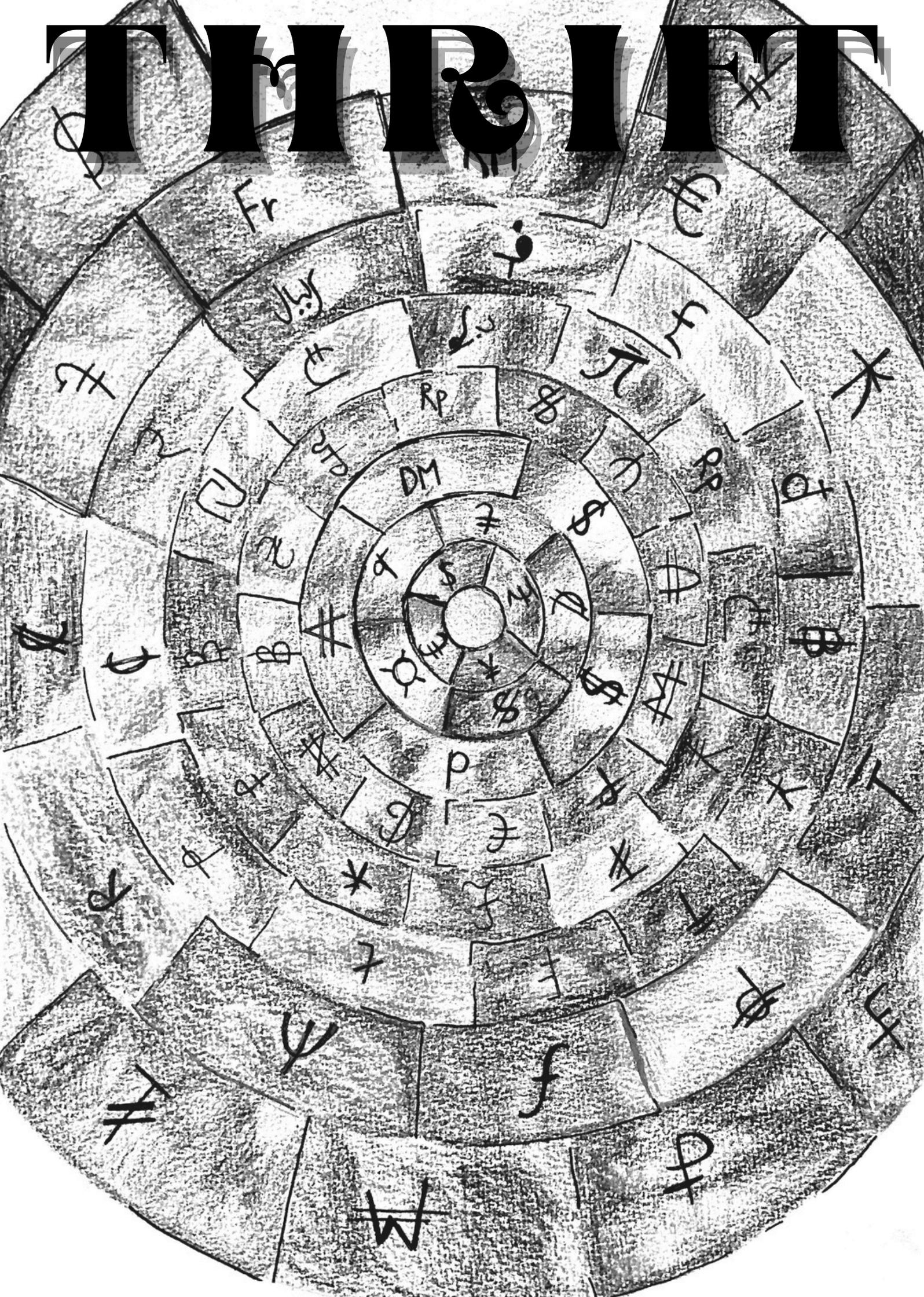


TRIT



EDITOR'S

NOTE



Dear Readers,

I am still a little perplexed about whether this is my last issue as Editor-in-Chief, and whether I should be signing off yet. The season of SC quotes and college applications is here. Both, colleges and my batchmates, are asking me, “Where do you see yourself in 10 years?” This is the last stretch where SCs run the show, before we start “floating,” from college applications to pre-Boards to the noble task of finding our successors. So, I guess this is my last time writing to you, Welhamites, most of you who probably only know me through this note (and yes, Orioles, through the cheques I tore; though let’s be honest, I was the lenient one).

I hope your visit to the Welham tuck shop taught you more than just how to stock up on Choco Pies, that first trade-off between quantity and quality when money is short. Coming from families where money seems to flow easily, it is even more important we learn that being financially literate is not the same as being financially privileged. Choosing, prioritising, and questioning where our money goes, that’s real literacy.

So, as you flip through these pages, don’t just skim the headlines or admire the illustrations (even though they are worth it). Pause. Reflect. Question. In sync with the Welham spirit, this issue does not have a specific theme, but rather discovers a variety of issues. It explores trade tensions, pop culture, and the economic phenomena that affect daily life. Our aim has been to bring out the wit and wonder in economics, something that will educate you without lecturing. We have also added a small game of dobbie (spot it). Hope you enjoy it!

Signing off,
Editor-in-Chief
Avani Agarwal

A handwritten signature in black ink, appearing to read 'Avani'.

THE €URO WAR

Greece was drowning, and Germany was there to be the saviour, but many wonder if it really was a rescue or just the beginning of slow economic suffocation. What was initially meant to be a form of economic union ultimately resulted in debt traps and bailouts.

In order to deepen the continent's integration, 12 countries came together and adopted the Euro. Initiated as part of a broader effort following World War II, this move aimed to enhance trade and economic cooperation among member states. This adoption of the Euro established a common monetary policy across Europe, binding countries like Greece and Germany under a single currency. However, this union was incomplete. The fiscal policy, that is, decisions regarding taxes, government expenditure and debt, remained in the hands of national governments. They unified the currency, but not its management or responsibility.

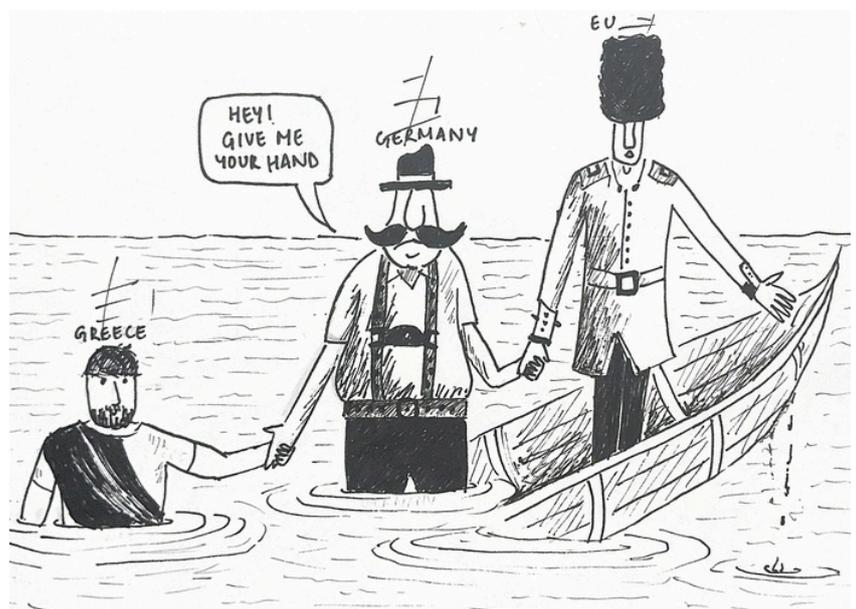
To join the Euro, Greece misrepresented its finances and then took advantage of this shared currency to borrow money at low rates of interest, just as higher economies like Germany could, without matching the revenue and economic strength for it. In 2009, the world was shocked when the newly elected government of Greece revealed that the budget deficit was 15% of the GDP, double the initial estimates. Faced with an imminent threat of default, Greece sought out the International Monetary Fund (IMF) and European Union (EU), which agreed to provide a loan of 110 billion Euros, with Germany providing the largest sum.

This was not a lifeline but a chain tightening around Greece's economy, marking the start of a prolonged period of hardships for the country. In return for the bailout, severe austerity measures such as spending cuts and tax increases were to be implemented in Greece. Mass protests erupted all across the country in response to these harsh measures. Wages, pensions and job employment were cut to decrease government expenditure, which added to public fury. The resentment was not limited to their government but extended to Germany and the EU. German Chancellor Merkel defended these conditions as necessary reforms, but on the streets of Greece, it was viewed as foreign domination over a sovereign nation.

So, was it truly a rescue, or did Greece pay the price for entering a union that was never built to protect its weakest members?

It has been over a decade since the European crisis, but the economic and social scars remain. Yet this crisis was a wake-up call which compelled the European Union to address the flaws that this crisis exposed. Through initiatives like the €750 billion NextGenerationEU recovery fund for greater fiscal coordination, the EU is showing willingness to act collectively. Although this may be a partial solution, these efforts show a shift from austerity to solidarity.

Greece may have survived, but unless the system evolves, the cost of survival will keep falling on those least able to bear it.



SHOP NOW, THINK LATER

When you make a list before going to shop, you presumably intend on sticking to it. However, you come back with bags brimming with items which often leaves you contemplating, “Did I ever want to buy this?” or worse, “Do I even need this?” This phenomenon of deviating from the shopping list every time is known as impulsive buying.

At the core of impulsive shopping lies a blend of basic evolutionary instincts and the clever tactics employed by retailers. One primary driver is the immediate emotional satisfaction that one gets from impulsive buying which gives them the sense of temporary fulfilment, but later imprints permanent negative emotions.

Our desire to seek out ways to save money in every area of our lives makes us feel compelled to take advantage of these limited time discounts and special offers. Limited time often creates pressure on the mind of the buyer and special offers create a blinding urgency in their minds, thus leading them to purchase the item at that moment.

From flashy billboards to captivating television commercials, advertisers masterfully orchestrate campaigns to tantalize our senses, creating a fear of missing out. It is a technique that involves taking unfair advantage by creating psychological loopholes intended to create demand through exclusivity of the product, service and false ideas of its experience.

With the growing popularity of credit cards as the “convenient” method of payment, impulsive buying has only seen an upward trend in consumer behaviour. The theory of ‘salience bias’ comes into play here and you do not realise how much you have actually spent because you do not see the money physically going out. As a result, shoppers spend more than they can afford, and while the immediate pain of paying is reduced, it pinches later when the credit card bills arrive.

So, the next time you walk out of a store with more things in your hands than your wallet can support, remember: the emotional satisfaction you get is short term, and pales in comparison to the enduring profits reaped by businessmen and marketers. It is tempting to turn to impulsive buying when you are feeling emotionally overwhelmed, but one must remember, it’s a setback in the longer run of life.



THE BIG SHORT

“It isn’t what you don’t know that gets you into trouble.
It’s just what you know for sure that just ain’t so.”
—Mark Twain

Wall Street in 2008 was like a casino that had convinced itself the house could never lose, but casino luck is such that loss is inevitable. The 2008 incident is not funny unless we count the scenario as shown in the movie, ‘The Big Short’, which turned an ugly financial disaster into a Brad Pitt-style comedy. The film follows a group of outsiders who spot the cracks early and bet against the housing market, or “short” it, as Wall Street calls it. Everyone else, from banks to rating agencies, was too busy believing the market was invincible to actually check the numbers.

If you have ever tried to read about the 2008 crash, you would know the list of incomprehensible terms. Mortgage-backed securities, subprime loans, CDOs (collateralised debt obligations), credit default swaps, tranches and other bosh terms. Does it make you bored or feel stupid? Well, it is supposed to. It is finance’s favourite trick: “When you can’t convince them, confuse them.” Wall Street loves to use confusing terms to make you think only they can do what they do, for you just to leave them alone. So, instead of expecting viewers to already understand such terms, the film broke the fourth wall and brought in celebrities to explain finance in casual settings. Margot Robbie explained the concept of mortgage-backed securities. Basically, banks gave out mortgages to anyone breathing. Banks were Santa handing out free candies on Christmas eve. Those mortgages were bundled together into “mortgage-backed securities.” Rating agencies, either asleep or in on the game, stamped these bundles as AAA - the financial equivalent of ‘nothing can go wrong.’ Investors obviously bought them as they seemed like the safest bet. These bonds promised safe returns but no one knew what was actually in there, because thousands of bad loans bundled together were believed to be fool-proof. However, when homeowners started defaulting, the fragile tower of paper fully collapsed. Selena Gomez is featured alongside economist Richard Thaler to explain the ripple effect of side-bets while she played blackjack.

The real sting of the situation was that people lost money not because the math was too complex, but because it was too simple for people to actually notice it. That is why the people who spotted it were not the ones at Goldman Sachs, but the ones sitting in garages, crunching numbers everyone refused to check. It shows how the world’s most sophisticated financial system was brought down not by complexity, but by something far simpler: wilful ignorance.

Avani Agarwal



BE, DON'T BUY

The Founders' Thrift issue is here. With it comes my yearly license to critique capitalism. Capitalism is very successful, yet stealthy, in turning identity into a business.

Subcultures begin as people do something for their own sake, interest and pastime, such as skating, making music, or gaming. It

begins with a feeling and grows into something bigger when groups of people find each other because they share a practice. These spaces are not about buying your way in, but rather, about earning a spot by showing up and learning the ins and outs.

A skater used to be someone who spent hours falling and trying again, a punk was someone who lived the music, a bibliophile drowned in the world of books. Then capitalism entered the scene. Capitalism is allergic to anything it cannot sell, so it started selling, "Buy, don't become." Instead of living the culture, you shop the culture. Want to be an "indie"? Buy a tote bag, a disposable camera, a stack of vinyl which you will never play. Want to look like a skater? Wear baggy jeans, buy the costliest skateboard in the market, and you are set to go. Even if you are a great skateboarder, you would not classify as one unless you tick all the performative checkboxes off. This way, whatever was once a practice gets reduced to a visible, transportable sign, a "starter's kit."

However, these subcultures are not static, and constantly strive for a higher bar for acceptance. They respond to mass adoption with purchase by raising the cost of belonging. The cost is knowledge: knowledge of the obscure references; Hindi cinema beyond the Spotify retro playlist. Sometimes, it is practice: practice of playing gully cricket every evening rather than just owning the latest branded bat; standing by protest slogans rather than just wearing H&M tees about them.

Now we know that what feels authentic one year may look staged the next, in the world of the mindless buying of capitalism. Perhaps all we can do is constantly educate ourselves against the way it is carried out. Maybe in that effort, we will rediscover the difference between living the culture and paying for it.

Tushti Arora



THE COST OF THE AMERICAN DREAM



The very foundation of Donald Trump's second term as President of the United States has been marked by his flabbergasting sudden announcements, the foremost of these being the immigration laws. The next in tow was the announcement of a 100,000 USD fee imposed on H1-B visas, followed by weeks of underlying tensions. In simpler terms, this equates to around 3000 USD more than the median income of an H1-B visa holder.

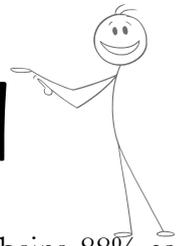
Trump's executive order follows the pretext of the misuse of the visa lottery system and the rising unemployment in the country for the locals. In the past decades, H1-B visas have emerged as the employment tool of foreign immigrants being recruited in highly specialised industries such as engineering and technology. With 71% of visa holders being Indians, this radical development might come across as another evident strain in India-USA relations. One cannot ignore the massive economic implications this poses for the economy of both countries.

In the American economy, big tech companies such as Microsoft, Google and Apple are likely to experience a competitive advantage over startups and smaller firms due to the massive number of H1-B employees under them and their financial capacity to absorb the new fee. It is unlikely that such firms will continue hiring Indians in the same abundance, primarily because their entire reason for doing so has been obliterated, because the cost of hiring foreign talent has now increased drastically for them. Further, the challenges posed in totality go beyond market trends; it is the established model itself of employing Indian engineers in the USA that now faces an imminent threat.

While these tremors shake the US economy and major global tech giants, these are unlikely to be confined to the USA. ADRs of Infosys and Wipro fell by 4% within hours of this new executive order. What does this mean for the Indian economy as a whole? Prompted by this change, it is likely that employment within tech sectors will increase fourfold. At the same time, many speculate the execution of this within the foreseeable future. India today is the world's top remittance recipient, with 28% inflow from the US.

This leaves one with imminent questions about the future of policymaking under Trump. Are foreign relations likely to worsen? How far will our economy fluctuate? With mass paranoia not only across the nation but the entire globe, it is only time that will tell.

THE PRODUCTIVITY PROBLEM



Canada has a productivity problem. Over the last few decades, the Canadian economy went from being 88% as productive as the US to just 71% (in 2022). In terms of GDP per hour worked, they are behind every G7 country, yet they lead the G7 when it comes to having the most educated workforce and working hours.

Economists talk of productivity as how much a person contributes to the economy for every hour worked. Do people have high skill or high paying jobs that produce great output? Are they well supported? Do they have the right training, the right tools? Are they set up to succeed, with no needless regulatory red tape to hold them back? These are the factors that make a country more productive. An economy with strong productivity can have faster growth, more jobs and higher wages, with less risk of inflation.

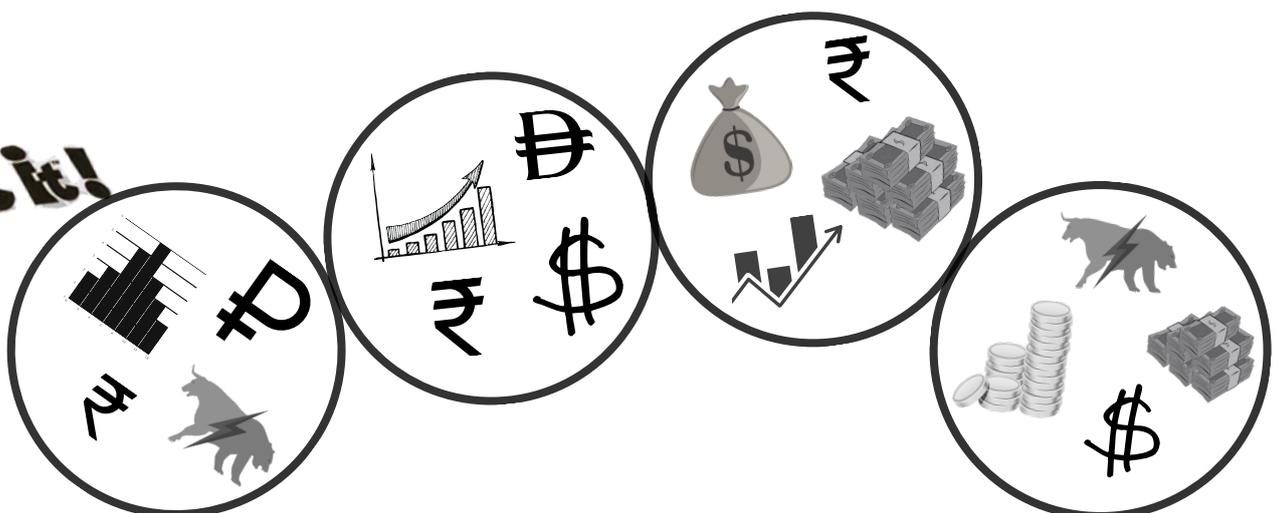
To understand what is causing low productivity in Canada, we need to understand certain factors. The first is labour composition, which is, the skill that workers bring to the job. This bears relevance as the more skill you have, the more value you bring to the table. As for Canada, it imports an enormous amount of skill and has one of the highest rates of immigration in the world. It has an addition of over 1 million immigrants with many of them entering the country, bearing advanced degrees. The problem arises when new Canadians work in jobs that do not take advantage of the skills they already possess and wind up stuck in low wage, low productivity jobs.



So, imagine trained engineers delivering food, trained teachers hauling trash, or a trained scientist working as a receptionist. They are not bad jobs but bad matches. The issue for Canada is that they need workers for these less skilled jobs. The second major issue ailing Canada's economy is competition, which is what applies pressure to innovate, to differentiate, to find efficiencies. The level of competition in Canada has been dropping steadily.

The big picture is not hopeless though. The problems are fixable, but the responsibility lies equally with private firms and the government. Reduction in red tapism, encouraging competition, and, most importantly, matching skills to jobs, will create the right conditions for Canada's workforce to hit peak productivity.

Gurmat Kang



THE LABUBU EFFECT

Consumerism has always been a grand spectacle with brands hawking not just products, but identities, lifestyles, and the promise that true happiness can only be achieved by tasting a Crumbl cookie. Yet nothing captures this better than the great rise of Labubu, a figurine with pointy teeth and ginormous eyes, that turned ordinary plastic into a philosophical prize. Thus was born what marketers now call the Labubu Effect.

The Labubu toys are based on storybook characters by artist Kasing Lung. Lung teamed up with Chinese toy company, Pop Mart in 2019, to make his characters real. These little characters come in all kinds of personas, outfits, and colors, and they have quickly become a high-priced collectible. This past year, the Labubu has skyrocketed from local toy shops to global shelves, entrancing fans from Tokyo to Toronto. Its anti-perfect design is unsettling and creepy, but also lovable and huggable, and the aesthetic contradiction makes it irresistible to collectors. Pop Mart itself has now become a major retailer. It operates more than 2,000 vending machines, or "roboshops", around the world. You can now buy Labubu dolls in stores, physical or virtual, in more than 30 countries, from the US and UK to Australia and Singapore, although many of them have recently paused sales due to overwhelming demand.



A part of the worldwide Labubu obsession lies in its unpredictability: no two boxes guarantee the same experience or the same Labubu. The scarcity of figurines turns the market fierce with competition, driving fans to begin swapping, trading and even creating fan fiction around their legendary monsters.

The Labubu spotted dangling from influencers' and other celebrities' handbags is a status signal that works better than any logo. From completely common Nescafe coffee to the most banal products, anything may start selling in mystical variants. The Labubu Effect, then, is less about terrifying, bad luck inducing toys, and more about how consumption keeps growing, turning dolls into a status symbol and speculative asset.

Rudrani Rajya Lakshmi

THE WELHAM BANK

The Welham Bank is no less formal than a real bank. It has its own set of rules which one must religiously follow. The purpose may not be earning an interest but something even more serious, investing in a lifetime (two days') investment...tuck. Chequebooks are the holiest paper known to any Welhamite. They are extremely personal, "as personal as your toothbrush," to quote Kashish, the ~~RBI~~ Welham Bank Governor. All smiles turn to hushed criticism of the 'BANKEES' as they tear yet another cheque with the intentionally loud sound. If I was in their place I would too, not just to flex a muscle but also to let out the frustration of correcting the spelling of "hundred" for the hundredth time, the loud tuck discussions, the pleads of not tearing the check, and the opening of the bank on a Sunday. The job doesn't end after handing out cheques. It stays throughout the week in constant yet futile attempts to match the balance sheet. Some Bankees even thank Welham for their early experience as a government job employee.



When a Stock Market Crashes, Where Does the Money Go?



The zero-sum theory in economics suggests that one participant's gain comes at the expense of another's loss. In a classic zero-sum game, such as poker or betting, the total pool of wealth remains constant. When one player wins, another inevitably loses the same amount. Many people mistakenly assume the stock market works in exactly this way, but the reality is more complex.

When the stock market falls, the money does not actually "go" anywhere. What disappears is market value; that is, the collective price investors are willing to pay for shares. For example, if a company's stock was worth ₹1,000 yesterday but panic selling drives it down to ₹600 today, then the ₹400 loss is not sitting in someone else's account. Instead, it represents a drop in the perceived value of the stock. The loss becomes real only if investors sell at that price.

For example, in January 2022, Netflix reported disappointing subscriber growth, adding only 8.3 million new subscribers against the expected 8.5 million. While the shortfall seemed small, it sparked fears about slowing growth and rising competition. As a result, Netflix's stock price plunged 21.8% in a single day. Over the following months, as subscriber numbers continued to disappoint, the stock fell nearly 70% from its all-time high. The zero-sum theory does not quite fit here because nobody else necessarily gained that exact amount. It was more like a collective downgrade in how valuable Netflix seemed.

The question that we now raise is about the credibility of this theory in the stock market. It applies to short-term trading because when you make a quick profit, it was probably someone else's loss, but that is not how long-term investing operates. Companies create real wealth through innovation, profits, and expansion. Everyone can win, and yes, everyone can lose too.



In conclusion, stock market crashes represent a collective loss of confidence and revaluation of assets rather than a simple redistribution of money. The "lost billions" do not end up in someone else's pocket, they just lose value, and while panic can destroy this value, patience, as Buffett reminds us, often restores it.

"The stock market is a device for transferring money from the impatient to the patient." - Warren Buffett.

Pratishtha Aggarwal

"From the peace arose chaos"

In silent towns where hunger stirred,
The treaties signed went all unheard.
A paper peace Versailles had penned,
But debts and markets would not mend.

Germany bled in fiscal chains,
Crushed beneath war's unpaid remains.
Marks decayed, bread turned to dust,
Wealth dissolved in crumbling trust.

The Great Depression crossed the seas,
Starving trade like withered leaves.

While nations sank in fiscal night,
One man rose with steel and spite.

"Work and bread!" he cried aloud—
And Fear obeyed, wrapped in a shroud.

Japan, too, sought markets new,
Its silks unsold, ambitions grew.

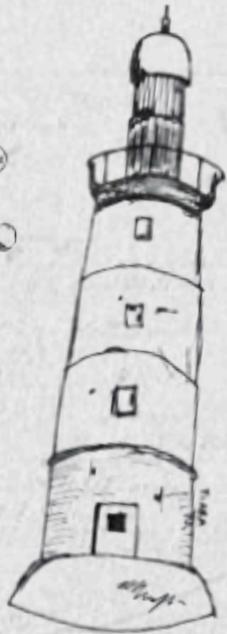
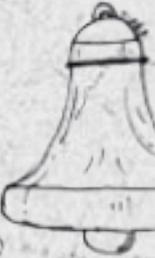
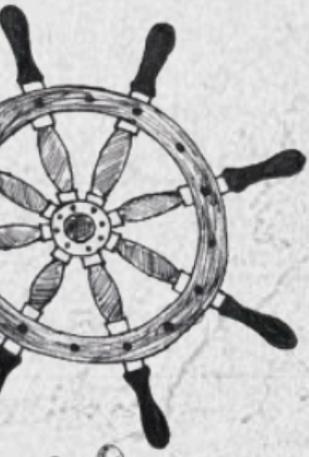
Resources scarce, horizons wide—
It marched for wealth, for national pride.
And all the while, the world looked on,
As wages fell and hope was gone.

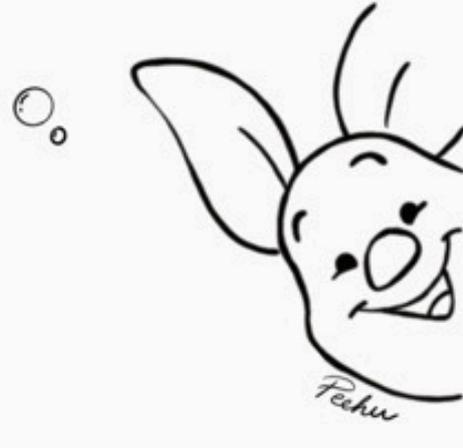
Trade became a battlefield,
Tariffs rose, and truth was sealed.
When wallets weep and hunger cries,
Democracy slowly dies.

And tyrants find a fertile stage
In empty plates and silent rage.
So war returned, as Profit's ghost,
Haunting those who'd lost the most.

From banks that broke to debts unclaimed,
The world burned bright, yet none were blamed.

—Amaya Marwah





Illustrators:
 Gurmat Kang
 Navya Bajoria
 Tiara
 Aashna Garg



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CREDITS

