



















the world (1995). Z Section 1 General Survey D U The economic development of

Britain owes a great deal to its long-established industrial system, in which mining and textile and manufacturing industry and so on once played an important role. It has also benefited a lot from its long coastline for sea fishery and foreign trade, and its mild climate for agricultural and animal husbandry. V r V r L r r r General Survey 6 | + For centuries after it became an industrialized nation, Britain had been one of the important financial centers in the world. In the modern world, new industries have come into its industrial system. By the 1880s the British economy was dominant in the world, producing one third, of the world's manufactured goods, half its coal and iron, half its cotton. f r | ^ Z f r L General Survey 6 | + = The amount of British shipping was greater than that in the rest of the world put together But even by 1900 this was no longer the case, the UK having been overtaken by both the United States and Germany; and certainly from 1945 until the present, the story of the UK economy is usually thought of as one of decline. 6 [ | ^ Z r r | ^ Z Z > r L General Survey 6 | + z | Here L decline^ means L relative decline^ , for Britain still remains one of the Group of Seven large industrial economies(the U.S., Germany, France, Japan, Italy and Canada). Thus Britain was then in an apparently strong economic position, a position it clearly no longer occupies, which indicates some sort of decline. > r | ^ > r L

Section 2 Economic System " r The British economic system is in nature capitalist. Britain's economic system consists of two sectors: the public sector and the private sector. \* | \$ r Economic System < | + About 1/3 of all goods and services are produced by central-owned corporations. A third of all people who contribute to the economy by their work are employed by publicly-owned bodies. Most energy production is socialized: production and distribution of electricity and gas, production of coal, part of the production and distribution of oil and the iron and steel production industry. " r Economic System

< | + G r The other 2/3 of the economy is within the private sector, shared unequally between public companies, private companies, and individuals. Much the greater part of this is owned and controlled by public companies. At least one-tenth of the economy is owned by foreign companies, mostly American, or by multinational companies. H | ^ H r L % | r Industry 0 r | 0 + B Coal-mining Petroleum-mining Power Textile industry Manufacturing C C | \$ + | % r Coal-mining 0 Once the largest coal producer in the world Most important coalmines can be found in Central Scotland, Central England and South Wales. Now also one of the major mining industries It loses money and the Government has to shut down some collieries , | & r Petroleum-mining 0 + Has no large land-based oilfields Brought ashore oil from the North Sea in 1975, now oil has become the principal mineral in Britain Natural gas is produced in association with petroleum Oil reserves are nationalized and most of oil mining is under the control of the government 0 | \* r Power 0 + K r Britain ranked second in Europe after Germany in electricity production 65% of all coal mines is used to generate electricity 14% of all electricity is derived from nuclear power Large oil-powered generating stations are located near London, Southampton and other ports Hydroelectricity contributed about 4,643,000 KWH of the total L r | ^ Z L r L . | ( r Textile industry 0 + Britain once led the world in textile industry and possessed over half of the total spindles of the world. From the 12th to 19th century, the woolen industry was of vital importance. Now Britain's wool industry is still important in its national economy. 6 v | ^ a | ^ a / | ) r Manufacturing(1) 0 + A very long history in manufacturing, a strong basis for the country's national economic development. Workers engaged in manufacturing number 8.5 million, about 31% of the total labor force. Largest manufacturing industry is iron and steel, exports a large proportion of its steel, 25% of the total, either directly or in the form of finished products. ` r ^ r L | + r Manufacturing(2) 0 + # r Britain has a large motor vehicle industry About 1/3 of its cars are for exports, but also imports many cheap cars. The most famous are Austin Morris, Range Rover, Dodge and Rolls Royce. Rolls Royce are very expensive cars specially designed for the extremely rich and important officials. \$ r \$ r L i 2 | , r Manufacturing(3) 0 +

Other highly developed manufacturing industries including: Mechanic engineering Electrical and electronic engineering and shipbuilding industries Food processing and papermaking Each having its share in the national economic development Z & r Agriculture(1) 6 r | 6 + z Agriculture remains important. It is highly mechanized, including: Crop farming Livestock farming Forestry and Fishing > { E r F \$ | r F \$ | , C r r r r = | 8 r Agriculture(2) 6 r | 6 + The main agricultural products are wheat, barley, oats, peas, beans, vegetables, sugar beets and green fodder crops. Most of them are grown in the east and south of England, east coast of Scotland, Lancashire and Cheshire plains. Z D > | 9 r Agriculture(3) 6 r | 6 + \* r Many British farmers are still concerned both with animals and with crops. The average farmer has to work very hard: Ploughing, sowing, harvesting Cows to be killed, pigs and poultry to be fed Machinery, buildings, hedges and ditches to be repaired Markets to be visited for the buying and selling + | ^ Z + r r F , u r L ? | : r Agriculture(4) 6 r | 6 + T | Britain's animal husbandry constitutes an important part of the nation's agriculture. The highland zone is covered by grassland Owing to the mild climate and abundant rainfall, the area is green all the year round. Now about 3/5 of full-time farmers are devoted to dairying, beef cattle and

sheep. + | ^ Z + r r F T 3 | . r Agriculture(5) 6 r | 0 + ` r Forestry is of minor national importance, but has given useful employment in remote districts that have been reforested. Fishing has been a major activity. Major fish-processing industries are located in Aberdeen, Grimsby, Hull, and Yarmouth. International tensions over access to fishing grounds in the North Atlantic and Arctic threaten the industry. Da | ^ Z r F q | L F "Section 3 The Current UK Economy ## r 6 | + Britain is highly industrialized, national economies can be broken down into three main areas: L primary^ industries, such as agriculture, fishing and mining; L secondary^ industries, which manufacture complex goods from these primary products; and tertiary industries, often described as services, such as banking, insurance, tourism, and the selling of goods. f k r | ^ Z | ^ L F | L | + | r | F | L | D | L | F | L | ^ L > ^ r r ? r r Y r r r The Current UK Economy 0 | + ` | (1) Britain's agricultural sector is small (producing 1.4% of the national wealth)but efficient, producing 58% of the UK's food meets with only 2% of its workforce. Three quarters of Britain's land is used for agriculture, with about a quarter of that under crops-wheat and barley are the two commonest. 1 | ^ L | r L 4 | / r The Current UK Economy 0 | + p Main agricultural products are wheat, barley, oats, peas, beans, vegetables, sugar beets and green fodder crops. q q | \$ The Current UK Economy 0 | + The rest is grazing for animals, including cattle (both dairy and beef), though sheep are the most numerous livestock. Livestock farming constitutes an important part of the nation's agriculture. The beef industry has been hit badly by BSE disease in 1996 on beef exports. 0 | ^ r | ^ Z w | ^ F \$ | The Current UK Economy 0 | + (2) Energy production is an important part of the UK economy, accounting for 5% of the national wealth. Since the 1970s, when oil and gas were discovered under the North Sea, Britain has become a major oil and gas producer, in addition to its older coal mining industry, which now only accounts for about 1/4 of energy supplies. The rest being divided between oil, gas, and the nuclear energy. Z The Current UK Economy

0 | + (3) In the secondary sector of the economy, manufacturing industry remains important, producing 22% of national wealth. British companies are active in all major fields of manufacturing industry, but are particularly strong in pharmaceuticals(the British company Glaxo-Wellcom is the biggest drug company in the world), chemicals (ICI is the 2nd largest paint manufacturer in the world), aerospace(overall the UK industry is third in size in the world) and food and drink (Scotch whiskey being a major export). ( | ^ | ^ Z > | r | r r r r The Current UK Economy 0 | + B | Britain has a big electronics industry (the fourth largest in the world), but like the car industry (which includes Ford, GM, Peugeot, Nissan, toyota), this is in many cases foreign-owned. Britain's last major independent car company, Rover, was recently bought by the German company BMW. " r | ^ L " r The Current UK Economy 0 | + (4) Like most developed economies Britain has seen a relative shrinking of the importance of secondary industry and a spectacular growth in tertiary or service industries, which now produce 65% of national wealth. A lot of this is domestic activity such as retailing, tourism and so on. 70% of the UK's workforce are employed in the service sector. ^ r | ^ Z ^ r L Z r The Current UK Economy ( | r r 0 | r r | ^ L The financial sector is an important part of this industry, as London is one of the top three financial centers in the world. It has the greatest concentration of foreign banks in the world, accounts for 20% of all international bankloans, and is the world's largest foreign exchange market. Besides, insurance and advertising are other major business services in which UK companies are highly successful. Z Section Four Foreign Trade !! r | ^ Natural

conditions determine that Britain is a trading nation. Each year it exports about one-third of its gross domestic product, making it the 4th largest exporter in the world. At the same time, it is also one of the world's largest importers of agricultural products and raw materials, buying up nearly 20% of the raw materials sold in the world market. & h r | ^ Z Foreign Trade < | + v | About

3% of Britain's exports go to other European countries in 1980. It's other important trading partners include the United States, countries and areas in the Far East, and some other Commonwealth countries. With the increase in its oil production, Britain has improved its position in foreign trade.

In Britain, the standard working week is generally between 41 and 44 hours, though many workers work a few extra hours. For factory workers, except those on shift-work, the working week is often five days, Monday to Friday, with each day beginning at about 8 a.m., and interrupted by one or two tea-breaks and a longer interval for lunch in the middle of the day.

Offices and shops are usually open from 9 a.m. to 5 or 5:30 p.m. Since 1970 banks and most offices have stayed shut on Saturdays. The process whereby people find jobs, and employers find workers is helped by the labor exchanges run by the Government, which were set up in 1909. But advertisements in newspapers are very much used too, particularly for specialist jobs.

Wage-earning workers are paid weekly. The employer must deduct the national insurance contributions and income-tax from the weekly pay packet. Salary earners are paid once a month, or less frequently, by cheques handed to them or paid into their bank accounts.

There are many obvious disadvantages in the system of the weekly payments in cash; the business of counting the notes and coins is laborious and expensive, the physical process of receiving the cash wastes the worker's time, and the large quantities of money which have to be taken from the bank to the factory create opportunities for large-scale robberies.

Attempts are being made to encourage the payment of wages by cheque, but many workers remain attached to the old system. With all its implication of hand-to-mouth living.

Direct taxes on incomes increase steadily as income increases. People with low incomes pay no direct taxes at all; since 1974 they receive payments in the form of negative income tax. A man earning an average income (140 pounds a month in 1973) pays nearly 20% of he is unmarried, but less if he is married and less still if he has children; if he has two children, the rate of tax is between 1% and 6%, depending on the age of the children. At 500 pounds a month the rate of tax is between 23% and 27% (a little less for a family with more than two children).

If a family receives 20,000 pounds a year it pays rather more than half in direct tax rate, and on all additional income above 20,000 pounds to 21,000 pounds, he keeps 150 pounds out of the extra 1,000 pounds.

What are the three main areas in national economies? Describe the development of each of the three areas in the UK economy. Britain, like most developed economies, has seen a relatively shrinking of the importance of secondary industry and a spectacular growth in service industries. Why is it so? Do you see a similar growth in tertiary industries in China in the past 20 years? How is this growth related to the reform and opening up to the outside world?

Money doesn't grow on trees & ...

Topics for Discussion

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