

How strong is the UK economy?

Year 7

Term 5



(1) Keywords

Economy	The system of how money is made and used within a particular country or region.
Gross Domestic Product (GDP)	The measure of a country's economy. One way to calculate this is to add up everyone's income in a country.
Inflation	The term to describe the increase in prices over time.
Employment	Where someone is paid for their work.
Unemployment	Where people do not have a job and so don't get paid for their work.
Economic Sectors	Areas of the economy which are similar. The four main categories are primary, secondary, tertiary and quaternary.

(2) What is GDP?

GDP is a measure of a country's economy, usually by adding up the total value of all the goods and services made in that country.

There are two other ways of calculating GDP:

1. Adding up everyone's income
2. Adding up what everyone has spent

The UK's GDP was **3.07 trillion USD** in 2022.

The UK's highest ever GDP was **3.12 trillion USD** in 2021

A stronger economy will have more jobs in the tertiary and quaternary sector, whereas a weaker economy will have more jobs in the primary and secondary sector.

The UK's GDP is one of the largest in the world. In 2022 it was the **6th largest** in the world.

(3) What challenges does inflation bring?

UK inflation is **now 4%** but was 10.5% in December 2022.

The UK rate of inflation has gone up and down over the years, but for the **last 20 years it has been about 2%**.

Inflation is calculated by recording the cost of 700 things that people regularly buy, and **comparing the price today with last years prices**.

The shopping basket is the name given to the list of **700 things** used to calculate inflation. Examples of things include everyday things like a loaf of bread, to larger ones like a car and holiday.

The Office for National Statistics calculates the UK inflation rate.

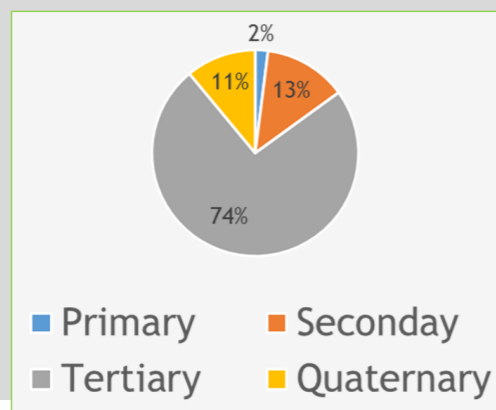
(4) How does employment impact the economy?

In April 2023 the **average weekly income** was £663.

UK **employment rate was 75.8%** in 2023 and **unemployment was 4.2%** of the population aged between 16 and 64.

The biggest employment industry in the UK in 2022 are supermarkets where approximately 1.3 million people work.

Hospitals are the second biggest employment industry with 850,000.



(5) How does migration boost the economy?

Migration is the **movement of people from one place to another** with the intention of settling permanently.

An immigrant (migrant) is someone that has **moved into** a country.

An economic migrant is someone who **emigrates from one region to another** to look for a better paid job.

In the past five years, UK population has been boosted by an extra 1,000,000 people.

They boost the economy by:

- Immigrant workers are mostly aged in their mid-20s and 30s and they increase the overall number of people working .
- Pay tax which is spent on the NHS and in schools.
- Creates cultural diversity.
- Migrants fill jobs where there is a shortage of skilled workers in the UK.

(6) How unequal is the UK?

Inequality is **differences in income and quality of life** between people (rich and poor).

Although the UK is a High Income Country not everyone has an equal share of money. The gap between the richest people in society and the rest of the population has **widened** over the last 10 years.

The **richest 10% shared 43% of income** in 2023.

This has created a North-South divide.

- There is a divide between the poorer north and the richer south.
- In 2018 the average salary in the North West of England was £28,429, whereas in London in the South East it was £38,592
- The North-South divide exists because since the 1970s many industries have declined because it is cheaper to make the goods abroad.

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