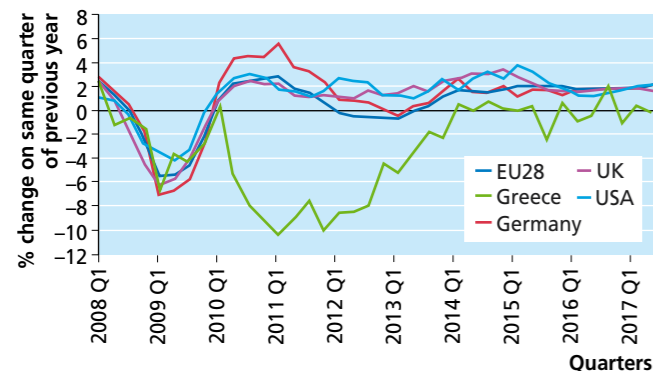


UK economic performance

Elsewhere in this issue of ECONOMIC REVIEW, Paul Turner outlines the key aspects of the UK economy in 2017. The figures on this centrespread provide a longer-run context for this

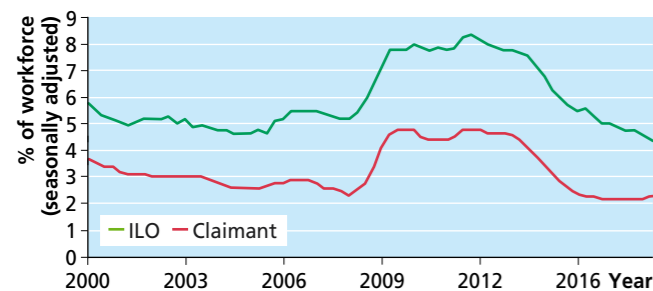
Economic growth (the annual change in real GDP) is a key indicator for any country, as it shows how the volume of output being produced changes through time. Figure 1 shows recent experience for the UK compared with selected other countries. The recession of the late 2000s is very clear — as is the slow recovery for most countries. The prolonged problems for Greece are also apparent.



Source: Data from OECD Quarterly GDP (indicator) Accessed on 8 November 2017). Note: data for Greece from Q1 2011 are provisional

Figure 1 Growth of real GDP (% p.a.) since 2008

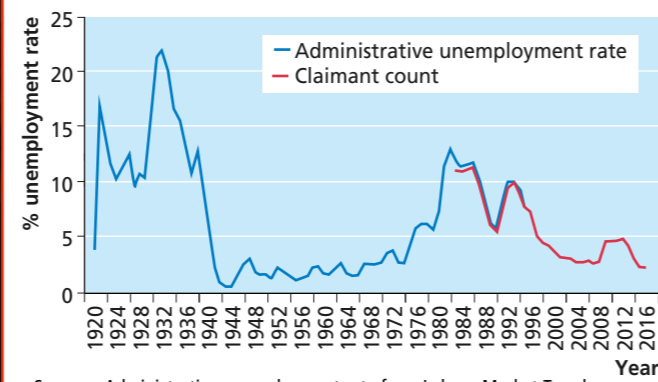
The percentage unemployment rate is an important indicator of the health of the economy. Figure 2 shows two measures of unemployment in the UK. The claimant count shows the number of people claiming the Jobseeker's Allowance (JSA), but this excludes some people who would like to work but do not qualify for the JSA. The International Labour Office (ILO) measure is preferred, and is the measure used across countries as the accepted indicator of unemployment.



Source: Data from ONS

Figure 2 The UK unemployment rate since 2000

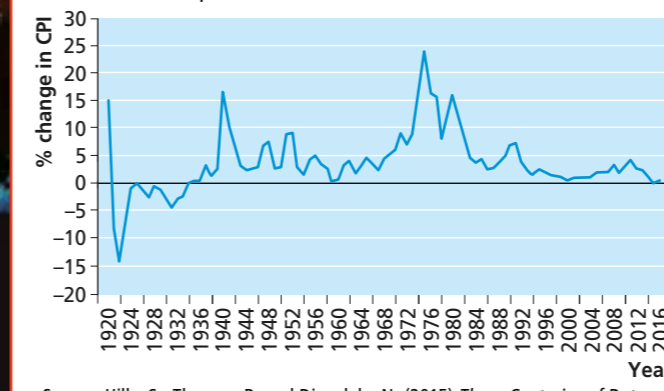
It is useful to be able to place the recent record of unemployment in the UK into a historical perspective. Figure 3 attempts to do this by showing data back to 1920, although differences in the definitions used for the historical data, and the way in which the data were collected, mean that we should not expect precision in the early data. Even with this proviso, the pattern of the figure suggests that the recent recession was much less severe than those in earlier times, at least in terms of the impact on unemployment — and considerably less severe than the events of the 1920s and 1930s.



Sources: Administrative unemployment rate from Labour Market Trends January 1996; Claimant count from ONS Labour Market Statistics

Figure 3 The UK unemployment rate since 1920

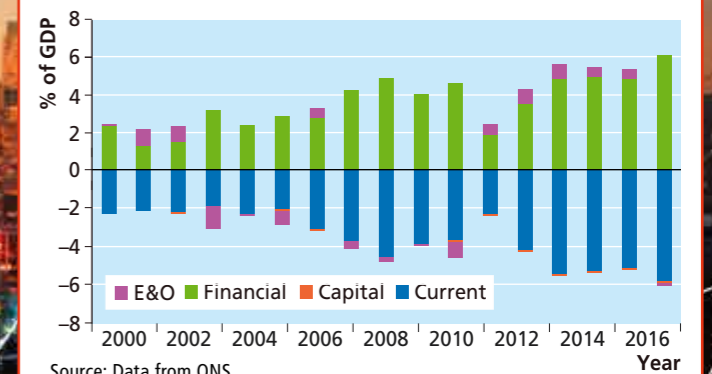
Figure 4 sets the recent experience with inflation into a long-term perspective. The history of inflation makes the recent period seem one of calm. The earlier episodes saw deflation (falling prices, or negative inflation) in the Great Depression of the 1920s, a period of rapid inflation at the time of the Second World War, and rapid inflation at the time of the oil prices crises of 1973/74 and 1979/80.



Source: Hills, S., Thomas, R. and Dimsdale, N. (2015) Three Centuries of Data — Version 2.1, Bank of England. Recent data from ONS

Figure 4 The rate of change of consumer prices since 1920

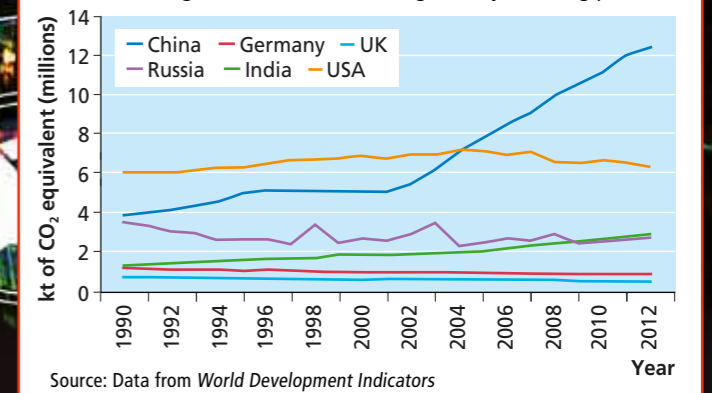
Figure 5 shows the components of the UK balance of payments since 2000, expressed as a percentage of GDP. The balance of payments summarises transactions between the UK and the rest of the world, and is subdivided into three separate accounts: the current account (showing transactions in goods and services and flows of income and transfers), the capital account (showing changes in the ownership of physical assets) and the financial account (showing transactions in financial assets). The overall balance of payments must always be zero, and the figure shows that the normal picture is for a deficit on current account to be offset by a surplus on the financial account.



Source: Data from ONS

Figure 5 Components of the UK balance of payments

The topic of climate change has been high on the media and political agenda. Part of the controversy centres around the emission of greenhouse gases. Figure 6 shows total emission of greenhouse gases in selected countries, measured in carbon dioxide equivalent quantities. Perhaps the most striking feature of this graph is the increasing emissions from China, which became the highest emitter in 2004, overtaking the USA, which is on a gradually declining path.



Source: Data from World Development Indicators

Figure 6 Emissions of greenhouse gases

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