Why has the UK Economy Changed

Deindustrialisation & the decline of traditional industries
- Many factories in the UK were closed down due to increased competition from abroad
- The UK was no longer able to compete with products being made abroad
- A decline in traditional industries led to job losses and economic downturn

Globalisation: is the process where the world is becoming increasingly connected by the movement of information, money, products, services & people between countries. It has made it possible for developments in transport & communication especially the internet. It is responsible for the explosion of the tertiary sector in the UK. It has boosted UK trade & enabled more imported products in the UK but also contributed to the decline in UK secondary industries.

Government Policy
1945–1979: government created state run industries eg National Coal Board & British Rail. Government money was spent on ‘topping up’ declining GB industries. In the 1970s there was lots of strikes, social unrest, factory closures & power-cuts not happy with the gov -1979–1990: State-run industries were sold off to private shareholders to create a more competitive businesses (privatisation). Many old industries closed down & 1000s of jobs were lost. Many new private companies bought innovation & change in the UK. Deindustrialisation & the decline of traditional industries is the process where the world is becoming increas-

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UK’s Economy today

- Tertiary & quaternary are growing as primary & secondary are declining in the UK. In 2011 tertiary & quaternary employed over 80% of the UK’s workforce & this proportion is increasing. Important industries include
- Services eg retail, entertainment, finance & personal services eg hairdressing. Retail is the UK’s largest sector employing 4.4 million people. Egs in Bristol are Cabot’s Circus & Cabribs Causeway. Finance is an important part of the service sector including banking & insurance & the UK, especially in London is home to the HQ of many global finance institutions eg HSBC
- Information Technology – is now an important part of the UK’s economy with over 1.3 million people in the IT sector by companies like IBM & Microsoft. Egs in Bristol is Hewlett Packard & Toshiba. Many new businesses are directly involved with IT, manufacturing hardware & designing software & the UK is one of the world’s leading digital economies attracting businesses & investment from abroad.
- Research & development – is increasing in the UK, making use of the UK’s skilled university graduates & employs over 60,000 highly qualified people & contributes to over £3 billion to the UK economy. In 2013 £30 billion was spent on R&D in the UK. It is done by private companies, Pharmaceutical companies eg Galv-oSmithKline, government bodies eg NHS, Environment Agency, & charities eg Cancer Research. Research is also done in British universities such as Bristol, Cambridge, Manchester & there is often strong links between the university & different organisations. Eg the British Antarctic Survey (BAS) employs over 800 highly-skilled people based in Cambridge, & it is linked with Cambridge Universi- ty with its scientific research & source of well-qualified graduates. Changes in the location of industry
- Secondary industries were often based in inner cities
- IT has changed where people work & can people can work remotely at home & can remotely work (eg from home (eg from home (eg from home (eg from home)
- Quaternary industries often based in science parks in rural urban fringe so they close to transport networks like motorways & airports & can be easily accessed. They are also near new houses built on the outskirts of town & provide homes for the people who work in the science parks. They are often located near cities with universities so the businesses have access to university research & academic talent. UK in the wider world

Example of how an eg of modern UK industrial development can be made sustainable – Torr Quarry
Location: Mendip Hills, North Somerset, 20 miles SW of Bristol, nr M5
Background: employs over 100 people & contributes £3.5 million to the local economy
Provides up to 8 million tonnes a year of important construction materials. Eg rock chippings required for road building.

How the quarry is being made more sustaina-
- % of the limestone is transported by train.
- The quarry is being restored to create wild-
- life lakes for recreation & water supply.
- Some features will be created to make the landscape look natural.
- 200 acres of the site have already been landscaped to blend in with the surround countryside, including planting grass & trees.
- Regular monitoring of noise, vibration, airborne emissions (dust) & water quality will ensure the environment remains healthy today & will therefore be safer & less dam-

Environmental impacts of the UK’s Industry
- Use lots of electricity/power consuming large amounts of energy
- Transporting raw materials & finished products increases air pollution & damages environment through the demand for new/ upgraded roads
- Secondary industries construct large factories that intrude on the landscape
- Mining & quarrying can leave waste tips & cut into the landscape
- Waste products can cause land, air & water pollution. Eg Sulphur dioxide & nitrogen oxide are released from power station chimneys impacting on human health & acid rain

Making industrial development in the UK more sustainable
- Air pollution from power & power stations can be reduced by using new methods eg desulphurisation that removes harmful gases eg sulphur dioxide & nitrogen oxide from power station chimneys; this improves respiratory health & reduces acid rain
- New technology such as carbon capture & storage can trap CO2 created by power stations & store it safely eg deep underground. This reduces the amount of greenhouse gases in the atmosphere
- Stricter environmental laws & targets can be put in place & fine businesses when these are broken/not met. To avoid paying huge fines & to be able to continue trading, businesses will improve their practices preventing waste products causing land & water pollution.

How the UKs Economy has changed
- Most people work lived in rural areas before the 1800s & worked in farming, mining, fishing or related activities (primary)
- Primary sector has decreased dramatically by 73% from 75% in 1800 to 30% in 1900 to only 2% in 2006
- The secondary sector rose from 15% to 55% between 1800 to 1900 & then fell back to the 1800 levels by 2006.
- The tertiary sector has increased gradually from 10% to 15% between 1800 & 1900 & then greatly to 74% in 2006.
- The quaternary sector was absent in 1800 & 1900 but featured in 2006 accounting for 9% of the UK’s employment

Changing Economic World 2: UK
Paper 2 Question 2 (updated August 2020)
Changing Rural Landscape in the UK

Rural towns & villages near large urban areas eg North Somerset or Bristol are growing because:

- Counter-urbanisation & the perception of an improve standard of living eg quieter, less crime, more green space, larger houses with gardens etc.
- Close proximity to a large town or city means people can live in the countryside but can still easily access the opportunities available in urban areas eg wide variety and/or high paid jobs, shops, entertainment etc.

Impacts:
- As the area becomes more popular with people from urban areas, house prices increase which risks pricing out locals.
- Commuters continue to use services eg supermarkets in Bristol where they work. Negatively effecting the rural economy.
- Reduction in agricultural employment & green space as farmers sell their land for housing development.
- It can bring new energy to rural areas. Newcomers are more likely to start their own local business forms clubs & societies.
- Helps to maintain the demand for rural services like shops & schools that might otherwise close.
- It maintains the population of small towns & villages.
- Modern developments on the edges of villages & expansion of old farm buildings changes the nature & look of the original village, often difficult for the original occupants.
- More people commuting to work congests rural roads & causes more congestion eg in Bristol City Centre.
- Newcomers have different tastes & the original shops & services change to suit their needs rather than the original inhabitants eg village shops become a deli & the local pub becomes a gastro-pub or wine bar.
- The arrival of newcomers & out-migration of the local people change rural culture & can lead to a breakdown in community spirit.
- Young adults cannot afford the high cost of houses & move away.

Rural towns & villages far from large urban areas eg on Exmoor are declining because:

- Declining jobs in agriculture
- Younger people move away for higher education/search for better paid employment
- The demand for 2nd/holiday homes has pushed up house prices, homes for local people become un-affordable & are forced to move away.

Impacts:
- Businesses such as shops close eg only a few villages on Exmoor still have a shop many like Luccombe have closed. Village pubs struggle to stay open eg Red Lion in Timberscombe.
- Services decrease. Many village schools close eg Luccombe, Carhampton. The few remaining children must travel further to get to school.
- Under used bus services are cut & isolate people especially the elderly eg there is only one bus a week out of Luccombe.
- Young adults cannot afford the high cost of houses & move away.
- As the number of younger adults decline the number of school children also decline causing further school closures etc.

UK North South Divide

Evidence:
- Wages are generally lower in the north than the south –average weekly wage in 2014 was 40% lower in Huddersfield than in London.
- Health is generally worse in the north than the south eg life expectancy for male babies born in Glasgow in 2012 was 72.6 years but in East Dorset it was 82.9 years
- GCSE results are generally better in the south than in the midlands or the north with southern students more likely to attend a top University.
- 8 of the top 10 cities with highest employment are in the south – including Cambridge, Swindon & Reading with approx. 78% employment. The bottom 10 cities with the lowest employment are all in the north with employment between 62-66% (UK average is 71.9%)

Exceptions:
- The city with the highest employment is Warrington in the north with 79% employed
- London has a booming economy but has higher levels of unemployment than other regions in the south & there are inequalities within London eg Male life expectancy in Kensington & Chelsea is 83.7 while in Newham it is 75.7 & households with a joint income of more than £60,000 is 26% in Kensington & Chelsea whereas its 7% in Newham.
- Scotland is in the north but has lower unemployment than other regions in the north of England (Aberdeen was the other area within the top 10 for employment)

Reasons for the NS Divide:
- During the industrial revolution the UK’s growth was centred on the coalfields in Wales, north England & Scotland such as Manchester, Sheffield & Glasgow. As factories needed a lot of power, it made sense to be located near the coalfields. In the 1800s the North was the economic hub of the UK.
- The removal of deindustrialisation hit the north much harder as it was reliant on secondary industry. There is less manufacturing in the south so deindustrialisation has been less of an issue.
- Cheaper & alternative sources of energy have reduced the importance of coalfields.
- London & the SE have developed rapidly due to a fast-growing tertiary sector. London is a major global financial centre & has grown faster than the rest of the UK.

Government Strategies to reduce NS divide

Devolving Power: Once all the countries in the UK, Scotland, Wales & Northern Ireland were governed by central government in London. They now have their own governments & can make better decisions about their areas eg invest in transport, education, redevelopment schemes etc. More powers are now being devolved to local councils. In 2014 Manchester became the first city outside London to have its own elected mayor who will have increased powers to plan & run the city. This means decisions are being made in regions by people who know the area & understand what it needs best.

Enterprise Zones (EZ): 55 have been created across England, Scotland & Wales funded by the government. It offers companies a range of benefits for locating in EZ which will increase jobs & the local economy which could help reduce the north-south divide.

Reduced taxes – business rates can be reduced up to 100% in the first 5 years to help businesses get off the ground/attract existing business to the location.

Improve infrastructure: Superfast broadband is made available in EZ

Financial support: further tax reduction for companies who invest in new equipment & buildings

Planning regulations: made simpler to speed up the establishment of new businesses

The Northern Powerhouse:

Devolving power to northern cities (see above) £3.4 billion given in ‘Growth Deals’ to provide financial support to local projects to develop new businesses

17 Enterprise Zones (see above)

£70 million spent on improving education & skills

£13 billion given to improve transport to help connect Northern Towns & cities, creates jobs, & leads to faster & better journeys – all making the North a better place to live & work

UK in the wider world

Commonwealth: a group of 53 countries which were once British colonies to help improve the well being of all its members

- The Commonwealth provides important trading & cultural links between its members especially important to some of the poorer countries not able to export anything to more developed countries eg the UK
- The Commonwealth provides connections through sport in the form of the Commonwealth Games held every 4 years. The games can help the host country develop economically

UK in the wider world

1. The UK is an influential member of global organisations eg G8, NATO, & UN Security Council

2. The UK trades globally with strong links with EU (see below), USA, & Asia –UK’s exports overseas have grown by £250 billion a year.

3. The UK has strong links with other countries due to its language, history & culture allowing TV to be a major media export

4. The UK’s has strong transport links: Heathrow is one of the busiest airports in the world & is an important transport hub where people transfer between flights within Europe & worldwide; has over 40 other airports with 750,000 international flights a year to 114 countries with both passengers & goods. Links to Europe via rail (channel tunnel) & sea-ferry & as well as sea-ferry, also handle uсинус & the import & export of goods.

5. UK has fast reliable electronic connection with the rest of the world as has access to 3 submarine cables that connect to the USA, the Far East & Europe. Helping the UK trade worldwide & develop its tertiary & quaternary sectors.