

CASE STUDY: THE UK – A POST-INDUSTRIAL COUNTRY

The UK was the world's first industrial nation. It led the Industrial Revolution. Fifty years ago, manufacturing produced 40 per cent of the country's economic wealth and employed one-third of the workforce. Today, it produces slightly less than 25 per cent of the wealth and employs less than 20 per cent of the workforce. As a result of the **global shift** in manufacturing (see Part 8.1 on page 214), the country has experienced **de-industrialisation** (Figure 4.16). Many of the goods once manufactured in the UK are now made in China, India and other MICs and LICs.

The UK's economy today is very much a service-based economy. Figure 4.14 (on page 108) shows that the tertiary sector provides jobs for 80 per cent of UK workers and creates 75 per cent of the national economic wealth. These figures for the tertiary sector also include those for the up-and-coming quaternary sector. Because it is often hard to distinguish between quaternary and tertiary sector work, we can only guess what the quaternary sector's contribution to the economy is – possibly 10–15 per cent.

► Figure 4.16:
De-industrialisation
of the Potteries



It is interesting to note the place of agriculture in the UK economy. UK farming produces about 60 per cent of the country's food supply. The low labour percentage reflects the high level of mechanisation; while a low GDP percentage reflects the low price of farm products relative to manufactured goods and services. There is no doubt that the sector shift from the secondary to the tertiary sector has had its social costs. De-industrialisation has meant workers being made redundant, rising unemployment and the challenge of finding new jobs. The search for work has often led to families being uprooted from their homes. It was fortunate that the decline of manufacturing coincided with growth in the tertiary sector.

De-industrialisation also had huge environmental costs. Large urban areas were laid waste as factories closed and were demolished (Figure 4.16). Industrial towns and cities in the north of the UK have had to reinvent and re-image themselves. The survival of these settlements has been both difficult and expensive.

SKILLS DECISION MAKING

ACTIVITY

Discuss, in groups, whether or not you think that the de-industrialisation of the UK has all been bad news.

CHECK YOUR UNDERSTANDING

Identify **three** possible reasons for de-industrialisation.

The pie charts in Figure 4.14 on page 108 will help you understand what is meant by sector shifts. The relative importance of the economic sectors changes as you read across from Ethiopia to the UK.

In the three case studies, it is clear that some of the UK's manufacturing has moved to China, causing sector shifts in both countries. Will some of China's manufacturing eventually move to one of today's LICs, such as Ethiopia? It is possible, particularly if Chinese workers continue to expect higher wages. This will make Chinese labour more expensive. It could well persuade manufacturers to move to locations where labour is cheaper. This would be bad news for China, but possibly good news for Ethiopia.

4.5 INFORMAL EMPLOYMENT

So far, we have recognised four different sectors. In some parts of the world, there is a fifth sector that is not recognised in the official figures produced by governments. It is called the **informal sector**, and is also referred to as the 'black economy' because it is unofficial and unregulated. Yet this sector employs millions of people across the world, especially in developing countries (Figure 4.17).