runner-up of the Insight Prize

Pricing the Priceless

*Comparing craftsmanship, legacy, exclusivity and everything in between, **Alisha Bissessur** tells us what makes a handbag of "luxury value" and why people are willing to pay the more than hefty price tag.*

The opulence of luxury can never be dimmed. Think about the glimmer of Hermès, the excess of Louis Vuitton, and the extravagance of Goyard. Luxury evokes the feeling of exclusivity through the air of allure and mystique, but what truly underpins the value of luxury?

The Devil wears Prada but Consumers wear Veblen.

"Luxury" is more than a product with an exorbitant price. With prices ranging from $10,000 to $450,000, you would not buy a Hermès Birkin bag out of pure necessity (even if you need the bag). The distinct rarity and refined craftsmanship cannot be dismissed when it comes to why luxury is, in fact, luxury. Picture it: a completely random person walks past you. You've never met them before, and you know nothing about their life story. Yet, something catches your eye – the diamond-encrusted Himalayan Birkin draped comfortably on their shoulder. Original or not, one thought immediately comes to mind: 'They must be really well off.'

In 'The Theory of the Leisure Class', Veblen observes that luxury products are not particularly purchased for their utility or intrinsic value. Rather, they're in demand as means of showcasing social standing and wealth – a phenomenon he called 'conspicuous leisure'. For instance, the sense of pride one feels when sporting their monogrammed handbag is derived from the feeling of highlighting one's economic stance. The 'Veblen effect' posits that, often due to their lavish prices and their singularity, luxury products become more desirable, signalling economic standing. However, there is more to luxury than what meets the eye.

Sugar, Spice, and Everything Nice

These highly exclusive brands curate one aspect very carefully– their brand image. With the right unique philosophy, brands manufacture value through culture to build and grow customer loyalty.

For example, a pristine Birkin 30 is not just a $20,000 luxury bag – it's a story. Effortlessly chic, the bag is synonymous with British culture through Jane Birkin's youthful, glowing personality. As a matter of fact, the now iconic bag got its origin in a peculiar way. On a flight to London, Jean-Louis Dumas (former chairman of Hermès) saw Jane Birkin's belongings spill to the floor while attempting to stuff her bag into the locker. By the end of the flight, Dumas had designed the Birkin on the back of an aeroplane sick bag. The Birkin, serving as a testament to Jane Birkin, came alive mirroring her vibrant, full-of-life personality. Her bag was unique, and true to who she was.

On the other hand, Louis Vuitton's Neverfull tote bag is widely praised for its exquisite exterior and delicate craftsmanship. Quite literally made to be never full, it was created to compete with Goyard's Saint Louis tote bag, bearing a striking resemblance. Born out of competition, the $1,410 Neverfull lacks the quirkiness of a story to rival that of the tale behind the Birkin's success, and would even struggle to sell if its prices were set at those of its competitors. Hermès' meticulous storytelling has led the brand to incorporate a mission of 'reconnecting people to their humanity' within its cultural trope and brand philosophy.

Luxury and the City: The Culture in Couture

In today's rapidly changing global environment, brands need to draw on cultural capital by tapping into the emotional realm of their customer base to keep them engaged. In fact, according to Forbes, 86% of consumers seek authenticity and refinement in their luxury purchases. Conceived through its culture and exclusivity, Hermès' seemingly justifies the high markups of its products leading customers more willing to splurge on Hermès as a true luxury compared to other brands such as Louis Vuitton.

Although Louis Vuitton has a greater focus on signalling wealth with their bold, distinct monogram "LV" that clearly conveys the consumer's social status, it may be deemed excessive. Hermès, on the other hand, focuses on quiet luxury. This minimalist take to fashion highlights superior quality, timeless designs, and streamlined exclusivity. Their well-devised sophisticated brand image through subtle authenticity is what makes Hermès highly valued by many, and hence, successful.

As evidenced, 'conspicuous leisure' is consequently the main driver of luxury purchases. Veblen goods (products typically bought by affluent consumers whose demand increases with price) provide a source of pride, self-confidence, and prestige. For decades, Louis Vuitton has been able to create a strong demand from its steep price, satisfying the consumer's needs for individuality and status. The Louis Vuitton Neverfull conveys a high social status and a sense of achievement, which is what makes it a successful product. However, Hermès' goods allow for an even steeper price through rarity. The cultural edge of the Birkin through its fun history allows consumers to feel part of a community– one that brings psychological as well as materialistic value.

It takes more than three figures on a price tag to carry a luxury brand. Consumers need a brand that matches their self-image, views, and beliefs. As such, a riveting story reels them in and keeps them enthralled. With the right glittering narrative, the value of luxury will truly shine through.
in education, income, and health. The deepening inequalities brought on by the pandemic may prove harmful for the UK's economic outlook as they limit equality of opportunity in society and, in doing so, may generate inefficiencies. Tackling these issues should therefore be a priority for policymakers. Time will tell whether they will rise to the challenge.

Winner of the Insight Prize

Taylor Swift: Tour-Tally a Big Deal

*By exploring the profound economic value of of the Eras Tour, **Hannah Zuraimi** serves to spotlight the realm of 'Swiftonomics' and the hegemonic powerhouse that is Taylor Swift*

On August 9th, 2023, Taylor Swift finished the U.S. leg of the Eras Tour. Since then, it's been reported that the tour injected a whopping $5.7 billion into the U.S. economy – enough to give every American $17. One might wonder, how can an artist generate this much economic value?

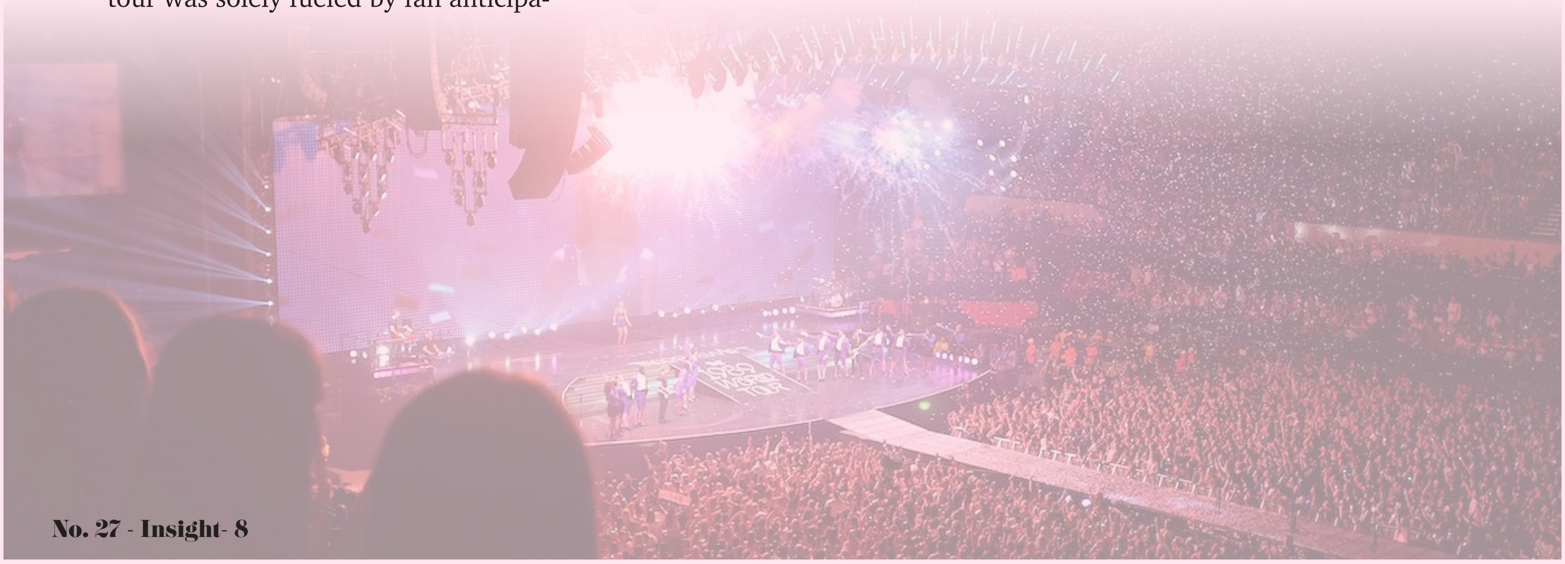
Values Bigger Than The Whole Sky

The pop star put out 8 new albums (including "Taylor's Version" re-recordings) since her last tour in 2018. With a long absence and large output, it was clear that her tour would be big. What wasn't clear was just how much of a smash hit it would be. In a single day, Swift sold over 2 million tickets – the most daily ticket sales from an artist ever. Consequently, Ticketmaster, the only website selling Eras tickets, crashed leaving thousands of fans disappointed and forcing many into the secondary market. Ticket scarcity meant that prices ran wild. While official ticket prices ranged from $49 to $499, their average resell price on SeatGeek soared to $1,611. Irrespective, people bought them, showcasing immense demand inelasticity and perceived value. Nonetheless, it'd be incomplete to posit that Swift's record-breaking tour was solely fueled by fan anticipation. The tour also rode atop a wave of good times for the entertainment industry that flowed from accumulated pandemic savings and looser social restrictions which, together, revived the industry from its pandemic-induced slump.

The tour's impact goes well beyond ticket sales. With over 50 shows across 20 cities, fans both near and far travelled to any show they managed to get tickets for. Consequently, hotels, restaurants, local shops, and transport services all faced substantial revenue spikes. Notably, hotels within a five-mile radius of relevant stadiums saw a 500% spike in bookings relative to non-concert days. Furthermore, fans spent more than $1,300 on average on tickets, merchandise, accommodation, travel, and more – in all, amounting to a $4.6 billion rise in consumer spending. With such an uptick, it's hard to imagine that Swift's impact stayed inside stadium walls.

An influx of spending means a lot to local workers and businesses. Namely, businesses have to increase their pay and payroll to keep up with new demand. Within just a half-mile radius of Swift's Boston area shows, demand for hourly workers rose 500% with pay $2 higher than normal. This is especially impactful since American stadiums tend to be in less affluent places, outside city centres. While these new jobs are temporary, and so their wider benefits are dampened, their benefits nonetheless put more cash in the hands of normal people. In addition to these labour market benefits, Swift paid out $55 million in bonuses to Eras Tour workers including dancers, truck drivers, sound technicians, and caterers. The financial relief from these bonuses and new jobs can help pay down debt, increase workers' spending power, and fuel more economic activity. Further, for a worker who works a three-hour show every weekend, or for those who lack employment opportunities, financial security and the feeling of being valued at work brings both psychological and material relief. This, alongside the further welfare that the unlocked economic activity brings, is evidently valuable.

The tour's impact isn't niche. Even world leaders like Justin Trudeau and Gabriel Boric recognise it and have urged Swift to perform in their respective countries. In addition, it can bring relief to certain governments. The tour's benefits go beyond firms, workers, and consumers. It can help cash-strapped city governments through increased sales tax revenues, and increased fare revenues. So, if Swift brings her tour to a city, she'll also bring revenue that cities can invest in public infrastructure, transit, safety, and planning.



However, cities get more than just revenue. For example, while Cincinnati isn't a hot tourist destination, it became one when the Eras Tour stopped there. Nearly half of the direct spending in Cincinnati as a result of the Eras Tour came from new visitors, with each new visitor spending $575 more than local fans. Thus, exposing the city to potential future tourists or residents. Nonetheless, citywide benefits didn't close alongside concert curtains. Even after Swift's shows, many small businesses seized the opportunity and carried out tour-related festivities like listening parties, tour-inspired ice creams, doughnuts, and more. These dynamics played out in cities across the country and are still going to this day.

While her 2023 U.S. tour is over, she's recently announced new shows in 2024 in new cities that will reap all these benefits. What one can hope is that cities can learn to stretch the tour's benefits out long-term.

Is it Over Now?

While the impacts of the Eras Tour are certainly large, the burning red question remains: will they last? While economic levels normalised after Swift's shows, the tour's smash success is a key moment that the travel industry (and, specifically, destination marketers) can learn from.

In addition to stimulating local economies, events like the Eras Tour are an opportunity for cities to define their identities, shape their narratives, influence public perception, drive future tourism, and even attract potential residents. Destination marketers can make this opportunity a reality by actively marketing their destinations for future high-profile events. Additionally, they can build strategic alliances with local businesses and event organisers to offer comprehensive packages that help draw in larger audiences.

On the other side of the world, Singapore was quick to take advantage of the opportunity the Eras tour provides. Singapore is one of only two countries in Asia with a 2024 Eras Tour stop. As such, it faced high demand with tickets ranging from $78 to $900. After thousands of fans failed to secure tickets in the general sale, Asia's leading travel and experiences platform Klook swiftly released 'Experience Packages' offering a combination of two concert tickets and a one-night stay at a four or five-star hotel. Partnerships such as these make Singapore more attractive to future events - but that's not all. By facilitating music tourism, Singapore also acts to maximise their Eras Tour economic boost, and that boost will be large since more than 10,000 packages and 300,000 tickets were sold.

Unlike the American leg of the tour, Singapore largely avoided the presale model. Nonetheless, cardholders of the local banking giant UOB (United Overseas Bank) had exclusive access to a 48-hour presale.

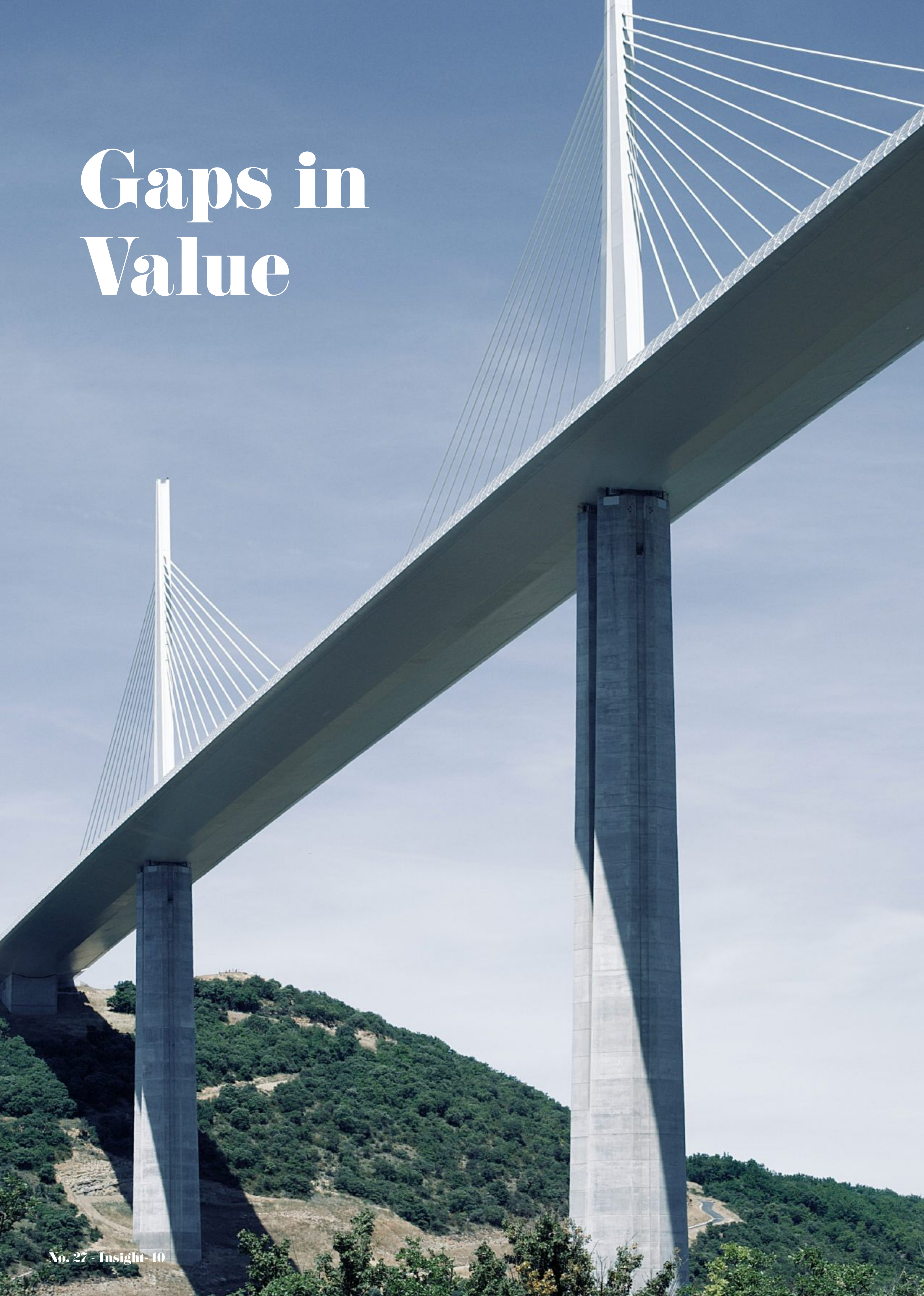
In a testament to the unwavering dedication of Asian Swifties, UOB's credit card applications surged by a remarkable 45% across Singapore, Thailand, Malaysia, Indonesia, and Vietnam following the scheme's announcement. In all, this was a clever scheme to boost UOB's revenue and user base. Further, it serves as an illustration of the economic power of the tour. If a regional banking giant like UOB uses Swift's tour to gain an edge in Southeast Asian Banking, then the effect is not marginal.
The Eras Tour and, in particular, the Singaporean response to it, illustrates how one-off cultural events can be transformed into a stream of benefits. The city-state made itself a more attractive travel destination with the above clever partnerships. In doing so, it increased tour benefits and courted future events and tourists, maximising short-run benefits while inviting in future ones. Additionally, the effect is clearly not insignificant. Industry is taking notice and using it as a new axis of competition. In all, the story in Singapore shows how the Eras Tour and similar events can allow cities and businesses to increase their appeal.

Long Live The Eras Tour

The Eras Tour remains impactful. Even after the first leg of the U.S. tour ended, its concert film brought in a record-breaking $92.8 million in the U.S. and $123.5 million internationally – another spending boost and, by far, the most profitable concert film ever. Not to mention, the tour has yet to begin internationally and is estimated to make a huge international impact of $80 billion.

As the curtains close and the applause subsides, the lessons drawn from the Eras Tour echo beyond the entertainment industry. It stands as a testament to the intricate dance between culture and economics. The economic and social value of The Eras Tour is undeniable. Its colossal success has generated a tidal wave of revenue, bolstering local economies and stimulating growth. From this revenue we see how the human benefit, the new jobs and the large bonuses the tour has generated, could transform the lives of their beneficiaries by paying off debt, or just by giving them some extra pocket money. From hospitality and transportation to retail and entertainment, the tour's value is far-reaching, profound, and human.

Gaps in Value



Cultural globalisation: a Melting Pot or Stirring the Pot?

Posing globalisation as a homogenising force, ***Ruhani Gulati*** *explores its consequences on K-pop and Maasai culture to examine how this phenomenon threatens the value of cultural diversity*

Culture and its diversity are valuable. They're valuable to economies, where cultural products may excel; and to individuals, for whom it underpins identity. Nevertheless, globalisation can challenge diverse cultural expression and the South Korean and Maasai cultures exemplify the double-edged sword that is Culture's newfound internationality.

Globalisation can decrease demand for local cultural products by familiarising consumers with global cultural offerings. In addition, it can shape local cultural output in accordance with global norms which, in doing so, makes the affected cultures more similar – more homogeneous. Nonetheless, cultural globalisation isn't all bad. A culture can use its global reach to attract investors, tourists, or consumers.

The Double-Edged Sword Zoomed In

K-pop's seen it all. The Korean Wave boosted Korean soft power and influence. It boosted their export revenues by a whopping 22.4% between 2018-19. It brought new jobs through new trade and new investment. In all, it is the global culture that fostered this by providing new markets for high quality Korean cultural products. Nonetheless, even those who benefit are facing both sides of the blade. The scene wants to do well and, with its pursuit of further international expansion comes international demands which, if succumbed to, could compromise the originality and authenticity that brought the scene's success in the first place.
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On the other hand, Maasai culture faces cultural globalisation's worst aspects. With its customs, rituals, and crafts, it's no wonder that Maasai culture attracts visitors from around the globe who contribute nicely to tourism in the Kenyan and Tanzanian economies. The culture is also significant in promoting wildlife and natural resource conservation because of their strong connection and respect for their land and animals.

Nonetheless, Maasai culture is threatened by globalisation. They face pressure to adopt Westernised lifestyles, putting their cultural heritage and identity at risk. In addition, the tourist industry commodifies and exploits their culture, often portraying them as exotic and primitive. The globalisation of their culture via its use as a tourist attraction has placed extensive negative pressure on their perception. Further, the stability of their way of life is being challenged. They have lost much of their ancestral land, driven by tourism and other global and national demands, which puts their cultural identity in further danger. The Maasai culture has brought in revenue, like the Korean Wave, but the global eye has brought with it considerable pressure on their way of life.

What to do about it?

Policymakers should maximise the benefits of local cultural products while avoiding the harms of homogenisation. To do so, policymakers must first recognise and support the role of culture as a driver of economic development, and consequently, invest in the development and promotion of culture. The Kenyan and Tanzanian governments have implemented programmes to protect the Maasai lands, traditions, and rights, and to promote their cultural products and services, to foster the creation of their cultural products and protect their culture. Policymakers should also support cultural exchange and cooperation at regional and international levels through projects and programmes. The Maasai have benefited from these events which enabled them to share and preserve their culture, learn, and collaborate with other Indigenous peoples. Notable examples are the African Cultural Heritage Festival, World Indigenous People Conference on Education, and the Medical Careers Exploration Program. While these policies are not exhaustive, they are tangible which can help protect vulnerable cultures while still fostering their global reach.

In our globalised world, the value of culture remains undeniable. Yet, it is threatened by homogenisation. The Maasai culture has a high value; it attracts tourists and conserves wildlife. However, it is threatened by land, language, and identity loss in part due to the foreign tourist interest it attracts. The K-pop wave also has a high economic value, it boosts Korea's exports, investments and influence. However, it also faces the challenge of cultural homogenisation as it adapts to global markets and competes with other cultural forces. These homogenising pressures come from culture's global nature. As such, to preserve the uniqueness of local culture, one must manage cultural globalisation to ensure that culture is respected, protected, and promoted. This can be achieved by supporting the rights and interests of the Indigenous people, promoting cultural diversity and exchange, and fostering creativity and innovation. By doing so, we can enrich the world with unique and valuable contributions from diverse cultures.

The Write Path: Unmasking the Economic Value of Screenwriters

Lucy Reeve *explores the Hollywood writers' strike by examining the implications of revenue-based residual compensation within streaming platforms*

"No one wanted this – no writer with an ounce of sense, anyway – but the producers and the studios and the networks and the streamers gave us no choice."

This declaration of desperation came from George R. R. Martin, the visionary behind Game of Thrones, who recently pledged his unwavering support for the 2023 Writers Guild of America (WGA) strike. Having participated in various strikes since his initiation into the WGA in 1986, Martin attests that the strike stands as a critical point in his career. He emphasises that these strikes aim to benefit 'entry-level writers' and aspiring students who are struggling to establish a sustainable livelihood in an industry impacted by diminishing wages, ultimately caused by streaming platform dominance and artificial intelligence.

Streaming Platforms VS. Writers: The Residual Conundrum

Streaming platforms and the residuals they pay to screenwriters - compensation for cable reruns, DVD releases, and licensing to stream media - held significant weight in the 2023 strikes. They sparked a broader debate about the economic value of labour, particularly traditional economic theories that equate wages to a worker's marginal revenue product (MRP). This is especially considering the industry's unconventional zero-revenue generation from additional 'streams'.

Unlike traditional residuals which accrue with every rebroadcast or DVD sale, Netflix employs a revenue-based residual formula, which considers the licence fee – the payment made for the rights to stream a show. The residual per episode is determined by taking 1.2% of the licence fee and dividing it by the number of episodes, ensuring that contributors receive residuals that reflect the show's value to Netflix, as determined by the licence fee paid. For instance, a Suits writer might earn around $3,629 per episode from Netflix, while the writer of an equally long episode aired on a cable network may earn $10,000. This disparity results from the dynamic pool of money available in the traditional broadcasting model, where advertising, syndication, and rerun revenue accumulate to allow for greater residual payments to writers. This system raises questions as writers transitioning from network to streaming services receive significantly lower residuals.

Amid shifts in demand from traditional networks to streaming dominance, the median wage of screenwriters has declined by 23% over the past decade. This is a reality that conceived the 2023 strikes. However, with the evolving revenue model of the industry, where no marginal revenue is generated from additional 'streams', the question of whether such a decrease in residuals is justified has become increasingly pertinent. Streaming platforms challenge the traditional economic value of a writer. Unlike a blockbuster film or a show on a television network, individual series and their respective writers on platforms like Netflix are not as central to revenue. As consumers, we value the various and endless streams of content rather than singular releases. Simply put; quantity is the competitive edge of streaming services, not quality. Would you unsubscribe from Netflix purely because of disappointment with In the Heights? Individual writers are not as critical in the context of a streaming platform's revenue model. In contrast, traditional TV services, particularly free-to-view channels, captivate audiences through the scheduled broadcast of specific shows or films, thus rendering writers more essential to the revenue model of conventional broadcasting. However, streaming platforms should not use the disconnection between screenwriters and revenue to justify undervaluing writers, withholding the pay they rightly deserve.

While it's difficult to quantify a single writer's revenue for a platform, their value becomes clear when a show or film gains exceptional popularity. Squid Game created almost $900 million in value for Netflix and, more crucially, boosted Netflix's subscriber count by 4.4 million. The value of a singular show to Netflix is hard to define; did a person subscribe purely to watch a particular show? But the dramatic increase in subscribers coinciding with the release of the show does illustrate the significance of the Squid Game. Perhaps, then, Netflix should consider the MRP of its writers more closely. Squid Game is Netflix's most successful show to date, yet its creator, Hwang Dong-hyuk, was not paid any additional compensation that was reflective of the show's unprecedented success. It's hard to ignore the irony of this when you consider the message of the series itself, which touches on the cruelties of capitalism and the overall inequality in the global economic order.

Redefining Writer Compensation

Does this call for a restructuring of the residual system, for one in which there are payoffs for content that becomes abnormally popular? Some would say no.

Individuals need compensation for taking on risks, and under traditional economic theory, this compensation comes in the form of higher wages. This could be applied to streaming platforms. For example, those deciding between licences or green-lighting scripts could receive compensation for taking the risk of backing content that may have low viewership. This compensation may take the form of the platform retaining a larger share of the profits generated by the show's success, while the writer's compensation is determined independently from whether the show does well or not. In this way, the unprecedented revenue from a hit show can offset the losses from unsuccessful projects,

allowing for a scaling up of production, aligning with the dynamics of streaming, where a diverse library is at the core of attracting consumers.

Applying the same logic of risk to screenwriting, the inherent 'gamble' becomes apparent. In the realm of streaming services, semi-popular storylines coexist with original plots that hit-or-miss with the viewership. The problem is that writers' wages don't account for the risks of creating an original script - the same script that makes the hit shows that keep them going. As Squid Game's Hwan describes it, the writing process can be "physically, mentally, and emotionally draining." Therefore, it becomes imperative for platforms to compensate writers not only for their success, but also their innovative risk-taking, further fuelling the call for a restructuring of the existing residual system.

Arguments against the strikes weaken when we consider the cost structures of streaming platforms. The proposition that low or success-independent residuals reduce production costs and subscription prices for consumers is questionable. This suggests that companies, despite their pursuit of market share and profit maximisation, would be passing on cost-cutting for their customers if they compensated their writers appropriately. In times of economic strain, when most derive solace from television consumption, this becomes paramount.

This suggestion couldn't be further from the truth, as a closer inspection reveals. In fact, lower real wages for screenwriters have coincided with a shift in the streaming landscape. Platforms, now entrenched in a fiercely competitive environment, have substantially increased budgets for original projects and broadened their licensing portfolios. The battleground for dominance in the streaming business is unequivocally rooted in the provision of high-quality content. However, this strategy has had the consequence of a consistent uptick in subscription prices. In 2022, Netflix raised its subscription prices to $15.49, attributing the increase to catalogue improvements and inflation. Here lies an intriguing contradiction: the increased subscription prices demonstrate the streaming industry's awareness of inflation as well as the improvement in the quality of its content and, yet, the industry denies the intrinsic value of the creative jobs. Do they not deserve a pay that is reflective of the quality of their work, let alone one that matches inflation?

From Strike to Solutions: Residuals, AI, and the Creative Industry

Determining fair wages for screenwriters in the creative industry, where values are abstract, is complex. What remains certain is the inadequacy of the current residual model for capturing the true value of writers. These creative minds assume risks, contribute to shows with global renown and are indispensable for platforms striving to stay competitive in a dynamic market.

Fast-forward to the 27th September of this year - the official conclusion of the 2023 WGA strike. In its aftermath, pivotal agreements emerged which reshaped the landscape not only on residuals, but also on the integration of artificial intelligence. On the residual front, the agreement has led to a 50% bonus residual payment to writers if their content is watched by at least 20% of a platform's domestic subscribers within the initial 90 days of its release. This merit-based, commission-like approach where success is tied to show performance still seems shaky, but is a significant improvement in recognising the value of screenwriters.

The agreements have introduced regulations for the use of AI, which poses an automation threat to the screenwriting process. They stipulate that studios cannot use the technology to amend scripts already written by a writer, nor can AI-generated content be used as source material that screenwriters then have to adapt for a lower wage than a wholly original script. While the new contract doesn't ban AI in the industry, it provides crucial security for screenwriters. These agreements also serve as a foundation for future regulations addressing AI's role in the creative industry.

Beyond the Strike

In acknowledging the triumphs of the WGA, it is imperative to recognise that these strikes serve as a prelude to a broader discourse on the valuation of labour even outside the creative industry. The need for addressing this conversation becomes more crucial in a global reality marked by increasing living costs. Movements, exemplified by not only the WGA, but those in the University and College Union and train operators in the United Kingdom, serves as a beacon illuminating the path toward fair compensation and the preservation of workers' rights, reminding us of the significance of valuing labour and creative contributions.

The True Valuation Let's Meat in the Middle?

By exploring the prominent voices within neoclassical economics, ***Harry Dalton*** *presents the harms of meat production: from environmental degradation to its health costs, he shows just how off its pricing it really is*

The Prime Minister's meat-mongering is not only contrary to environmentalist principles, but also to modern economics. In September, Rishi Sunak delivered a speech in which he declared that, in the name of social equity, his government would not tax meat. He proclaimed; "I'm also scrapping the proposal to make you change your diet - and harm British farmers - by taxing meat."

However, Sunak finds himself at odds with the majority of climate economists who claim that the price of meat is, in fact, far too low to reflect meat's true cost on society. This exemplifies the wider issue that many of our modern markets cannot adequately price goods with high social or environmental externalities. Indeed, Lord Nicholas Stern, President of the Royal Economic Society and author of 2006's The Economics of Climate Change: The Stern Review, stated: "Climate change is a result of the greatest market failure the world has seen. The evidence on the seriousness of the risks from inaction or delayed action is now overwhelming. We risk damages on a scale larger than the two world wars of the last century."

Pricing the Externalities of Meat

Despite Stern's warning becoming "mainstreamed" in economic literature, little has been done to fundamentally change problematic markets. Instead, the existence of market failures like underrepresented externalities – which is when prices are not reflective of a good's true cost – is a tale as old as time. We need only look towards insulin in the United States, NFTs, or 1600s Dutch Tulip Mania as examples of ludicrous pricing failures.

While it is often obvious when a market is not functioning efficiently, it has been much harder for economists to fundamentally "fix" how these markets price goods. Neoclassicism, exemplified in Alfred Pigou's The Economics of Welfare, proposes a tax/subsidy solution to price goods according to their true societal value – internalising the externality. However, the major problem that economists face in setting a fair tax rate is that they often cannot tell how far laissez-faire market prices are from fair evaluations of social cost. Thus, if we want to "fix" our market prices, we first need to examine how much prices are off.

A novel empirical study by the Institute of New Economic Thinking at the Oxford Martin School has attempted to determine the externality-adjusted price of meat. They found that livestock's contribution to global anthropogenic greenhouse gases is around 13%, nonetheless, academics' estimates range widely from as low as 8% to as high as 51%. Academics aim to use three categories of environmental externalities for their empirical calculations: meat's impact on climate change, nutrient pollution, and biodiversity loss. However, between each of these three categories there exist complex webs of interactions that make empirical cost analysis incredibly difficult.

The Gap in Pricing

While the quantification of carbon costs has progressed hugely over the last few decades, exemplified by the Oxford study, other environmental considerations are still in a relative dark age. For example, the Oxford Martin figure does not account for meat's cost to biodiversity which has yet to be feasibly quantified, thus biassing the estimate downwards. Livestock's contribution to climate change is often told solely through the lens of methane, a gas with a global warming potential of 30 times CO2. In reality, meat's position as one of our greatest emitters is greatly amplified by the land use and deforestation associated with the industry. While deforestation stories are often told through the immense monocultures of Bornean palm oil or through the soy farms that stretch across the Amazonia, the real offender – the industry contributing to 67% of deforestation, livestock – is rarely centre stage, and rarely included in cost calculations.

Nevertheless, when accounting for environmental externalities (except biodiversity), the New Economic Thinking Institute found that the true cost of beef should include a £7.58/kg ($9.21) premium over the current cost. Given that the current UK high street cost of minced beef is £5/kg, this would represent a roughly 150% price increase and would place meat as the most taxed good in the UK, above even cigarettes and alcohol. This high cost not only highlights the negative impact of meat on society, but also the insufficiency of government action in tackling such externalities. For example, the government discourages the use of cigarettes by adding a mere 95 pence to a pack of 20, or £1.75 to rolling tobacco.

Meanwhile, the evidence against cigarettes is extensive with some studies deducing that the reduction in life expectancy caused by one cigarette is 11 minutes. However, governments know this. And, while in that same September speech Sunak announced the government's intention to ban cigarettes, it appears that no such action will be taken to alleviate the voluminous negative externalities of meat consumption.

The Institute's figure only considers the environmental element of meat's social cost. However, to provide the relevant context for Sunak's declaration, it is important to acknowledge that a true social cost calculation for meat would also include an array of further externalities, including health and cultural impacts, such as increased cancer risk, obesity, and animal welfare.

The Future of Meat Pricing

Nonetheless, starting the work to find a fair price that reflects meat's true costs begins by pricing for what we can quantify. While, in the short-run, it may seem like a bargain to get cheap meat – in the long-run, there is no escape from the true social costs that we will eventually face. Sunak's refusal to even consider this policy is short-termism, and irrational. Had he thought back to Economics 101, he might have realised that a tax on meat is not only an environmental win but that it also adheres to the neoclassical economic principles to which his party proudly aspires. The reality of meat's externalities is apparent and more extreme environmental policy is necessary. We must question whether governments have a hand in predatory delay. For, while a refusal to tax might seem a short-term political win for Sunak, in the long run, it leaves all of us far worse off.

Indeed, as stated by Alastair Campbell, an author and former Director of Communications and Strategy for Tony Blair, at the Edinburgh University Political Union last month, Sunak's attack on meat taxation exemplifies "populist, polarising, and post-truth politics," it is a political manoeuvre independent of sound economic principles.

At the end of the day, we only get what we pay for – so let's make sure we pay for our environment.

Opportunities

The Future of Healthcare: A Value-Based Approach

*Offering an overview of the Value-Based Healthcare framework, **Ciara Rogers** outlines the importance of revolutionising the values behind the UK's healthcare system*

Value-Based Healthcare (VBHC) is a concept that has been gaining momentum globally; redefining how we view health outcomes, costs, and patient involvement. In a world where healthcare costs continue to rise, and the quality of care remains a topic of concern, a transformation is taking place. First introduced in 2006 by Michael Porter and Elizabeth Teisberg in "Redefining Health Care: Creating Value-Based Competition on Results," VBHC has emerged as a beacon of hope for a healthcare system in dire need of change. It is not about money spent but rather about the value delivered in terms of health outcomes. It represents a shift in perspective, advocating for better health outcomes while reducing costs. This approach recognizes that the value of healthcare is not solely about economic return on investment but also about the quality of care provided. The Pillars of Value-Based Healthcare

VBHC has already been implemented in several global healthcare settings. In Portugal, a VBHC project was able to reduce the variability of the quality of care provided: cataract patients experienced improved quality of vision and the rate of new surgery reduced by 3 years, from 4.3. to 1.5. The director of the VBHC programme in Luz Saúde, Portugal, emphasised that these long-term improvements were achieved through the implementation of clinical protocols that integrated feedback and encouraged patient-centric practices. The practical application of VBHC can lead to reduced hospital stays, improved care quality, decreased pain and discomfort, and an overall enhancement in the quality of life of patients. It is an approach that addresses not only the physical health of patients but also their emotional and psychological well-being.

The European Commission, an advocate of VBHC, identifies ***four*** key pillars that underpin this healthcare revolution:

Personal Value: Under this pillar, individuals and their families are not just recipients of care; they are actively involved in the decision-making process. Informed patients tend to opt for more conservative treatment and place a higher value on the care they receive.

Allocative Value: The goal is to avoid inequities in healthcare access based on disease or need, ensuring that resources are distributed fairly.

Technical Value: Technical value is achieved when healthcare services align with the unique needs of service users. In other words, technical value is delivered when care is tailored to the individual.

Societal Value: This pillar acknowledges the wider impact of healthcare, including its role in employment and social support for communities. It also highlights the environmental impact of healthcare. For example, the prescription and use of medicines accounts for up to 20% of the NHS's carbon footprint whilst 50% of those medicines are used incorrectly or not at all. A VBHC approach would seek to address this, thus reducing waste and carbon footprint, whilst also ensuring a more efficient allocation of funds.

The Urgent Need for Change in the UK Healthcare System

Although VBHC may be presented as an innovative approach to healthcare, it fundamentally realigns the UK's healthcare system with the founding principles of the National Health Service (NHS) established in 1948. These principles demanded that centrally funded healthcare be universal, equitable, comprehensive, high quality, and free at the point of delivery. VBHC represents a return to these core values. The need for this realignment becomes evident when we delve into the challenges facing the NHS. According to a publication by the King's Fund, an independent health policy think tank, NHS performance has seen a decline since 2010. This deterioration is attributed to decreases in funding, limited funds for capital investment, and workforce planning neglect. Long-term improvements in population health have stagnated, if not reversed, post-2010, and successive governments have been hesitant to employ regulatory and fiscal powers to address the broader determinants of health. Instead of seeking long-term solutions, the coalition government and successive Conservative administrations resorted to short-term fixes. This has resulted in 3.7% real terms cut in the NHS budget for the 2022/23 financial year, as estimated by the Nuffield Trust.

Underfunding is at the root of the issue of health inequality. This does not merely mean that everyone receives poorer care; it has given rise to what is described as a "two-tier health and care system." Those who can afford it are turning to private medical care, undermining the fundamental NHS value that healthcare should be provided based on need, not on willingness or ability to pay. The NHS faces substantial challenges in Scotland and the rest of the UK, including increased demands, widening health inequalities, a cost-of-living crisis, and the lingering aftermath of the COVID-19 pandemic. The healthcare workforce is at its breaking point, with health workers making career changes and opting for early retirement. An NHS England workforce plan reported a workforce deficit of 154,000 full-time staff and estimated that, if current trends continue, by 2036 the service will be operating with 571,000 fewer staff than it needs – evidently something needs to change.

Looking Ahead: Implementing VBHC in the UK

The adoption of the VBHC approach in the UK promises improved experiences for both patients and clinicians. The way forward entails a focus on proactive and preventative care, addressing the broader societal causes of poor health, and underlying systemic inequality which leads to poor health outcomes. The use of data on patient and clinician satisfaction to allocate resources effectively is a critical step. However, this poses a challenge for a system that struggles to invest in interventions with longer-term benefit horizons.

The path to tackling the broader determinants of health and reducing inequalities lies in a sustained commitment to prevention and early intervention, both in the NHS and in other public services. These sentiments are echoed in reports and policy recommendations from various UK health and social care think tanks. The King's Fund, for example, emphasises the need to invest in primary care and community services to anticipate people's needs, promote independence, and offer alternatives to hospitals. Achieving this vision demands an unwavering commitment to a long-term approach, ensuring that the UK healthcare system truly embodies its foundational principles.

In a healthcare landscape marked by uncertainty and growing challenges, Value-Based Healthcare offers a beacon of hope, emphasising that the true value of healthcare is not merely measured in pounds, but in the lives impacted and the communities served. The future of healthcare in the UK hinges on the successful implementation of this approach, marking a return to the core principles upon which the NHS was built, and a path toward a healthier, more equitable future for all.

Purposeless or Purposeful?
The Reality of Corporate Values

*In this review of 'Value(s)', **Natalia Winnicka** explores the corporate restructuring advocated by Mark Carney and balances it against the commercial realities of today*

Mark Carney's 'Value(s): Building a Better World for All' (2021) invites us to consider how economic and financial systems can be realigned to better serve the interests of society. As former Governor of the Bank of England, he applies his experience to argue that the issues plaguing our economies and societies – growing income and opportunity inequality; the threat of climate change; and a lack of trust for those in authority – are caused by a Market Values approach, where price has become the determinant of value. Where our 'Market Economies' have lapsed into 'Market Societies'. He urges that radical, foundational change is essential to ensure a more equitable and sustainable future, where purposeful companies play a critical role.

Carney, an Advocate for Purposeful Companies

Carney's chapter titled "How Purposeful Companies Create Value" begins by telling the story of Josiah Wedgewood, a man who was not only a successful businessperson during the Industrial Revolution but also a dedicated social activist. His invention of the pyrometer was pivotal in increasing productivity and lowering production costs. However, this was not his only undertaking. Wedgewood cared for his employees in a time when this was not commonplace. He constructed housing, established sick pay programs, and offered education for his employees, all while playing a pivotal role in the fight against the transatlantic slave trade. He was a man who cared about the welfare of his community and the greater social good.

Wedgewood's attitudes towards corporate responsibility encapsulate the basis of Carney's argument that purposeful companies create value. What is important to consider is how purpose is defined in this context, which he perceives as "fundamentally [a] question of value and values." It is the fabric of what the company stands for and the very reason for their being. Values are not something that can be bought or regulated, they must grow genuinely out of a desire to make a wider positive impact, regardless of profit motivations. While profits are essential, particularly in areas concerning infrastructure and innovation, profits alone are not enough for purposeful companies to exist and thrive.

Carney believes that increased involvement between customers and employees is central to "true corporate purpose." For companies, fair and long-term relationships with customers and suppliers are essential to "embed[ing] solidarity" on even a global scale. This is because, when the work of employees and stakeholders are connected and directed towards issues that are meaningful and relevant to a community, employees consider themselves as responsible for making sure that such goals are met. This is especially true when employees are both respected and compensated adequately, translating into a wider provision of social value.

"Purpose-driven companies operate in an ecosystem," says Carney, and true value, as understood in this context, is derived from the extensive, daily interactions that companies have with workers and clients, as well as the wider economy and relevant global entities. There is a mutual dependency that can be seen here: companies and workers need each other to survive. Without this agreement, neither party reaps the benefit that has the potential to be generated from a purpose-based company.

Palestine: The Reality of Purposelessness

A prominent notion throughout the book, and this chapter, is that during times of crises, companies are allowed to prove themselves. They can develop and implement new policies and technologies which make them stand out from other businesses. This has been especially true during the height of COVID-19 but also rings true during periods of geopolitical uncertainty.

The Israeli-Palestinian Crisis has spurred reactions from a variety of economic agents, but how does it play into the greater picture of Carney's values? As the war escalates, company executives are becoming increasingly involved by releasing statements of support.

Over 150 companies have issued statements condemning the attack on Israel carried out by Hamas according to the Chief Executive Leadership Institute at the Yale School of Management, including Google, Meta, Goldman Sachs, and Pfizer to name a few. We have also seen companies who have come out with supporting statements for Palestine, such as Talabat and Careem (operating predominantly in Muslim countries).

The problem is that, by only recognising the suffering of Israeli employees, companies are doing their Palestinian employees a disservice. The Council on American-Islamic Relations has stated that this lack of support for Palestinian civilians can be psychologically damaging to employees from that region.

Therefore, companies will not be able to create value as Carney sees it. The "ecosystem" upon which the purpose-driven approach generates value beyond profits lacks the foundation to exist, as employees feel they are not recognised or respected by their employers. Starbucks' executives, for instance, have sued its union, the Starbucks Workers United, for expressing their support on X with the post "Solidarity with Palestine!". The company claimed that this does not represent their "views, positions, or beliefs" when the post was met with pro-Israel backlash. This situation demonstrates a clear inconsistency between the values of stakeholders within Starbucks. How can we expect to "build a better world" when companies isolate the very people that are essential to their value creation?

The Future of Company Values

Carney's chapter presents a convincing perspective that resonates with a broad consensus. It is obvious that companies have a responsibility to care for more than just profits, even Adam Smith believed companies should only have a right to exist if they provide utility aside from trade. At the same time, these arguments are incredibly idealistic. The recent responses of companies to the Israeli-Palestinian conflict raise concerns about the consistency of their values, highlighting the need for a more inclusive and equitable approach, and show that, as a society, we still have a long way to go before we reach Carney's vision. We are struggling to depart from the deep-set notion of profit maximisation despite the necessity to build a future where companies focus on purpose and subsequently create real value. Overall, this chapter challenges us to envision a world where companies prioritise social values alongside profits, echoing the legacy of historical figures like Josiah Wedgwood who dared to pursue such ideals.

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