

# ECONOMY OF THE UNITED KINGDOM



# Basic data:

- The national economy of The United Kingdom is:
  - the 6th largest in the world\*
  - The 3rd largest in Europe\*
  - The UK's GDP per capita (\$36,941; Poland=\$21,310) is the 22nd-highest in the world
  - In 2012, the UK was the 11th-largest exporter in the world and the 6th-largest importer

\* measured by nominal GDP (Gross Domestic Product)

# Basic data:

- GDP growth = 2.6% (2014-2015)  
(Poland=3.4%)
- GDP by sector
  - Agriculture: 0.7%
  - Industry: 21.1%
  - Services: 78.2%
- Inflation = 0.1% (Poland=0.7%)
- Unemployment = 5.5% (Poland=10.6%)
- Average gross salary £2.480 / €3.373 / \$3.814 monthly (2014) – (Poland= 976 € / 1.320 \$ in 2014)

# Basic data:

- **Main import partners**
  - Germany 12.5%,
  - China 8.1%,
  - Netherlands 7.3%,
  - United States 6.8%,
  - France 5.3%,
  - Belgium 4.4%
- **Main export partners**
  - Germany 11.5%,
  - United States 10.6%,
  - Netherlands 8.9%,
  - France 7.4%,
  - Republic of Ireland 6.0%,
  - Belgium 5.1% (2012)

# Basic data:

- **Taxation** in the UK involves payments to at least two different levels of government: local government and central government (HM Revenue & Customs).
  - Local government is financed by grants from central government funds, business rates, council tax and from fees and charges such as those from on-street parking.
  - Central government revenues are mainly income tax, national insurance contributions, value added tax, corporation tax and fuel duty.

**UK tax year date : 6th April 2013 - 5th April 2014**

## **Income Tax Rates**

**2013 - 14**

Starting rate for savings

10% £0 - £2,790

Basic tax rate

20% £0 - 32,010

Higher tax rate

40% Over £32,010

Additional rate

45% Over £150,000

# Economic history

- In the 18th century the UK was the first country to industrialise
- during the 19th century had a dominant role in the global economy
- From the late-19th century the Second Industrial Revolution in the United States and Germany challenged the economic position of the UK
- the First World War and Second World War contributed to the weakening

# Economic history

- After the Second World War, the UK enjoyed a long period without a major recession (from 1945 to 1973) and a rapid growth in prosperity in the 1950s and 1960s
- following the 1973 oil crisis and the 1973–1974 stock market crash, the British economy fell into recession
- A period of neo-liberal economics began in 1979 with the election of Margaret Thatcher as the Prime Minister
  - During the 1980s most state-owned enterprises were privatised, taxes cut, trade union reforms passed and markets deregulated. GDP initially fell but a growth followed (to reach its peak in 1988)
  - Thatcher's battle against inflation resulted in a major increase in unemployment from 1.5 million in 1979 to over 3 million in 1982, and 3.3 million in 1984.

# Economic history

- the British economy experienced another recession in late 1990, the subsequent economic recovery was extremely strong (with a fall in unemployment)
- During Tony Blair's 10 years in office the UK experienced economic growth, lasting until the second quarter of 2008
- This period of growth ended in 2008 when the United Kingdom entered a recession caused by the global financial crisis
- In 2013 the UK's economy has grown by 0,8%, which means it experiences a slow recovery

# Main sectors

- The UK is rich in a number of natural resources including coal, petroleum, natural gas, tin, limestone, etc.
- **AGRICULTURE:**
  - Produces about 60% of food needs
  - Around two-thirds of the production is devoted to livestock, one-third to arable crops
  - Products: cereals, oilseed, potatoes, vegetables; cattle, sheep, poultry; fish
- **INDUSTRY:**
  - aerospace industry (BAE Systems, Britten-Norman, Cobham, GKN, Rolls-Royce)
  - pharmaceutical industry (GlaxoSmithKline and AstraZeneca)
  - automotive industry (Aston Martin, Bentley, Jaguar, Lagonda, Land Rover, Lotus, McLaren, MG, Mini, Morgan and Rolls-Royce)
- ○ North Sea oil and gas production

# Main sectors

- SERVICES

- Financial and business services (Barclays Bank, HSBC, Lloyd's)
- Education, health and social work
- Hotels and restaurants/Tourism
- Public administration and defence
- Real estate and renting activities (British Land, The Peel Group)
- Transport, storage and communication (British Airways, O2, Vodafone)
- Wholesale and retail trade (The Co-operative Food, Morrisons, Sainsbury's and Tesco)

# THE CITY

- THE CITY OF LONDON is a district of London, widely referred to as *the City* or the *Square Mile* as it is 1.12 sq mi in area. These terms are also often used as symbols for the United Kingdom's financial services industry, which continues a notable history of being largely based in the City.
- Another major financial district in London is located at CANARY WHARF
- The London Stock Exchange (shares and bonds), Lloyd's of London (insurance) and the Bank of England are all based in the City.
- Many major global companies have their headquarters in the City, including Aviva, BT Group, Lloyds Banking Group, Old Mutual, Prudential, Standard Chartered, Unilever, and Ernst and Young.



[video](#)



# Employment:

- [White-collar workers vs. Blue-collar workers](#)
- Salary (monthly) vs. Wage (weekly)
- Working day – „[9 to 5](#)”
- Average working week – 36.3 hours (Poland – 42.7)
- The National Minimum Wage rate per hour:

Year	21 and over	18 to 20	Under 18	Apprentice*
<b>2014 (current rate)</b>	<b>£6.50</b>	<b>£5.13</b>	<b>£3.79</b>	<b>£2.73</b>

# Welfare and healthcare in the UK

- The British „Welfare State” dates back to 1942 (or earlier) and the so called *Beveridge Report* which recommended a national, compulsory, flat rate insurance scheme which would combine health care, unemployment and retirement benefits.
- Major benefits:
  - State pension (state pension age – 65)
  - Housing Benefit
  - Disability Living Allowance
  - Income Support
  - Attendance allowance
  - Jobseeker's Allowance

# Welfare and healthcare in the UK

## NATIONAL HEALTH SERVICE (NHS)

- The four publicly funded healthcare systems in the countries of the United Kingdom
- The systems are primarily funded through central taxation. The services provide a comprehensive range of health services, the vast majority of which are free at the point of use for people legally resident in the United Kingdom.
- Northern Ireland, Scotland and Wales no longer have prescription charges. However, in England, a prescription charge of £7.85 is payable per item