Evaluate macroeconomic policies that could be used to increase international competitiveness in the UK's export markets

In 2022 the value of UK exports fell by 14% compared with 2020. In contrast, the global average increase in exports was 8.2% over the same time period. The UK's competitiveness also fell, dropping five places from 18th in 2021 to 23rd in 2022, in the world competitiveness rankings.

Interventionist supply side policies, such as subsidising British firms, can be implemented whereby costs of production/productivity are lowered/increased, thereby increasing international competitiveness in the UK's export markets. Subsidising firm costs can increase workforce specialisation, reason being firms have more investable capital for "worker training". Specialisation positively correlates with labour productivty, being the output per worker. Were this to increase, cost per unit would in turn decrease, enabling international exports to be priced lower. In practice, this leads to UK exports appearing more attractive to foreign buyers. Although in theory, firms are disincentivised to invest in "worker training" post-subsidy because of threats like "worker poaching" by rival firms and "differing business objectives", which can lead firms to allocate extra capital to shareholders, rather than invest in workforce training. Another, interventionist policy may be increased funding of education/ infrasturucte. Financing infrastructure such as "motorways" can improve geographical mobility of workers. This allows,... Moreover, education can lead to a more qualified workforce, leading to technological innovations. However effects may only be felt in the long-run. Furthermore, long time from initial idea/proposla, to pallnign (party switching) disruption... Barring i

An alternative policy is depreciating the pound, whereby benefits of a weaker exchange rate stimulate UK exports. Were the pound to depreciate against a basket of currencies, less foreign currency is now needed to buy the same quantity of UK exports which becomes relatively cheaper to foreign buyers as their purchasing power has increased in respects to UK exports. However, vice versa, a unit of pound exchanges for less foreign currency, which causes cost-push inflation. The rising cost of imports, may in fact dampen said gains in international competitiveness. To complicate matters, exporters reliant on imported componentsUK exporters, who import parts required for assembly may suffer. Take for example, British automobile industries.A relatively weaker pound means imports such as "chips" would.

this may also worsen the trade position as automobiles are key exports composing of %. Mention time lag argument J-curve, laffer curve. a countrys exchange rate is the value of its

currency against other currencies, exchange rates can be bilateral e.g. 1 dollar equals 85 pence, or an index value e.g. if $ value is 105, it has increased by 5% aainst a basket of other currencies.
(which are an injection into the circular flow) and contribute to AD, imay be benefiicla in gorwth, though depend on elasticity of agregate supply.A fieffect on current account is uncertain - if the marshall lerner condition is satisfied then a lower valued currency will improve the current account but not possibly in the short run (illustrate with j-curve) net-beneficial effect, not clear, cost-push inflatoin may erode any benfit, however domesticly produced exporters may fare well.

Supply side policies are not the best approach towards increasing UK international competitiveness. Whilst true, all proposed policies suffer from time lag and run the risk of conflicting with other macro-economic objectives.. Currency, depreciation is a better approach than interventionary policies. Crucially, it can and does whereas... Factoring in,

Many of the benefits overlap Some of the >>> wil fall on the producer, as a cost rice. Show on the graph with cclear annotiatoinm. Although the extent of cost rice depends upon the... (show on graph) Assuming nothing else changes (ceteris paribus) however there are many “unknowns” and questionable assumptoinshhhhhh - there may be consequences. A similar issue arose during the “Austerity Years” in which contractionary fiscal policy, was in part, responsible for the hike in food bank usage (+300%). A conclusi. A comination of measures may give the best reuslts, in regards to austerithy a similar issue arose with. in alaysing the possible causes of inflation we can start with initial fall in intereter tates in year, which led to a. Used in tandem, if cost-push takes place, interventionary can work to subsidise producers? This warrants a

Source code & Licensing

- Compiled with the `.mom` macroset - run `groff -mom -kept -T pdf (or ps)`
- Licensed under the *creative commons*
- git.avsbq.org/sch/ – source code