




# Economic Change in the UK read




## Key Terms

 **Environmental sustainability**- ensuring our actions do not harm the environment today so that future generations can enjoy them

 **Rural**- countryside location with villages and small towns

 **Deindustrialisation**- the complete decline of the manufacturing industry

 **Globalisation**- the increasing movement of goods, ideas, people and money round the world.

## Changes to industrial structure.

The UK's industrial structure (the type of work people do) is always changing.

In 1841, at the height of the industrial revolution, there was a big change in the UK's industrial structure:

- jobs in the primary sector (fishing, agriculture and mining) declined due to the increase in the use of machinery
- jobs in the manufacturing industry increased as factories were built and urbanisation occurred

## De-industrialisation

In 20<sup>th</sup> century a decrease in the number of people working in manufacturing as mechanisation (introduction of robots etc.) replaced jobs along with increased competition from abroad

## Globalisation

Business, ideas and lifestyles now spread rapidly across the globe due to improvements in travel, the introduction of the internet and the development of trading blocs such as the EU.

This led to the shift of manufacturing from countries like the UK to cheaper locations like China in Asia. This contributed to deindustrialisation in the UK.

## Government policy

The government plays a vital role in shaping the UK's economy .

1945-79 – state-run industries, such as British Steel Corporation, were set up by the government to support declining heavy industries and protect jobs.

1979-2010 – government-run industries were privatised, and many heavy industries closed down, leading to job losses. Private sector and government investment led to the transformation of many former industrial areas, encouraging new industries to these areas.

## Post- Industrial economy

2010 onwards – the government has attempted to rebalance the economy by encouraging investment in high-tech manufacturing, such as aerospace and computer engineering.

Examples are the Southampton Science Park and Sheffield Business Park. Both of these examples utilise the links with the Universities in each city and have created places of work in the quaternary and tertiary sectors based around:

- green spaces,
- Good transport connections
- Facilities such as nurseries, cafes and gyms that the employees can use.

## Impacts of industry on the physical environment

- Coal mining led to the creation of spoil heaps, vast mounds of waste material removed during extraction.
- Burning coal, to generate electricity, led to considerable air pollution in cities across the UK.
- Toxic waste materials from heavy industry have polluted the land and water supplies.
- Due to changing attitudes and strict environmental laws, modern industries must be more considerate of their ecological impacts. The majority of industries nowadays develop based on sustainable principles.

# Impact of Economic Change in the UK



## Example of an environmentally sustainable modern industrial development: Nissan- Sunderland

- Nissan has developed the 'Leaf' model electric car along with recycling more of an old car so that the resources can be used again. Another area where the car industry has made an effort to become more sustainable is in terms of energy supplies. Not only does this make business sense as it lowers costs, it also makes car manufacturing more sustainable by reducing the environmental impacts linked to energy consumption. #
- In 2005, Nissan installed 10 wind turbines at their Sunderland plant to produce renewable energy. The turbines produce 7% of the plant's electricity, enough to make over 30,000 cars.
- In June 2016, Nissan activated Europe's largest a solar farm made up of 19,000 solar panels. Over 10% of the plant's energy now comes from renewable sources.



## Social and economic changes in rural areas- South Cambridgeshire (population growth) and the Outer Hebrides (population decline).

Rural landscapes in the UK are experiencing significant change as well as urban areas. 19% of the population live in rural areas. Despite rural areas not appearing crowded, the population in rural areas close to major cities is growing due to counter-urbanisation. Where rural areas are far away from large urban areas, populations are declining.

### Benefits of population growth in South Cambridgeshire

An increased population leads to a higher demand for goods and services.

It provides balance to rural-urban migration, particularly as young people move away in search for better opportunities.

### Problems of population growth in urban areas

Rural areas can lose shops as commuters buy products in urban areas

Older people tend to move to rural areas, which raises the average age.

House prices often increase rapidly due to wealthy newcomers, pushing out local people.

**The Outer Hebrides** are a group of islands off the northwest coast of Scotland. Since 1901 it has experienced a 50 per cent decline in its population, mainly due to young people moving away. They have migrated to the mainland in search of jobs.

### Social impacts:

School closures could result from fewer children  
An ageing population.

A further decline in the fishing and farming industry due to the ageing population

### Economic impacts:

Maintaining transport services such as ferries and other services is very costly

Tourism has become an essential source of income. However, the infrastructure is struggling to cope with this



## What is the North-South Divide?

In the UK we often talk about the 'north-south divide'. This refers to the real or imagined cultural and economic differences between:

- The south of England (the South East, Greater London, the South West and parts of eastern England)
- The north of England (Yorkshire, the Humber,

the North East and North West) and the rest of the UK.

In general, the south enjoys higher standards of living, longer life expectancy and higher incomes.

It also has higher house prices, more congestion

and, according to some measures, less 'happiness'!

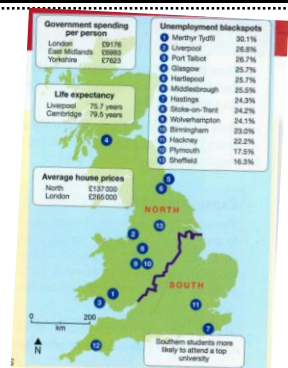
But what are these differences?



## Why is there a divide

During the Industrial Revolution the UK's unemployment increased. Alternative growth was centred on the coalfields in Wales, northern England and Scotland. Heavy industries and engineering thrived in cities such as Manchester, Sheffield and Glasgow, generating wealth and prosperity. Since the 1970s many industries (such as steel-making, ship building and heavy engineering) have declined and

sources of energy have reduced the importance of coalfields and modern industries have located elsewhere. London and the South East developed rapidly due to a fast-growing service sector. London is a major global financial centre and has grown faster than the rest of the UK. This has led to high house prices across the South East.



# Regional differences in the UK

- Deindustrialisation and the decline of agricultural jobs have led to differences between the economies of different regions within the UK.
- The SW is the most developed region with high incomes and investment whereas northern areas and rural areas tend to have more socio-economic problems such as unemployment, less investment and poorer quality living conditions.



## Strategies to reduce regional differences in the UK

### Encourage Foreign Investment

Foreign investment has been encouraged in the north: Nissan at Washington in Tyne and Wear opened in 1984, and Mitsubishi at Livingston, near Edinburgh, opened in 1975.

### The Northern Powerhouse Initiative

In 2015 the government launched a new strategy for a 'Northern Powerhouse' to help balance the wealth and influence of London and the South East. This involves developing the economies of the major cities in northern England such as Liverpool and Manchester. Tourism, food and energy are to be developed in rural areas. Money has been invested in transport improvements including:

- a new high-speed rail service (HS2) between London and the north
- Liverpool2 deep-water container port

### Enterprise Zones

Since 2011, 24 new Enterprise Zones have been created. Their aim is to encourage the establishment of new businesses and new jobs in areas where there were no pre-existing businesses. The government supports businesses in Enterprise Zones by:

- providing a business rate discount of up to £275,000 over a five-year period
- ensuring the provision of superfast broadband
- financial allowances for plant and machinery
- simpler planning regulations to speed up establishment of new businesses.

### Local enterprise partnerships

Established in 2011, local enterprise partnerships (LEPs) are voluntary partnerships between local authorities and businesses. There are currently 39 LEPs in England. Their aim is to identify business needs in the local areas and encourage companies to invest. In this way jobs will be created boosting the local economy.

### Planned improvements to transport infrastructure

## Why improve infrastructure?

Changing the Transport infrastructure in the UK will allow for easier and quicker transport of goods and services developing the economy, providing jobs in construction & maintenance and making the UK more attractive to investors.



## Road Improvements

### Road improvements

In 2014 the government announced a £15 billion 'Road Investment Strategy'. The aim is to increase the capacity and improve the condition of UK roads.

New road schemes will create thousands of construction jobs and boost local and regional economies. Plans include:

- 100 new road schemes by 2020
- 1300 new lane miles added to motorways and trunk roads to tackle congestion
- extra lanes added onto main motorways to turn them into 'smart motorways' and improving links between London, Birmingham and the north.



## Railway improvements

### Railway improvements

Aim to improve links between regions of the UK and the rest of Europe.

- electrification of the Trans-Pennine Express Railway between Manchester and York by 2020, reducing journey times by up to 15 minutes
- completing the electrified link between Liverpool and Newcastle
- HS2 (High Speed 2) - a £50 billion plan for a new high-speed rail line to connect London with Birmingham and then Manchester. The scheme is due for completion in 2033. Many people are against the plan, as the route passes through several stretches of countryside and close to many homes and the Sheffield, Leeds track has been abandoned.



## Port Improvements

### Liverpool2

A new container terminal is being constructed at the Port of Liverpool. Known as 'Liverpool2', the scheme to construct a deep-water quay on the River Mersey will cost about £300 million. The project will more than double the port's capacity to over 1.5 million containers a year to compete with other major UK ports.

Due to begin operating in 2016, the new terminal will:

1. create thousands of jobs
2. boost the economy of the north-west
3. reduce the amount of freight traffic on the roads.



## Airport improvements

### Expanding London's airports

In 2012 a government commission looked into three options and came up with a recommendation.

1. a new runway at Heathrow (cost £18.6 billion) increasing the length of one of the existing runways at Heathrow (cost £13.5 billion)
2. Heathrow is one of the world's major airports. In

2014 it handled over 73 million passengers. Over 76000 people work at Heathrow and the airport supports many local businesses.

People living nearby are concerned about noise from planes using the new runway. The government report recommended financial support for soundproofing homes and schools, and a ban on night-time flights.



## How is the UK Important in the wider world?



### Trade

The UK depends heavily on the trade with other countries. We currently have a trade deficit. The UK trades all over the world, but mainly with other EU countries. Outside the EU, its main trading partner is the USA. Inside the EU, it's Germany.

Many British companies are transnational corporations (TNCs) with branches all over the world, and many foreign TNCs have UK branches.



### Culture

The UK is one of the most globalised countries in terms of its culture. The UK has a globally successful gaming industry.

English is spoken in several countries & is the main language used for businesses around the world. Our cultural activities have become global brands, and British football clubs have fans everywhere. Many British groups, and actors, and TV and radio programmes, are popular around the world.



### Transport

London Heathrow is one of the busiest airports in the world. It is an important hub where people transfer between flights within Europe and worldwide. There are important transport links between the UK and mainland Europe via the Channel Tunnel and sea ferries. Southampton is a major port for cruise liners that take thousands of tourists around the world.



### Communication

The UK has an extensive electronic communication network linking it to other parts of the world. Globally, the UK is linked up via a vast cable network under the sea. We have cables linking us to North and South America, Europe, Africa. Other cables then link us to other parts of the world.



## Political links- The Commonwealth

Established in the 1949 by Queen Elizabeth II. It is an intergovernmental organisation of 53 countries, that were mainly territories of the British Empire. The members of the commonwealth have no legal obligation to each other. They are linked together by history, culture, language and 3 shared values: democracy, human rights and the rule of law.

- It covers almost ¼ of the world land area
- It spans all six inhabited continents.
- It has an estimated population of 2.328 billion
- In 2014 produced a nominal gross domestic product (GDP) of \$10.45 trillion,
- The UK benefits from these links both politically and economically