
Contents

<i>List of Figures</i>	ix
<i>Data Sources</i>	xiv
<i>Preface</i>	xvii

1 The Economy in Outline 1

Resources: land, labour, capital · production · foreign trade: commodity composition and geographical distribution, the balance of payments · economic growth · employment and unemployment · the monetary system: inflation · government and economic policy: efficiency, equity, control of the economy as a whole · the European Community. Questions and exercises · Appendix.

2 Organisation of Business Activity 35

Private sector: the single proprietorship, partnerships, co-operatives, joint stock companies, balance sheets, profit and loss accounts · financing the firm: shares, bonds, gearing, reinvested profits, take-overs · the Stock Exchange: control of joint stock companies, personal and institutional investors, company management, share ownership, take-over bids · public sector: nationalised industries, privatisation · market structures. Questions and exercises · Appendix.

3	Structure of British Industry	68
	National output · industrial change: deindustrialisation · productivity · location of industry · industrial concentration: size of manufacturing units and business enterprises, growth of firms · mergers and demergers · inter-firm co-operation, multinational corporations. Questions and exercises · Appendix.	
4	Distribution	103
	Distribution of income: size and factor shares · supply of labour · population · activity rates · patterns of unemployment · wages: occupational, industrial, age, sex and regional wage differences · non-pecuniary advantages and disadvantages · trade unions: development and structure, collective bargaining, trade disputes · rent · profit. Questions and exercises · Appendix.	
5	International Trade and Development	141
	Basis for trade · major trading nations · UK trade: commodity trade, import and export penetration, geographical distribution of UK trade, terms of trade, export competitiveness · trade restrictions · UK commercial policy · European Community: Single European Act 1992 · trade liberalisation: GATT · economic development: aid, World Bank. Questions and exercises · Appendix.	
6	Government and Resource Allocation	176
	Efficiency and equity goals and instruments of economic policy, government revenue and expenditure, taxes on income, expenditure and capital, local authorities' finances, national insurance, the national debt, international tax burdens · budget of the EC · income and wealth distribution and redistribution, poverty · competition policy: monopolies, restrictive practices, mergers, EC competition policy · regional policy · government and agriculture · agriculture and the EC ·	

housing, education and health · privatisation · regulating natural monopolies. Questions and exercises · Appendix.

7 National Income and Balance of Payments 228

National income, expenditure and output: consumption, investment, government and exports, savings · the national accounts · GDP, GNP, at factor cost and market prices, foreign trade, capital consumption, reliability of statistics · living standards, the distribution of national income · real and nominal income · the balance of payments: current and capital accounts, how the balance of payments balances, exchange rates. Questions and exercises · Appendix.

8 Money and Banking 259

Forms and functions of money, currency, sight and time deposits, M0, M2, M4, M3H and other money supply measures · the banking and financial system: clearing · bank assets and liabilities · investment banks · non-banking financial institutions: discount houses, building societies, insurance companies, pension funds · the changing financial system · the Bank of England: Issue and Banking Departments, monetary policy, bank liquidity, interest rates, EC and monetary policy. Questions and exercises · Appendix.

9 Growth and Stabilisation Policy 293

Economic fluctuations · macroeconomic policy goals: economic growth, price stability, full employment · the Phillips curve · fiscal policy: cyclical indicators, automatic stabilisers · monetary policy · EC and fiscal/monetary policy · supply-side policies: labour market intervention · international economic policy instruments: exchange rates, exchange control, monetary policy · international monetary co-operation: Bretton Woods, European Monetary System, EMU · the

world debt problem · concluding remarks: macroeconomic
policy – a perspective. Questions and exercises · Appendix.

Index

341

List of Figures

1.1	Land use, 1991	2
1.2	Land under tillage crops, 1991	3
1.3	Inland energy consumption, 1960 and 1991	4
1.4	Population since 1801	5
1.5	Density of population, 1990	6
1.6	Regional population changes, 1911–1991	7
1.7	The working and non-working population, 1991	8
1.8	Gross capital stock, 1991	10
1.9	Types of industrial activity, 1992; primary, secondary and tertiary production	11
1.10	Employment in the main industrial sectors, 1992	14
1.11	UK imports, commodity composition, selected years, 1913–1991	16
1.12	UK exports, commodity composition, selected years, 1913–1991	17
1.13	Geographical distribution of UK foreign trade, 1991	18
1.14	Real output, 1900–1991	20
1.15	Percentage unemployment, 1900–1991	21
1.16	Index of retail prices, 1900–1992	24
1.17	Government expenditure as a percentage of GNP	26
2.1	Allocation of company income, 1991	48
2.2	Prices of ordinary shares, 1985–1992	50
2.3	The ownership of shares, 1963 and 1992	52
2.4	Persons holding shares in Britain since 1979	53

2.5	Average monthly prices of a Vauxhall Cavalier and an ounce of silver	63
3.1	Value of national output, 1991	69
3.2	Manufacturing production, 1991	69
3.3	Manufacturing output as a share of total domestic production, selected years since 1950	71
3.4	Manufacturing output and output per employee since 1976	74
3.5	Research and development expenditure, manufacturing industry, 1989	75
3.6	Productivity in manufacturing, output per employee, 1972–1982, and output per employee-hour, 1982–1992	76
3.7	Investment as a percentage of GDP, 1991, selected countries	77
3.8(i)	Regional specialisation, 1991	79
3.8(ii)	UK standard regions	79
3.9	Regional population changes, 1971–1990	82
3.10	Size of business units in manufacturing, 1989	84
3.11	Large manufacturing units, 1991. Shares of total employment in units with 1,000 or more workers	85
3.12	Concentration in business enterprises, 1990. Shares of total manufacturing output by enterprises of different size	86
3.13	Concentration ratios, selected industries, 1990, percentage of total net output by the five largest enterprises	87
3.14	The growth of concentration in manufacturing industry since 1911	88
3.15	Company structure, Pearson plc, 1992	91
3.16	Links between members of the Electric Lamp Manufacturers' Association, 1951	96
4.1	Distribution of household income, UK, 1988	104
4.2	Factor distribution of income, UK, 1991	106
4.3	Age distribution of the female population, 1871 and 1990	109
4.4	Size of families, 1860–1880, and 1925–1945	110
4.5	Female and male workers, selected occupations, 1991	112

4.6	Regional unemployment rates, 1992	115
4.7	Unemployment rates by ethnic origin, 1991	117
4.8	Duration of unemployment, 1992	118
4.9	Occupational wage differences, 1913 and 1978	120
4.10	Average weekly earnings of full-time adult male manual workers, selected industries, 1991	123
4.11	Regional wage differentials (of full-time adult male manual workers), 1991	125
4.12	Numbers of trade unions and members since 1920	128
4.13	Trade union membership, selected industries, 1990	129
4.14	Industrial disputes since 1920 – working days lost	132
4.15	Average gross weekly earnings of adult men, selected occupations, 1991	135
4.16	Dividend yields on selected equities, October 1992	136
5.1	Major trading nations: values of exports and imports, 1991	143
5.2	Exports, of leading trading nations since 1980	143
5.3	Imports as a percentage of national income, selected countries, 1991	144
5.4	Commodity trade of the UK, 1991	146
5.5	Exports/sales and imports/home demand, selected industries, 1991	147
5.6	UK exports by destination, selected years, 1913–1991	149
5.7	UK imports by origin, 1991	150
5.8	UK exports by destination, 1991	151
5.9	Terms of trade, UK since 1970	154
5.10	Export competitiveness: export prices, relative to the world average, selected countries, 1980–1991	154
5.11	European Community, population, output and trade, 1991	160
5.12	Average income per head, selected countries, 1990	166
6.1	Government income, 1981 and 1991	178
6.2	Taxes and social security contributions, selected countries, 1989	189
6.3	Public expenditure, 1991–1992	190
6.4	Budget of the European Community, 1991	192
6.5	Income tax for a single person as a percentage of gross income, 1992–1993	194

6.6	Government redistribution, 1989 – shares of total income before and after tax and cash benefits	196
6.7	Shares in total income by richest, poorest and middle-income households, 1967, 1978 and 1988	200
6.8	Retail Price Index for major classes of goods and services, 1987–1992	203
6.9	Household expenditure, 1990	204
6.10	Distribution of personal wealth, 1989	205
6.11	Location of industry policy, 1992	216
7.1	Gross domestic product, 1991	229
7.2	Consumer expenditure, 1991	230
7.3	Gross domestic fixed capital formation, 1991	231
7.4	Changes in value of stocks, 1981–1991	232
7.5	The savings ratio, 1981–1991	234
7.6	National income and product, 1991 (relationship between major definitions)	237
7.7	Estimated year-to-year changes in GDP, 1974–1990	240
7.8	Regional income per head, 1990	242
7.9	Gross domestic product, 1970–1991, nominal and real GDP and price level	244
7.10	Current account balance of payments, 1980–1991	246
7.11	Invisible trade balances, UK, 1991	247
7.12	Private investment outflows and inflows, 1982–1991	249
7.13	Balance of payments, 1991	250
7.14	Sterling–D-Mark exchange rate, 1980–1992	253
8.1	Currency and bank deposits, 1992	263
8.2	Measures of the money supply, 1992	266
8.3	Sterling liabilities and assets of UK banks, 1992	270
8.4	Loans and advances to UK residents, May 1992	273
8.5	Insurance companies' assets, end 1990	279
8.6	Bank of England (Banking Department) liabilities and assets, June 1992	283
9.1	Percentage unemployment since 1875	294
9.2	Unemployment and year-to-year changes in real output and retail prices since 1971	295
9.3	Comparative rates of growth of GDP, selected countries, 1960s, 1970s and 1980s	297
9.4	Price index of consumables, 1275–1990	298
9.5	Inflation rates, selected countries, 1980–1992	299

9.6	Unemployment rates (standardised), selected countries, 1992	301
9.7	Unemployment and job vacancies since 1960	303
9.8	The relationship between wage inflation and unemployment since 1862	304
9.9	Cyclical indicators, 1972–1992	308
9.10	Money supply (M0), retail price index (RPI) and interest rates since 1970	310
9.11	Sterling–dollar exchange rate, 1972–1992	320