

# **ANALYSIS OF THE ECONOMIC PERFORMANCE OF UK AND DERBYSHIRE**



# **Table of Contents**

## 1. Introduction

## 2. Evaluation of the economic performance of UK

### (i) GDP growth rate

### (ii) Inflation rate

### (iii) Unemployment rate

### (iv) Exchange rate

### (v) Export growth

## 3. Evaluation of the economic performance of Derbyshire

### (i) Weekly earning and economic growth rate

### (ii) Manufacturing output comparison

### (iii) Unemployment in Derbyshire

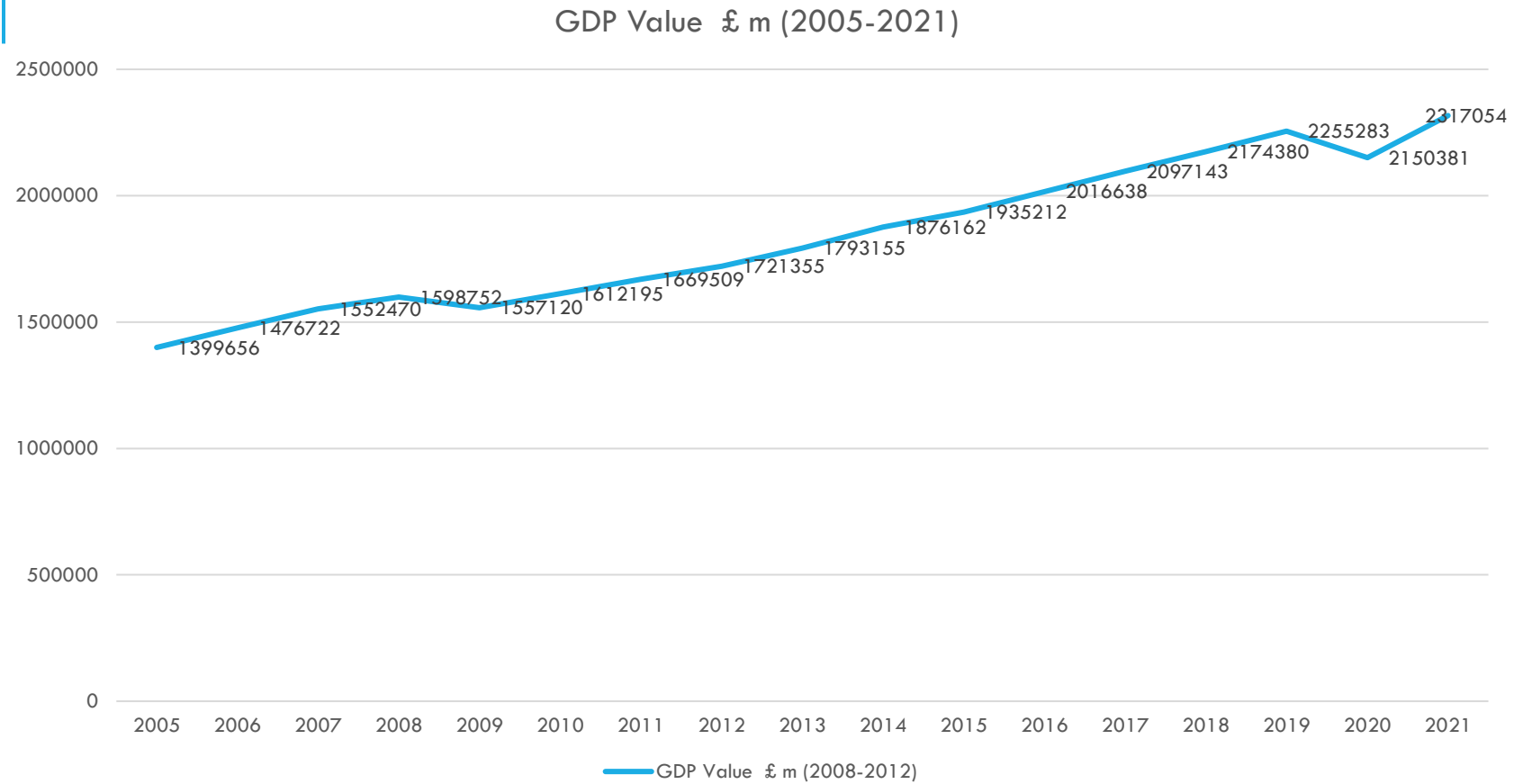
## 4. Conclusion

## References

# INTRODUCTION

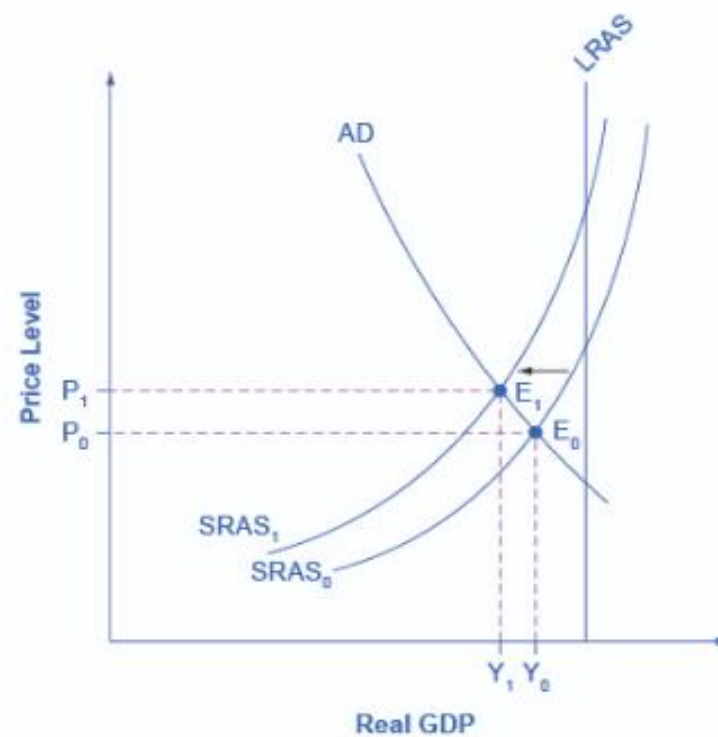
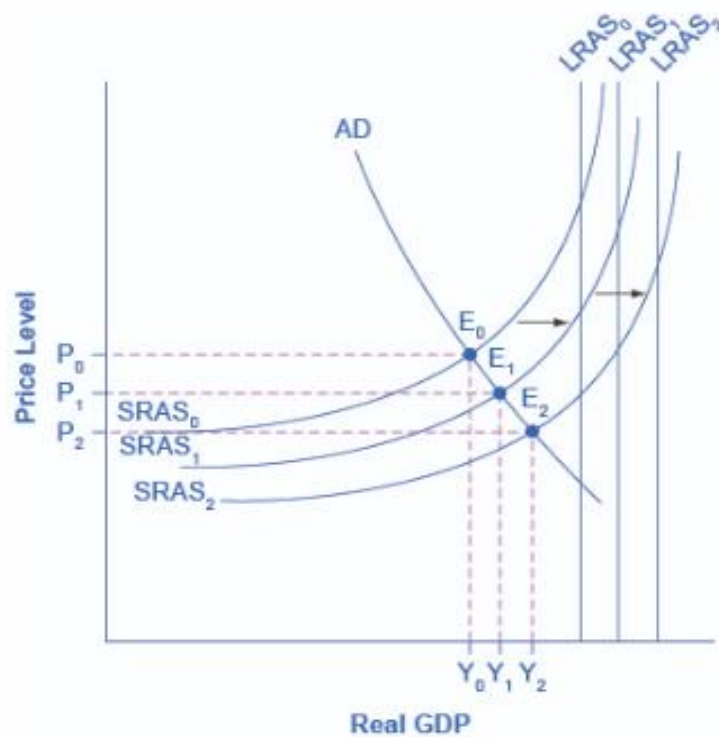
This report aims to present an analysis of the economic performance of UK and Derbyshire. The first part of the includes analysis of various macro-economic indicators such as GDP, unemployment rate, inflation rate, exchange rate and exports growth of UK during 2005 to 2021. These macroeconomic indicators are evaluated across various timelines such as the financial recession period (2008-2010), Eurozone crisis (2010-12), Brexit chaos (2014-2017) and Covid pandemic (2020-2021). The economic crisis during these periods are explained using AD-AS framework wherever possible as well as fiscal and monetary policies implemented during those period supported with justifications. The next section focuses on the economic performance of Derbyshire with indicators such as weekly earning and economic growth, manufacturing output compared with UK national-level data, unemployment statistics across the rural-urban divide and possible policy recommendations in the concluding section. The data from the world bank. The sources of the data are tried to be kept from similar sources to avoid ambiguity of data definitions. For example, Office of National Statistics of UK provides the most updated data calculated on market prices denoted in GBP. The scope of this report is limited to evaluation of UK economic performance to macroeconomic indicators only, without using microeconomic indicators.

## 2. Evaluation of the economic performance of UK



(Source: UK GDP, 2022)

# AS-AD Framework



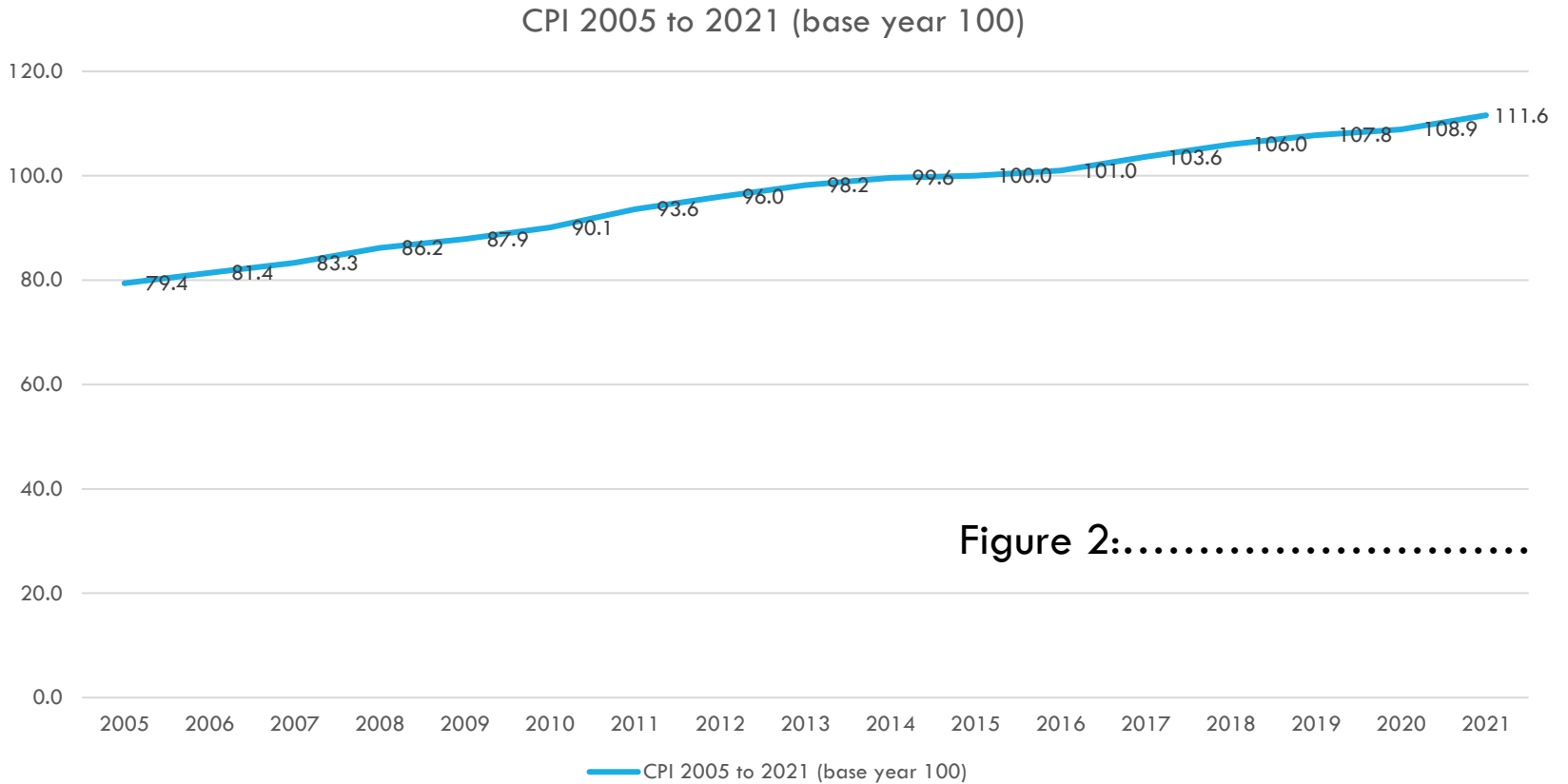
(Source: Opentextbc.ca., 2022)

# MONETARY AND FISCAL POLICY

In terms of fiscal adjustment in wake of Covid pandemic, some of the measures of UK include the allocation of additional funding for NHS, public services, and small businesses. Increase in the social safety net to include vulnerable people. Additional job support scheme was also launched. A fiscal stimulus amounting to £59 billion was also announced. This kind of expansionary fiscal policy helps to increase spending by increasing the production/output (Policy Response to Covid 19., 2022).

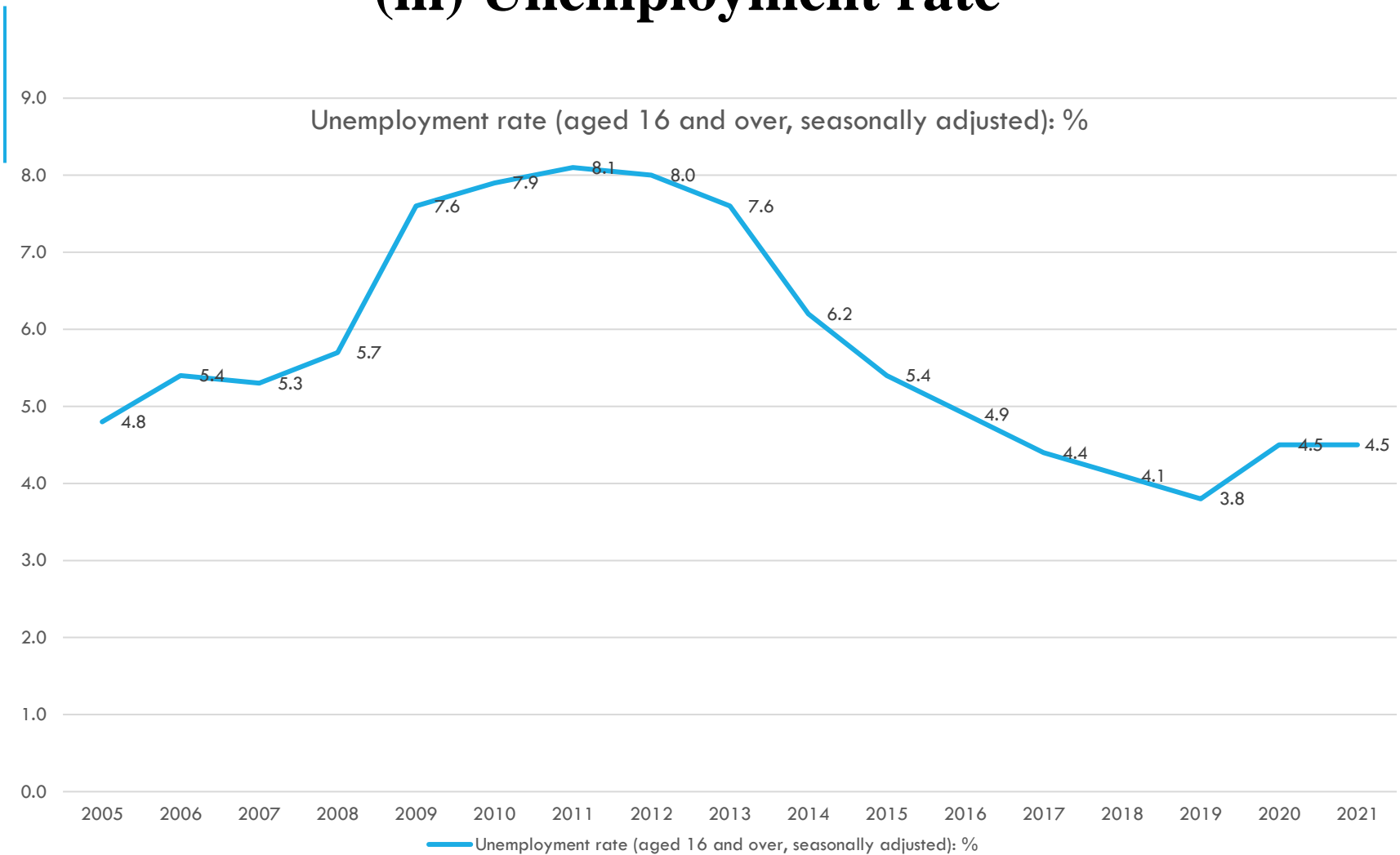
Key monetary policy includes measures such as reduction in bank rate, and increased holding of government bonds. This leads to more money holding capacity by the general public (Calvert Jump and Kohler, 2020). Thus expansionary monetary policy helps to increase the money supply (Deleidi and Mazzucato, 2022). Increased money supply leads to increased spending. With more borrowing at a lesser rate from banks, manufacturers can bring down production prices and increase supply. This again leads to a GDP increase.

## (ii) Inflation rate



(Source: CPIH INDEX, 2022)

### (iii) Unemployment rate



(Source: Unemployment rate, 2022)



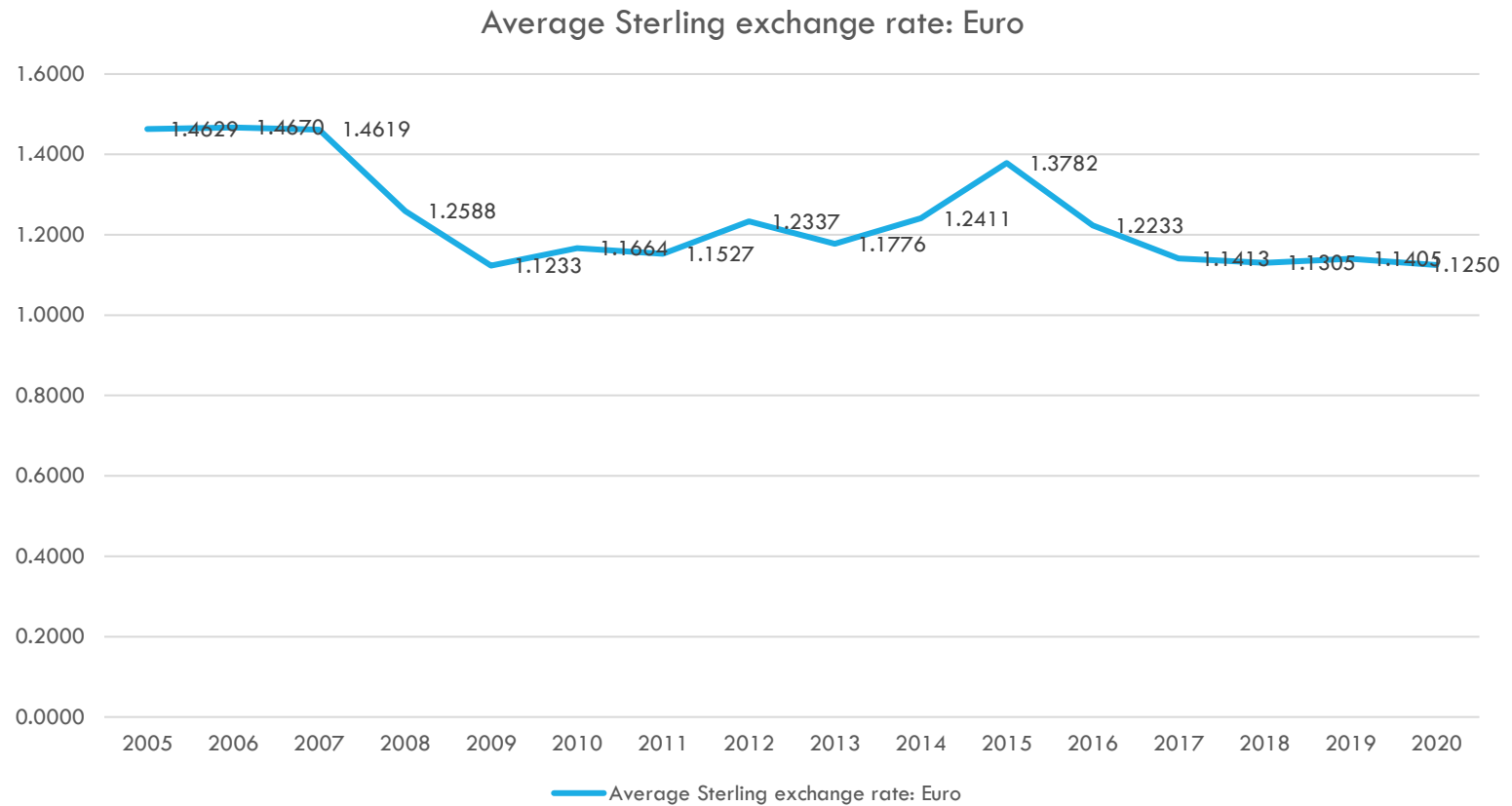
The unemployment increase during the 2008 to 2010 financial crisis is highest compared to other phases. 2010 to 2012 witnessed a stable unemployment rate, while 2012 to 2019 saw a sharp decline in unemployment. Only from 2019 to 2021 witnessed a rise in Covid.

The graph shows mostly short term unemployment trends throughout the years. As GDP reached a full potential level, low cyclical unemployment occurred, as there is no increase in output even with more labour input. On the other when output generated was substantially less than the potential GDP, then high cyclical unemployment occurred in those years, especially during the financial recession phase of 2008-2010.

## **Monetary and fiscal policy**

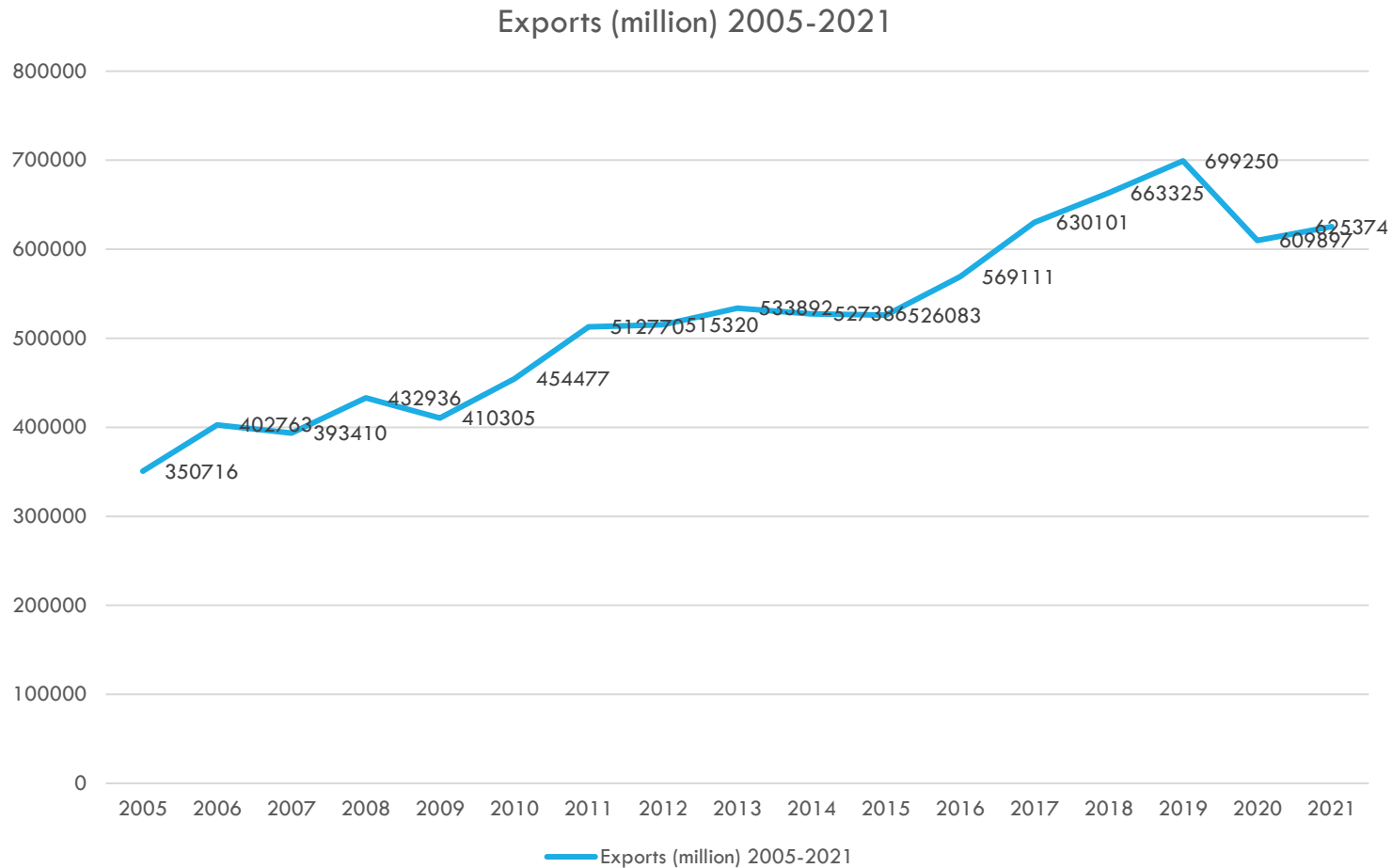
UK government provided increased job schemes to induct the extra labour force into the economy. Increased support for 80% of self-employed workers, paying £1,000 per employee till January end of 2021, supporting minimum wage for 25 hour/week for 6 months.

## (iv) Exchange rate



(Source: Exchange rate, 2022)

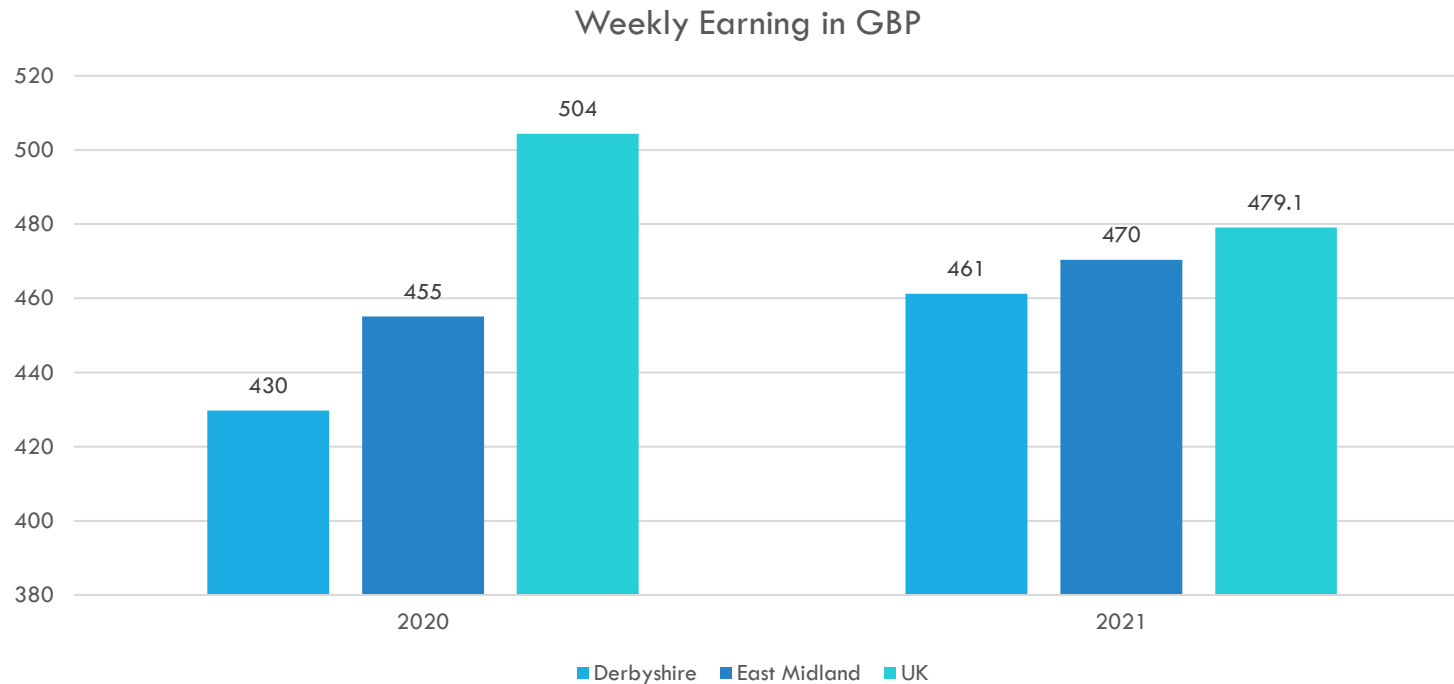
## (v) Export growth



(Source: Total Trade- Exports. 2022)

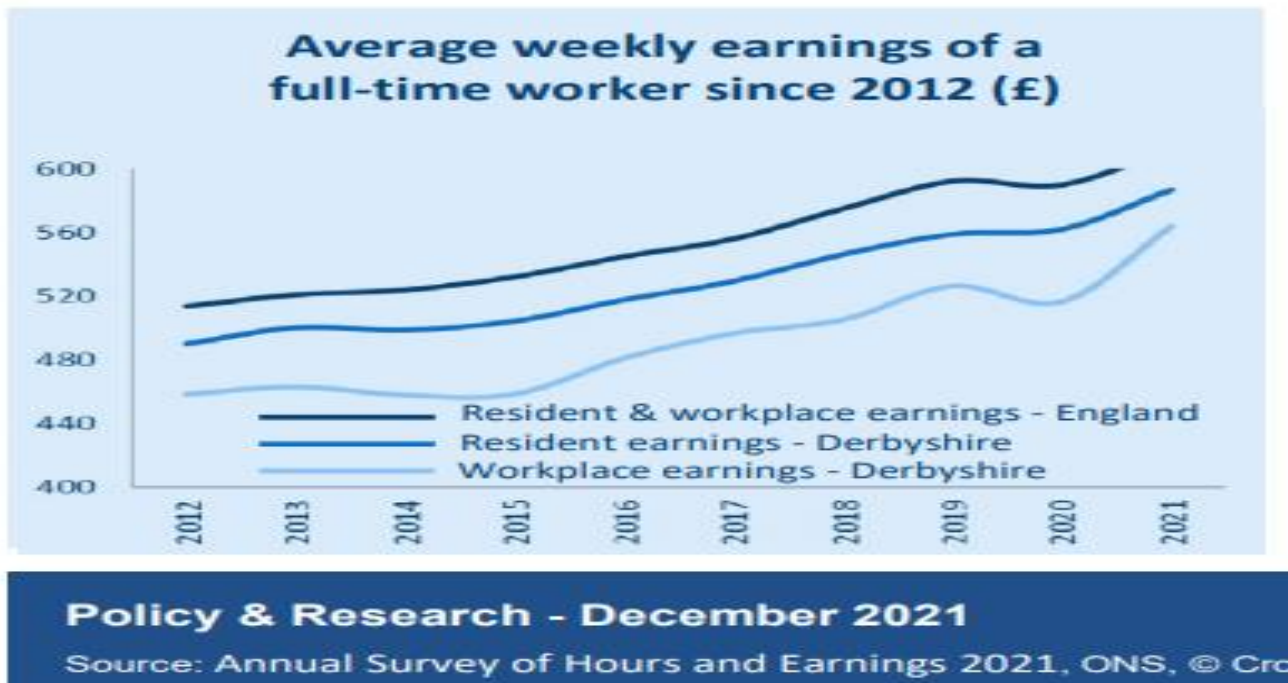
### 3. Evaluation of the economic performance of Derbyshire

#### (i) Weekly earning and economic growth rate



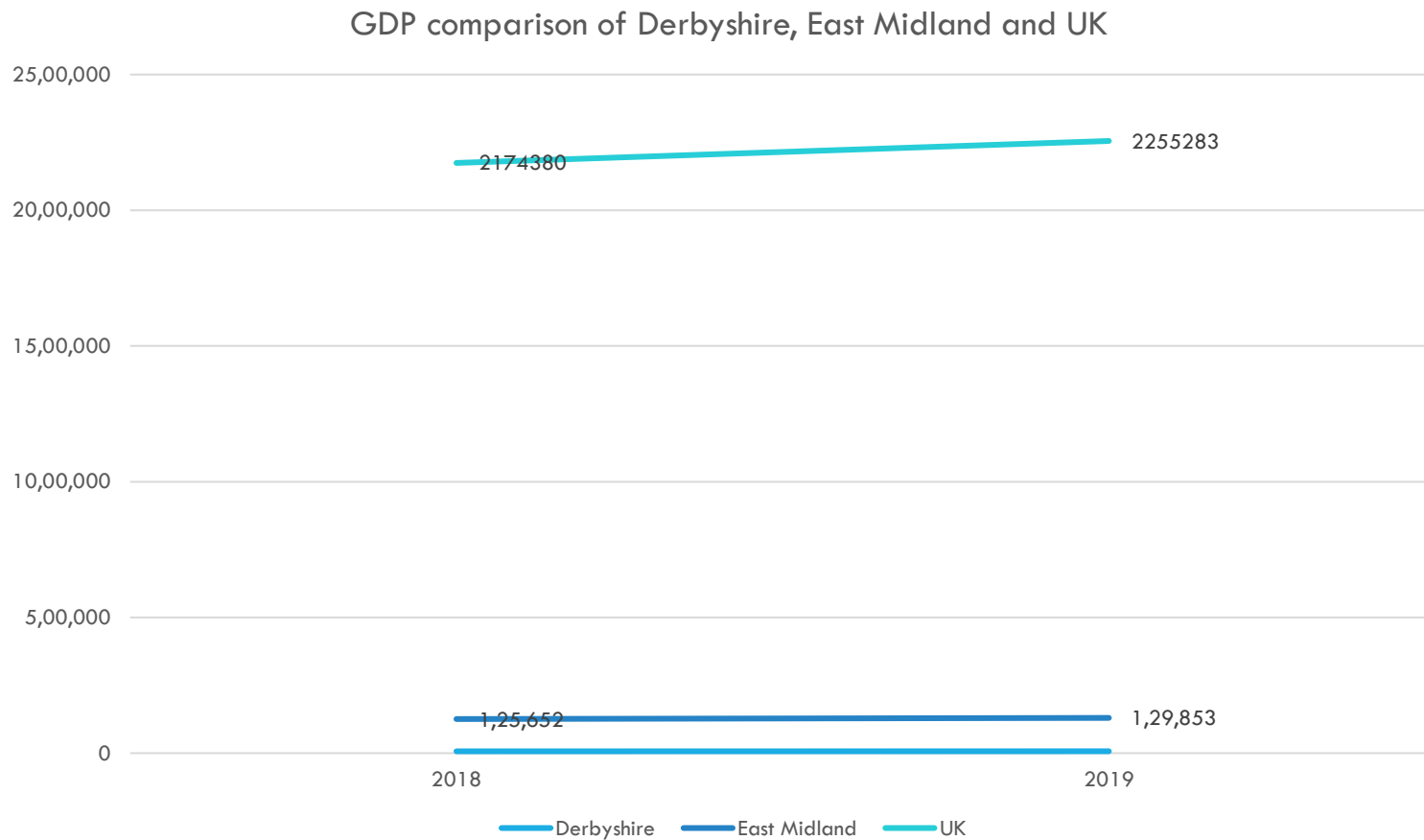
(Source: Annual survey of hours and earnings,  
2022)

The weekly earnings comparison shows that Derbyshire is doing comparatively better in terms of growth rate from 2020 to 2021. Covid 19 left a deep impact in the weekly earnings of the UK in general but it was less evident in the case of Derbyshire.



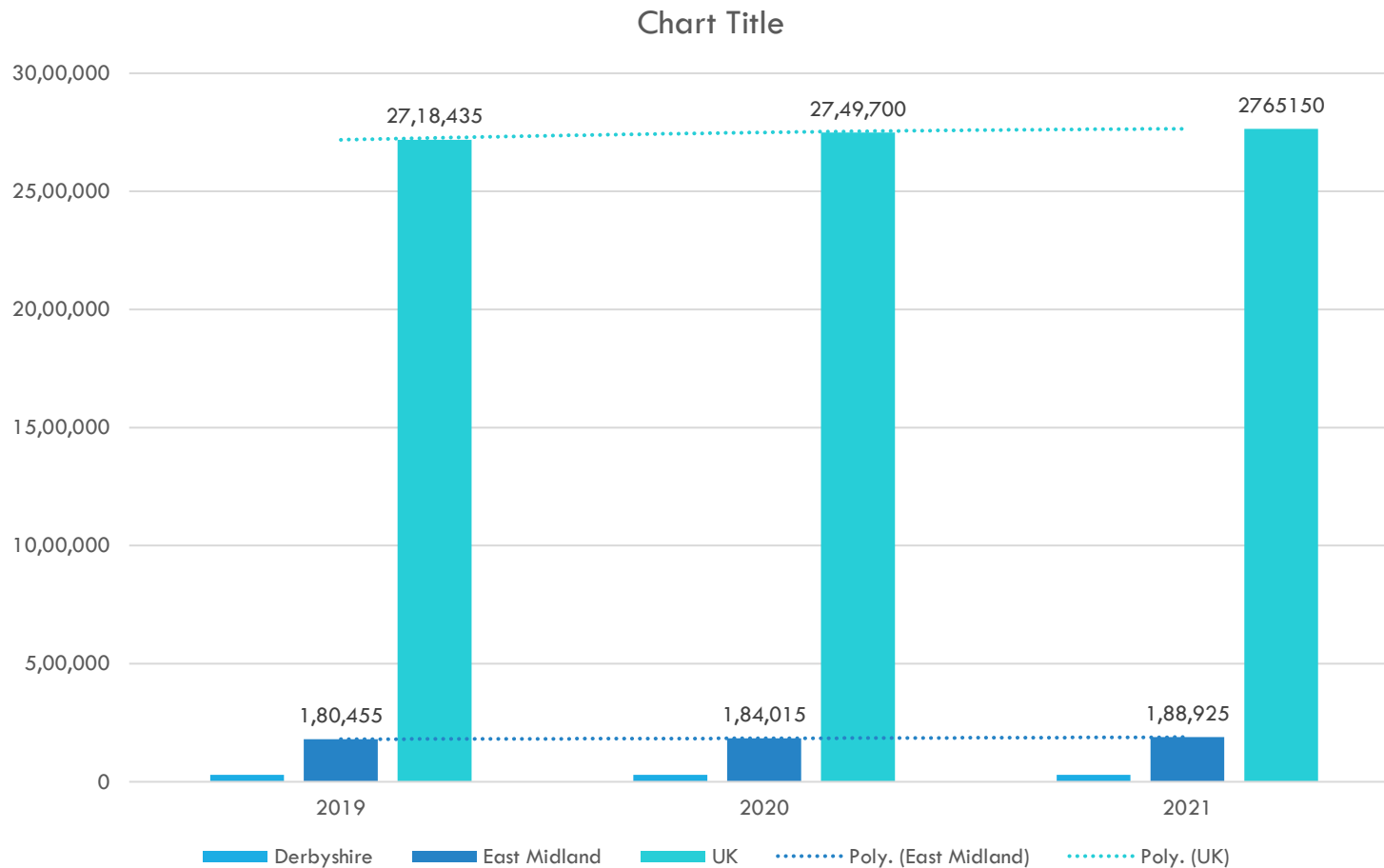
(Source: [Observatory.derbyshire.gov.uk](https://observatory.derbyshire.gov.uk). 2022)

# COMPARATIVE ECONOMIC GROWTH OF DERBYSHIRE, UK AND EAST MIDLAND



(Source: Regional GDP, 2022)

## (II) MANUFACTURING OUTPUT COMPARISON



(Source: UK business: activity, size and location, 2022)

# UNEMPLOYMENT IN DERBYSHIRE

## Employment and unemployment (Jan 2021-Dec 2021)

	Derby, Derbyshire, Nottingham And Nottinghamshire (Numbers)	Derby, Derbyshire, Nottingham And Nottinghamshire (%)	East Midlands (%)	Great Britain (%)
<b>All People</b>				
Economically Active†	1,086,700	77.0	77.6	78.4
In Employment†	1,043,200	73.8	74.1	74.8
Employees†	921,400	65.7	65.5	65.3
Self Employed†	117,800	7.9	8.4	9.3
Unemployed§	43,500	4.0	4.4	4.4
<b>Males</b>				
Economically Active†	560,700	79.3	80.6	82.0
In Employment†	533,700	75.4	76.6	78.2
Employees†	457,300	65.3	65.5	66.1
Self Employed†	74,600	9.8	10.9	11.9
Unemployed§	27,000	4.8	4.8	4.6
<b>Females</b>				
Economically Active†	526,000	74.7	74.6	74.8
In Employment†	509,500	72.3	71.6	71.5
Employees†	464,100	66.1	65.5	64.6
Self Employed†	43,200	6.0	5.9	6.7
Unemployed§	16,600	3.1	4.0	4.2

Source: (Nomis Official Labour Statistics,  
2022)



# CONCLUSION

The total manufacturing output contribution of Derbyshire needs to be increased. For this three things can be done, increase the business survivability chance in the long run close to that of England. Decrease the negative business growth rate in the core industries of Derbyshire. That is the industries that form the heartland of Derbyshire's economic activity should be infused with necessary skilled labour. This will benefit not only the local ancillary business dependent on the core industries but also provide employment opportunities for local residents. They do not have to travel outside Derbyshire for higher packages. This will lead to savings on travel and accommodations. In order to create a pool of skilled employees from Derbyshire, government-sponsored technical and vocational courses can be conducted. Thus as local skilled employees start rising, more and more small scale ancillary industries can be set up gradually. This will not be a problem as the county already enjoys a higher than the national number of new business setups. Derbyshire can enter into cross border trade agreements with others such as Greater Manchester, West Yorkshire, South Yorkshire, Nottinghamshire and others for resource sharing in energy and natural resources. This way Derbyshire can tide over natural resources that are less available and open new industries.

# REFERENCE

Annual survey of hours and earnings. 2022. [online] Available at: <<https://www.nomisweb.co.uk/datasets/ashe/view?geography=1807745081&time=2021,2020&item=1,2,3,4,5,6,7,8,9,10,11,12,13,14,15&rows=time&cols=item&tools=hidden>> [Accessed 13 April 2022].

Assets.publishing.service.gov.uk. 2022. The Benefits of Brexit: How the UK is taking advantage of leaving the EU. [online] Available at: <[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1054643/benefits-of-brexit.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1054643/benefits-of-brexit.pdf)> [Accessed 13 April 2022].

Balleer, A., Link, S., Menkhoff, M. and Zorn, P., 2020. Demand or supply? Price adjustment during the Covid-19 pandemic. [online] Available at: <[https://www.econstor.eu/bitstream/10419/223466/1/cesifo1\\_wp8394.pdf](https://www.econstor.eu/bitstream/10419/223466/1/cesifo1_wp8394.pdf)> [Accessed 13 April 2022].

Bankofengland.co.uk. 2022. Monetary policy during pandemics.