

NIESR Election Briefing No. 1

THE ECONOMIC LANDSCAPE OF THE UK

Jagjit S. Chadha,

Director

NIESR

8th May 2017

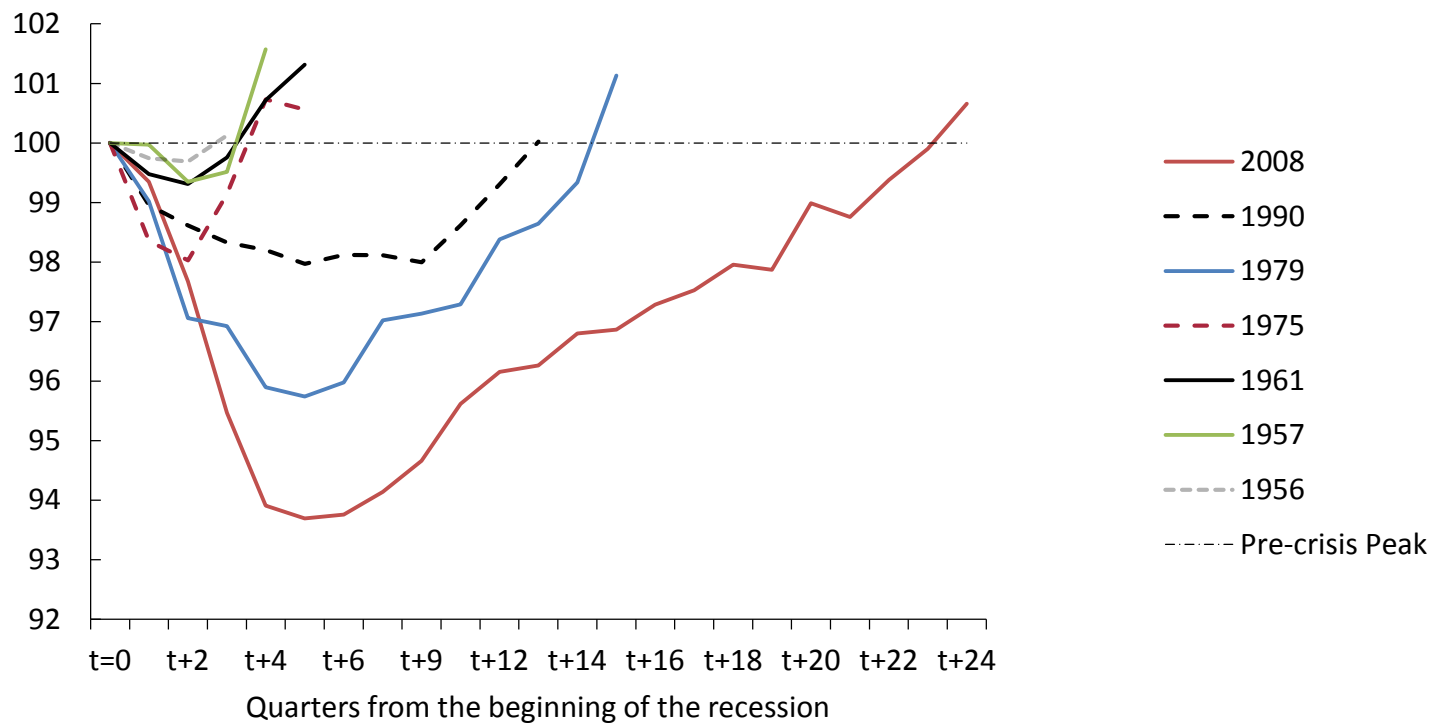


June 2017 election briefing and analysis on key economic themes



National Institute of Economic and Social Research

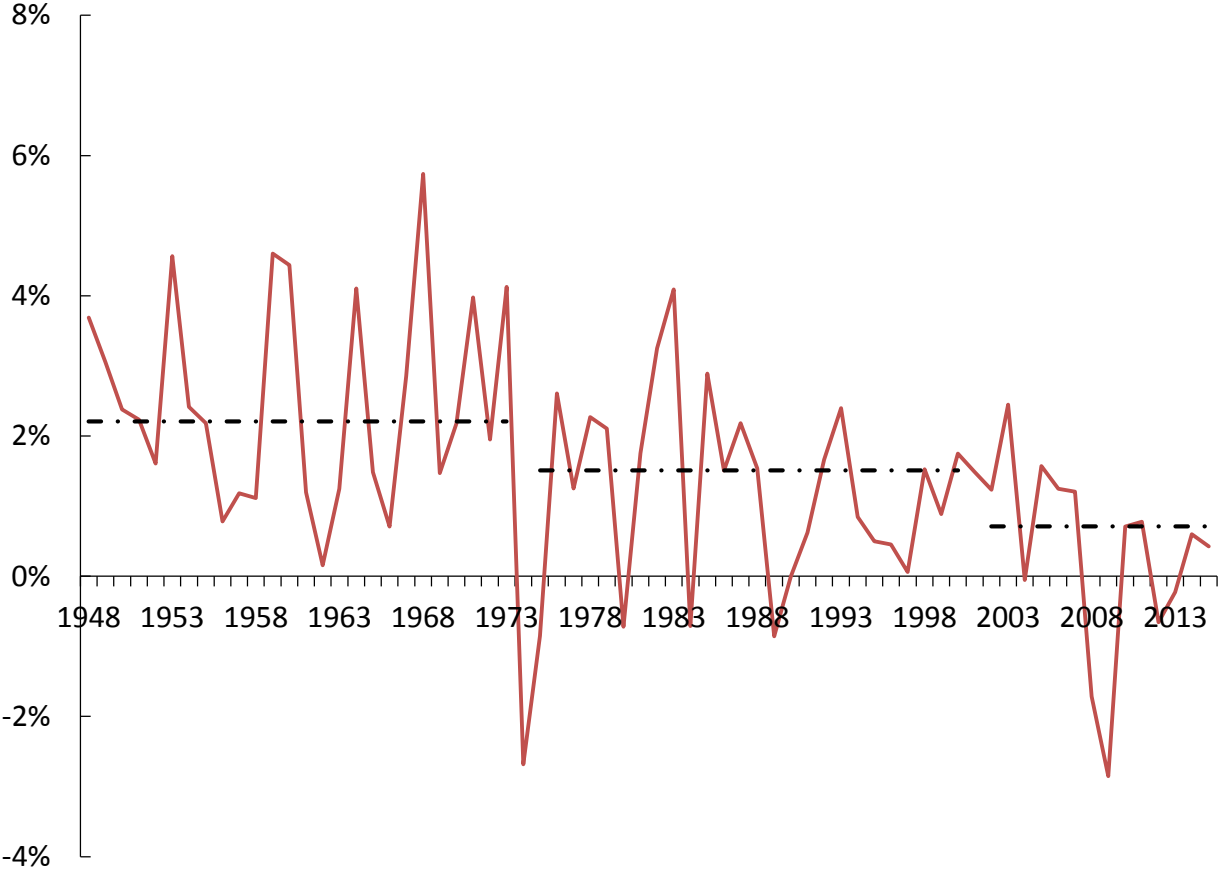
Figure 1. Postwar recoveries in level of GDP



Source: Source: NIESR. Note: 100 = Pre-crisis level.



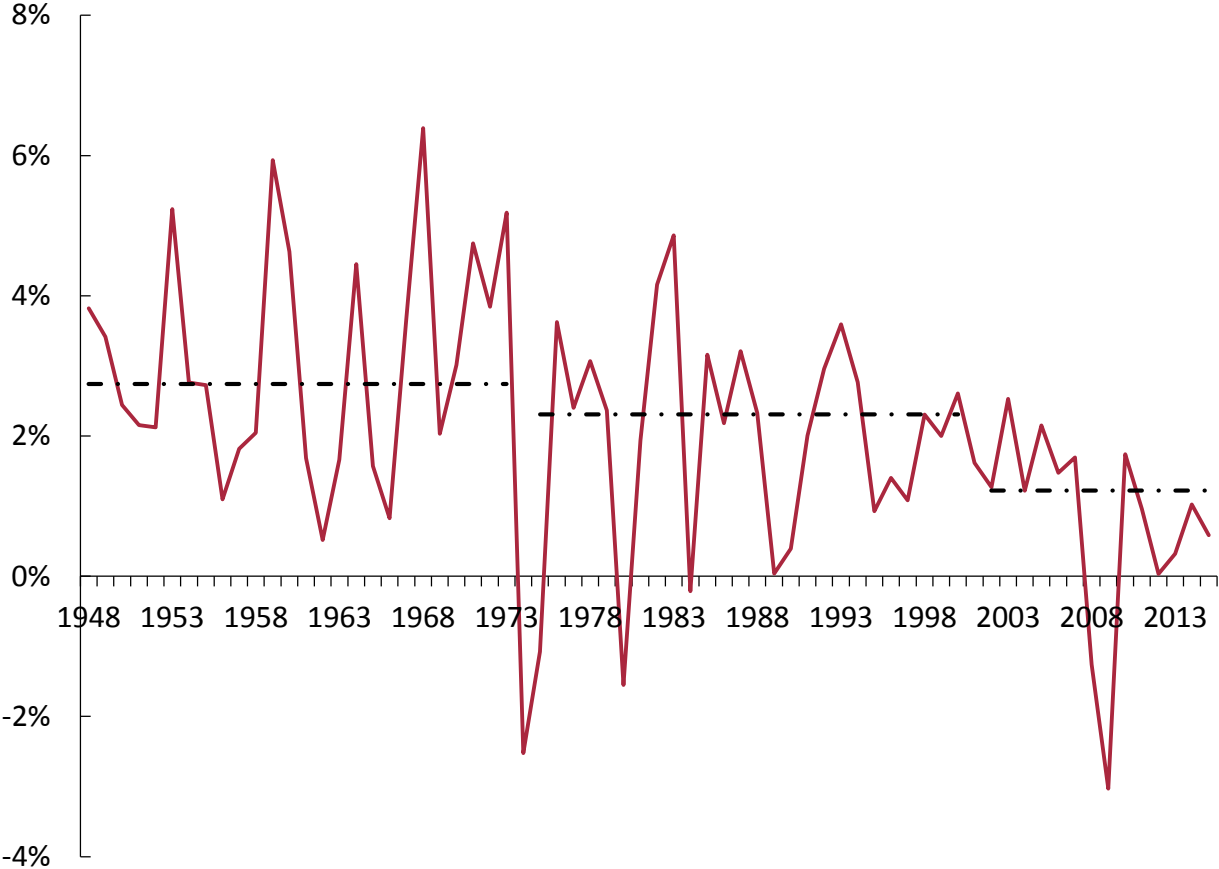
Figure 2a. Total factor productivity growth 1948–2015



Source: Bank of England, 3 centuries dataset



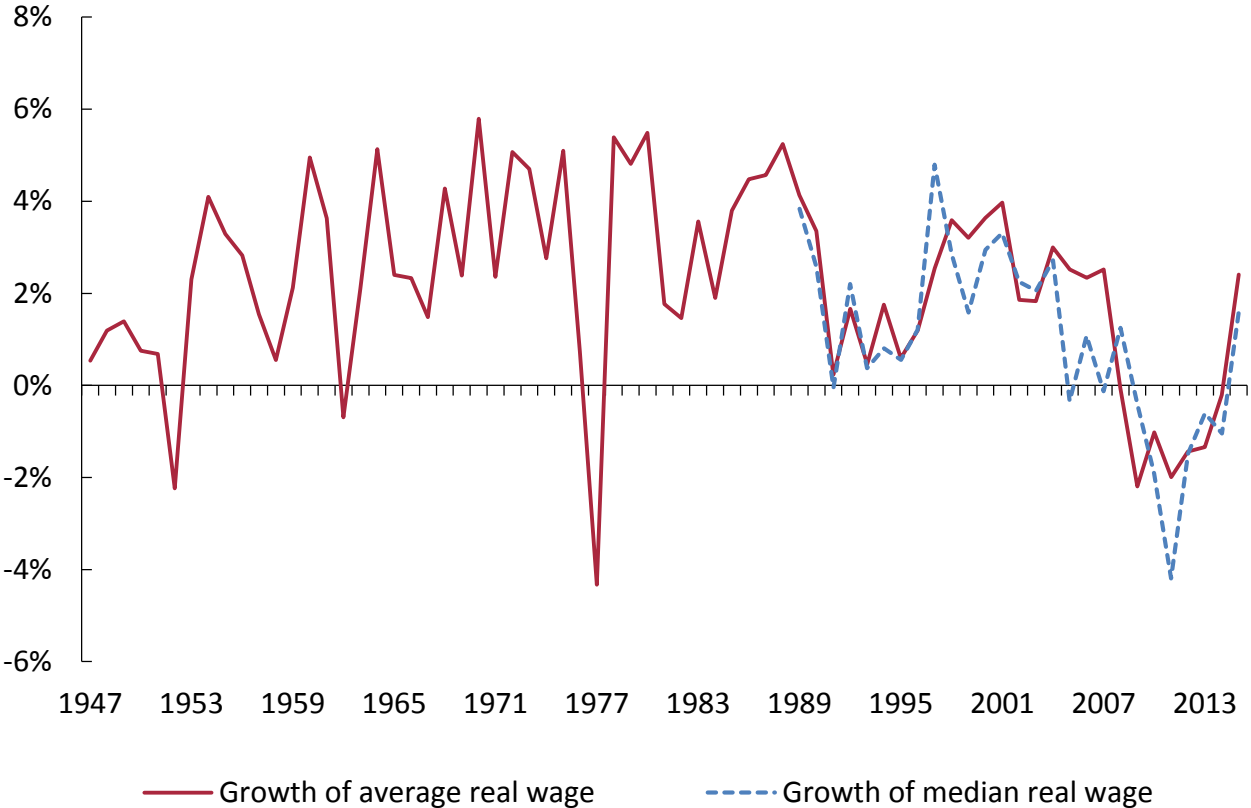
Figure 2b. Labour productivity per head 1948–2015



Source: Bank of England, 3 centuries dataset



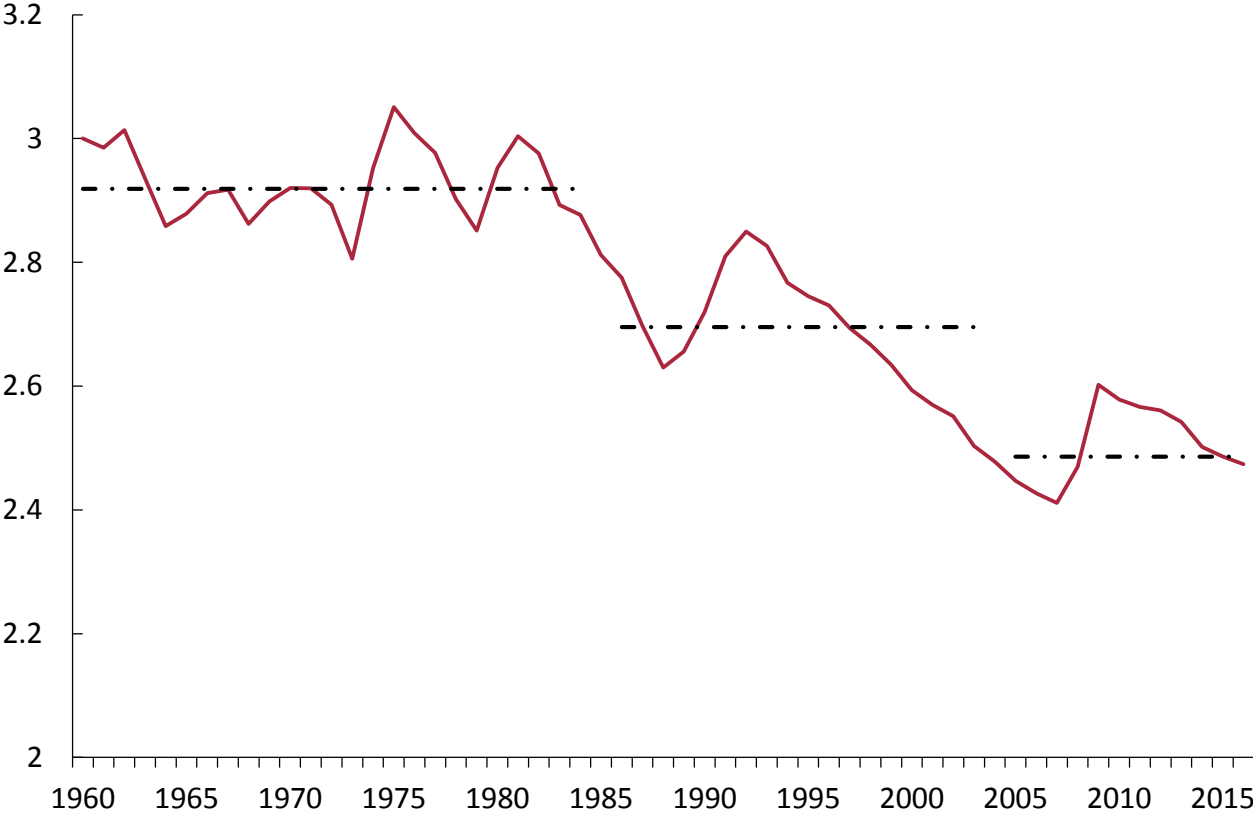
Figure 3. Growth of average and median real wage 1946 - 2015



Source: Source: ONS and Bank of England.



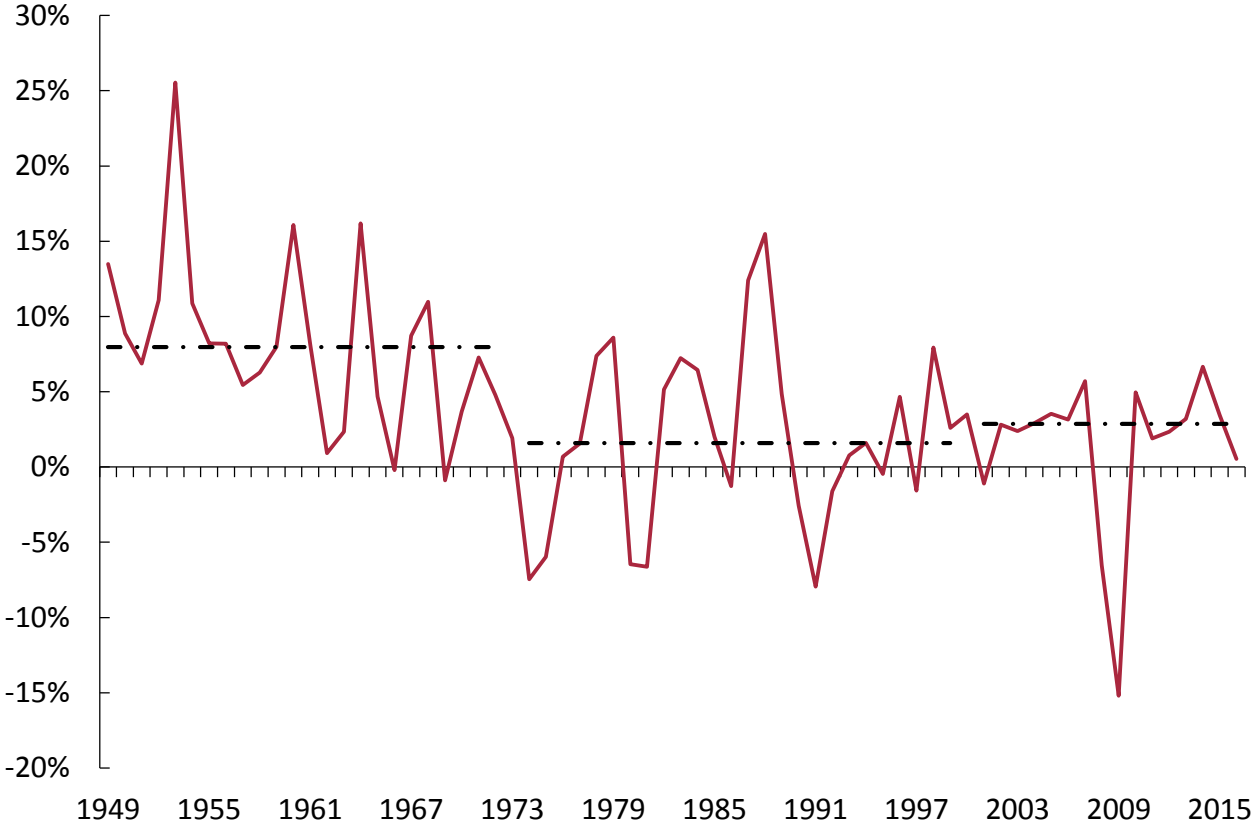
Figure 4. Capital–output ratio at constant prices 1960–2016



Source: European Commission and NIESR.



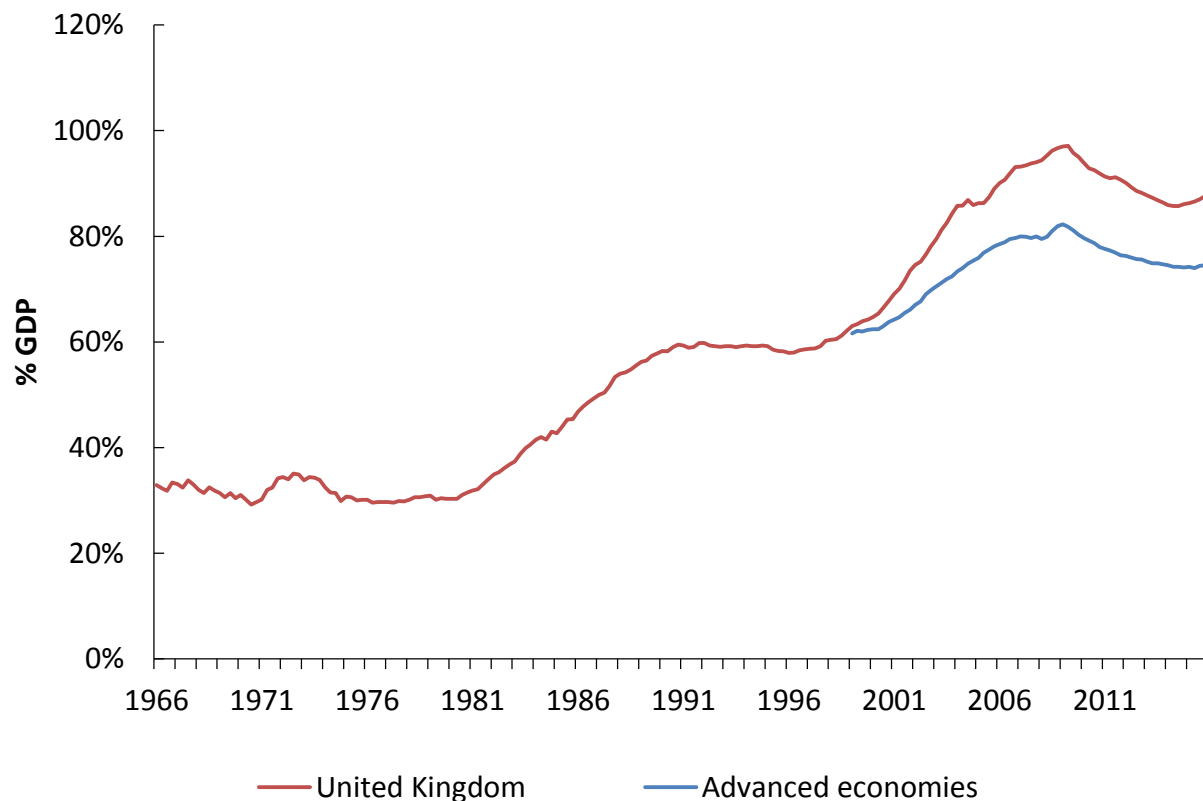
Figure 5. Real investment growth 1949–2016



Source: European Commission and NIESR.



Figure 6. Household debt in the UK compared to the advanced economies 1966-2016



Source: BIS long series on total credit



Figure 7. Ratio of household net wealth to consumption



Source: ONS, National balance sheet: households and non-profit institutions serving households (NPISH)



Table 1. Balance sheet of the household sector, 1995

| Table 1. Balance sheet of the household sector, 1995 | | | | | |
|--|-------|-------|-------------------------------|-------|-------|
| Assets | | 3,401 | Liabilities | | 3,401 |
| <i>Tangible Assets</i> | 1,257 | 37% | <i>Financial liabilities</i> | 556 | 16% |
| Real Estate | 1,132 | | Loans | 493 | |
| Durable goods | 125 | | Insurance & pensions | 12 | |
| | | | Debt securities | 2 | |
| | | | Other | 49 | |
| <i>Financial Assets</i> | 2,144 | 63% | <i>Net Wealth (= Assets –</i> | 2,845 | 84% |
| Insurance & pensions | 1,158 | | <i>Liabilities)</i> | | |
| Equities | 403 | | | | |
| Cash & deposits | 468 | | | | |
| Debt securities | 43 | | | | |
| Other | 72 | | | | |

Source: ONS, National balance sheet: households & non-profit institutions serving households (NPISH), £ billions



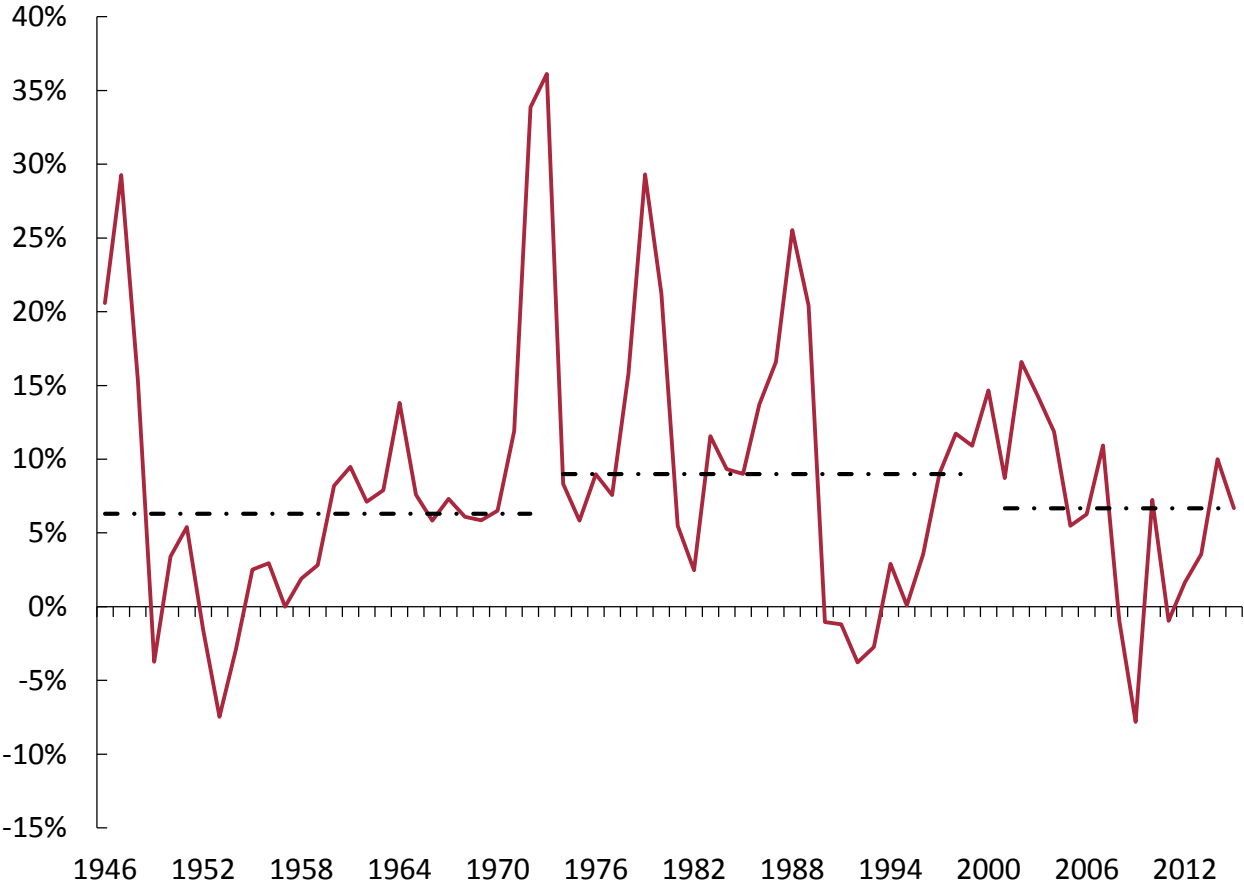
Table 2. Balance sheet of the household sector, 2015

| Table 2. Balance sheet of the household sector, 2015 | | | | | |
|--|-------|--------|------------------------------|--------|--------|
| Assets | | 11,948 | Liabilities | | 11,948 |
| <i>Tangible Assets</i> | 5,637 | 47% | <i>Financial liabilities</i> | 1,751 | 15% |
| Real Estate | 5,307 | | Loans | 1,622 | |
| Durable goods | 330 | | Insurance & pensions | 64 | |
| | | | Debt securities | 3 | |
| | | | Other | 62 | |
| <i>Financial Assets</i> | 6,311 | 53% | <i>Net Wealth (= Assets</i> | 10,197 | 85% |
| Insurance & pensions | 3,731 | | <i>– Liabilities)</i> | | |
| Equities | 791 | | | | |
| Cash & deposits | 1,474 | | | | |
| Debt securities | 94 | | | | |
| Other | 221 | | | | |

Source: ONS, National balance sheet: households & non-profit institutions serving households (NPISH), £ billions



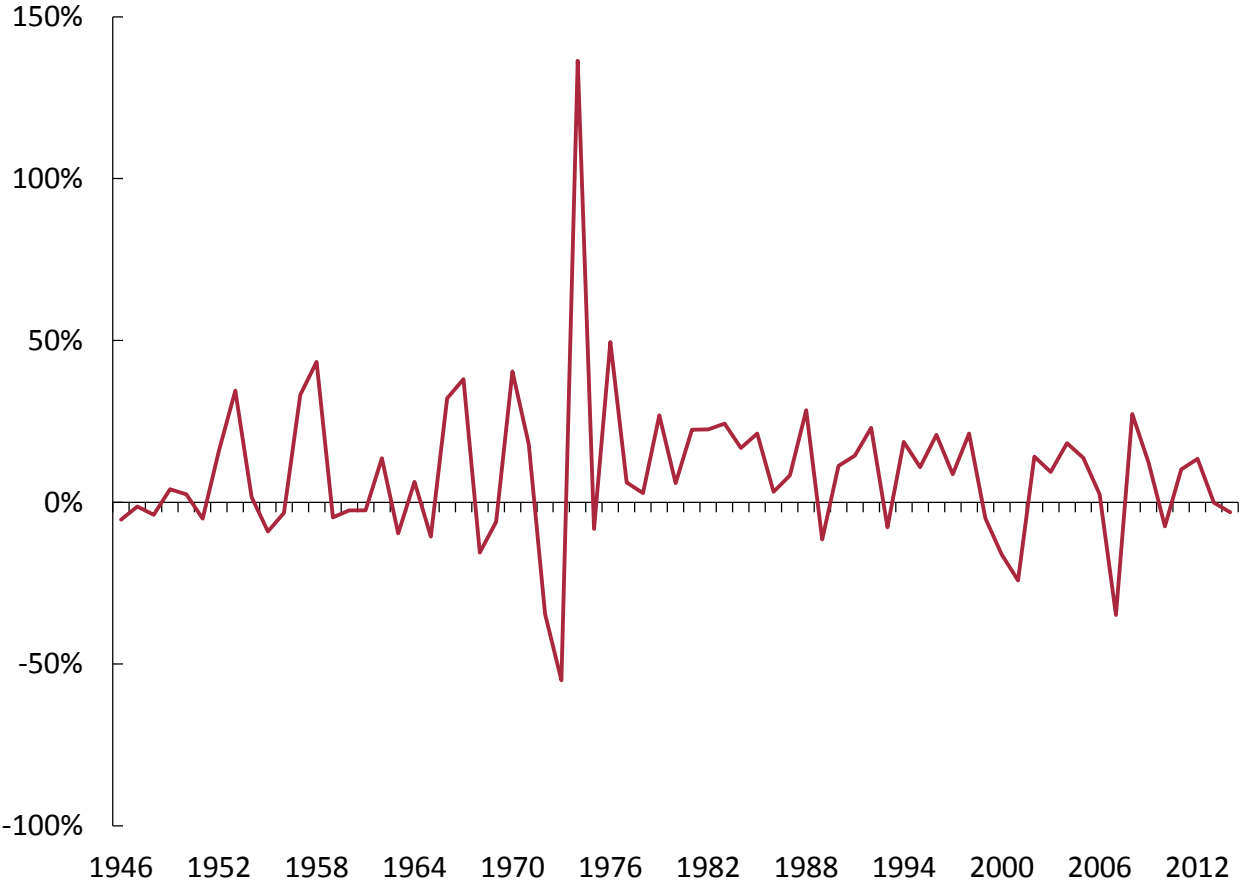
Figure 8. House price growth 1946–2015



Source: Bank of England, 3 centuries dataset.



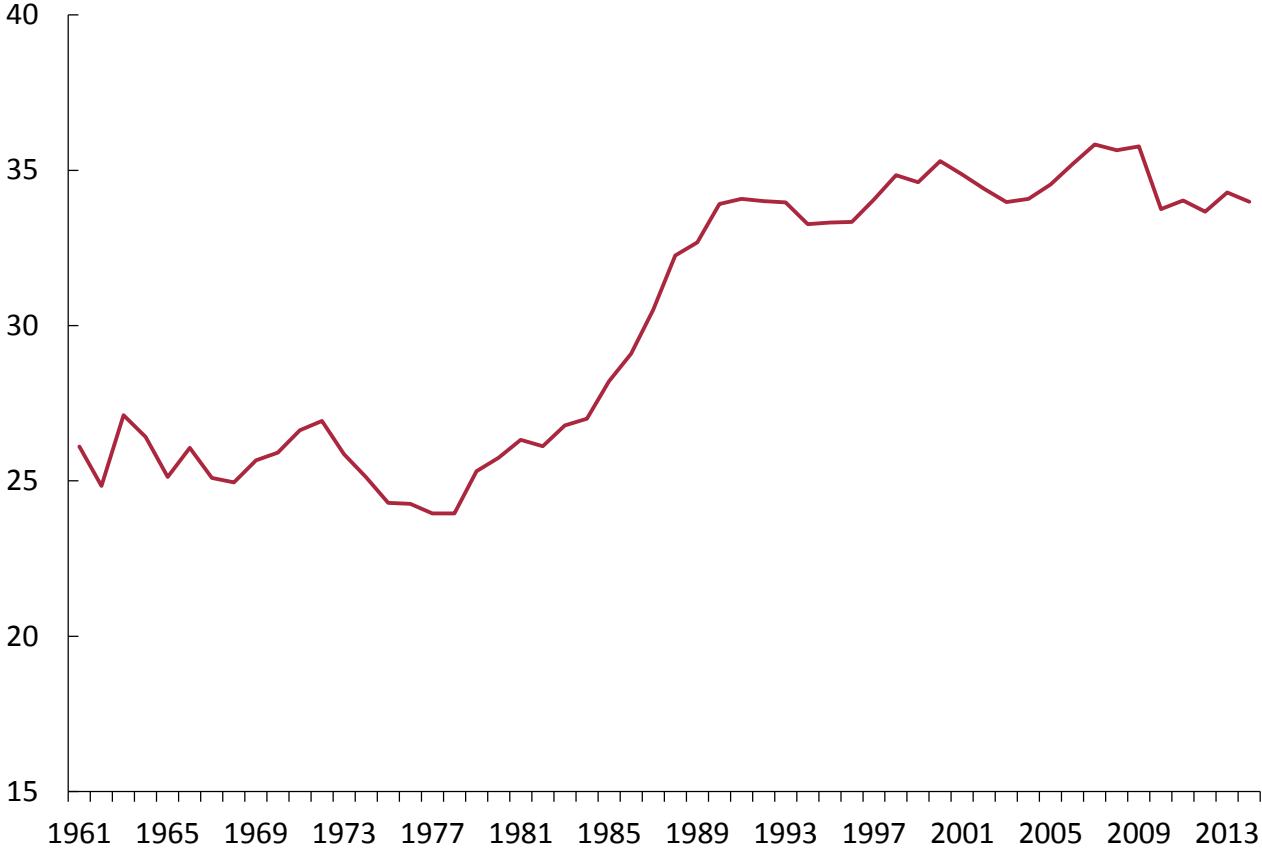
Figure 9. Equity price growth 1946–2015



Source: Bank of England, 3 centuries dataset



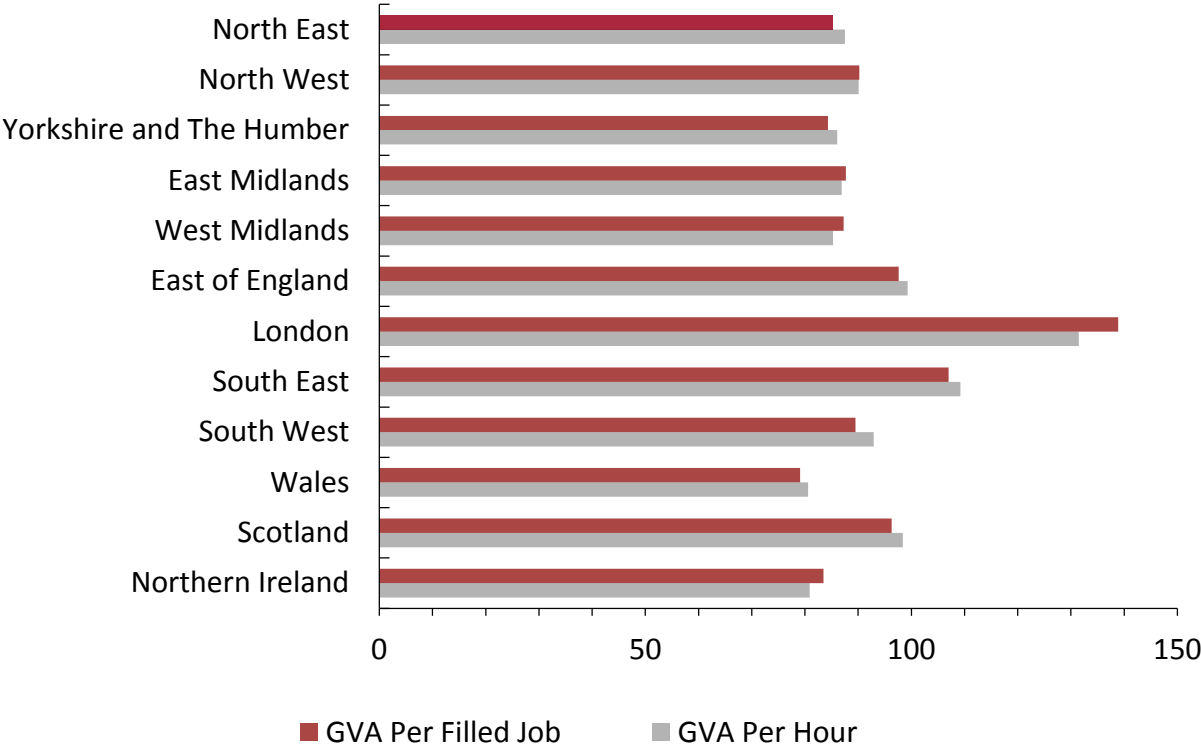
Figure 10. UK Gini coefficient 1961–2014



Source: *The chartbook of economic inequality*, Atkinson et al.



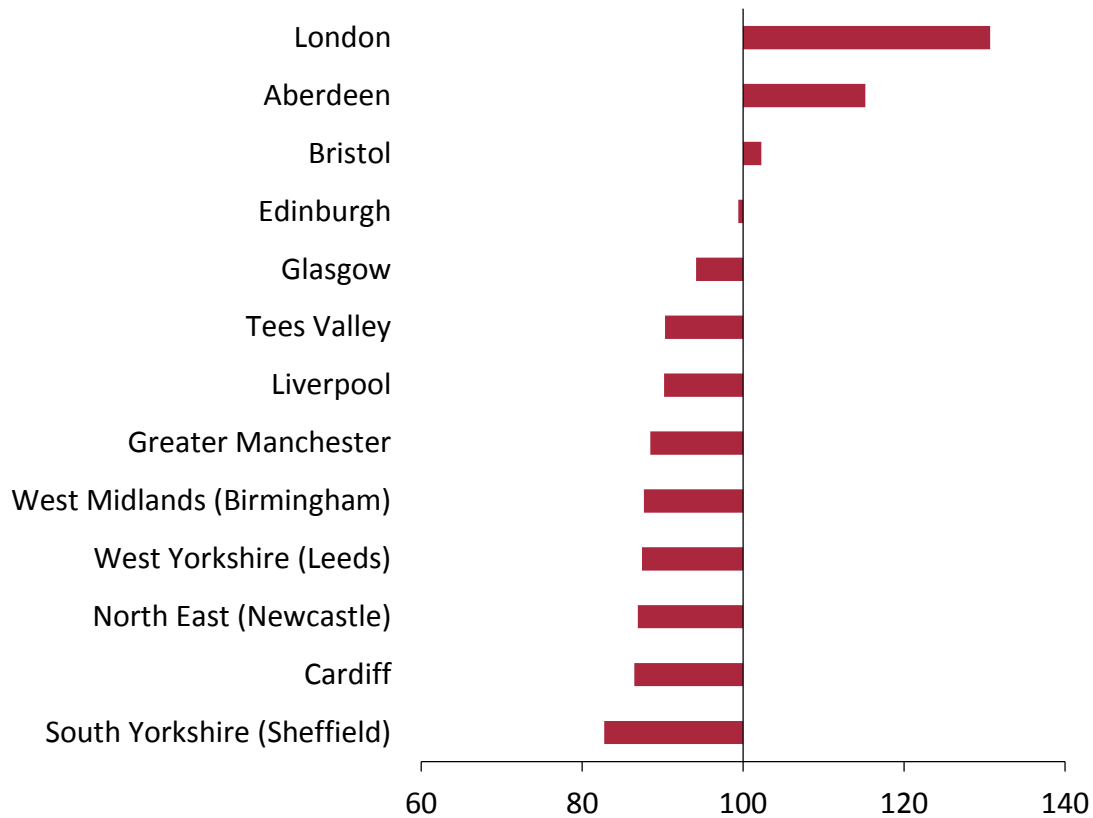
Figure 11. Labour productivity by NUTS 1 region or country, 2015



Source: ONS and NIESR, UK=100. ONS and NIESR, UK=100.



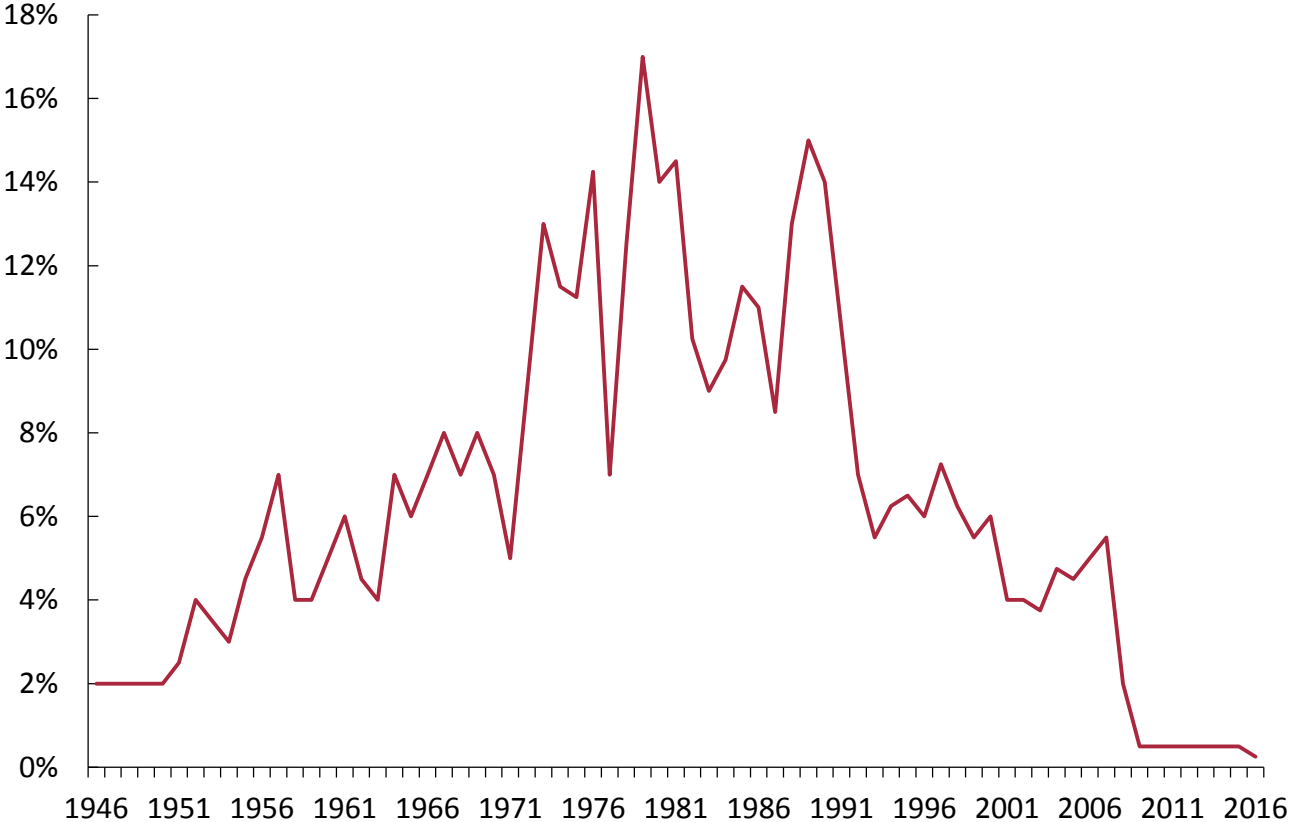
Figure 12. GVA per hour worked - City Regions, 2015



Source: ONS and NIESR, UK=100. ONS and NIESR, UK=100.



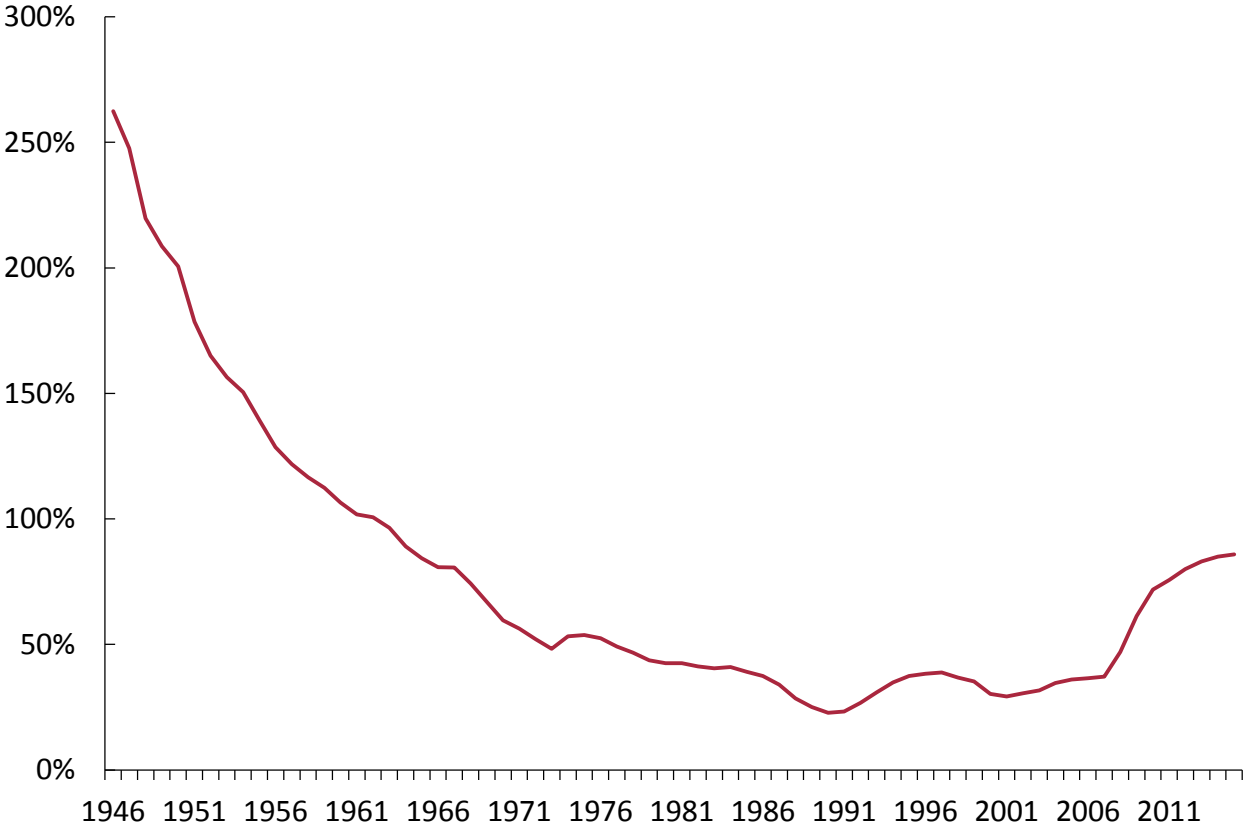
Figure 13. Policy rate 1946–2016



Source: Bank of England, 3 centuries dataset.



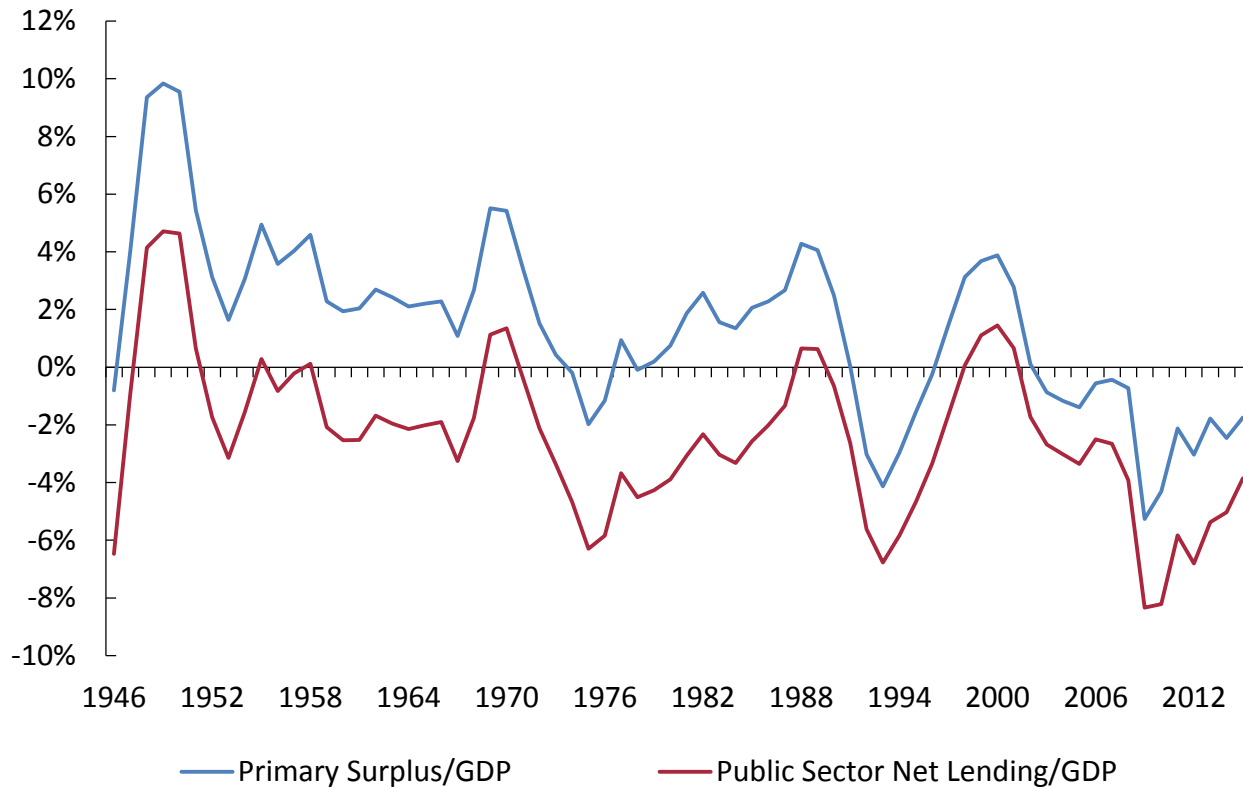
Figure 14. UK public debt to GDP, 1946–2015



Source: Bank of England, 3 centuries dataset.



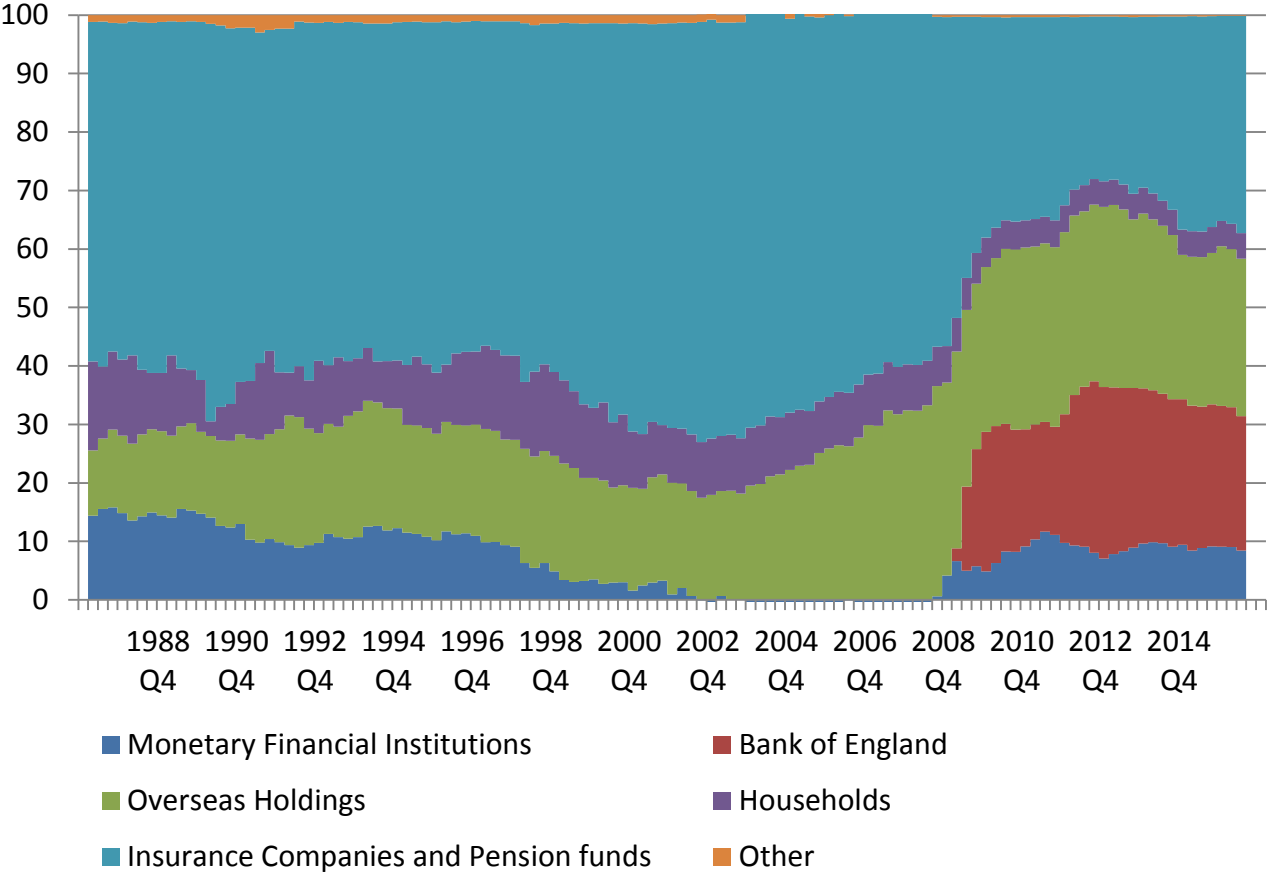
Figure 15. Primary surplus and public sector net lending to GDP 1946–2015



Source: Bank of England, 3 centuries dataset



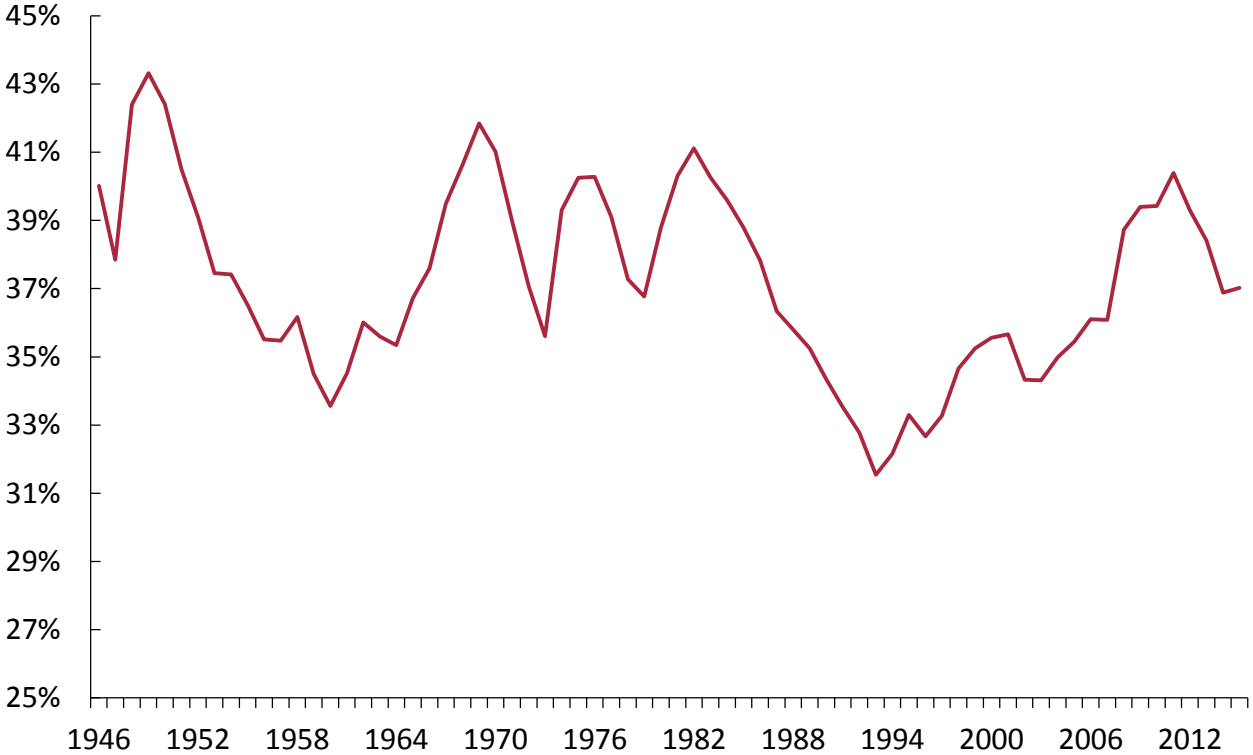
Figure 16. Holdings of UK central government liabilities, 1987–16



Source: Debt Management Office



Figure 17. Public sector total receipts to GDP, 1946–2015

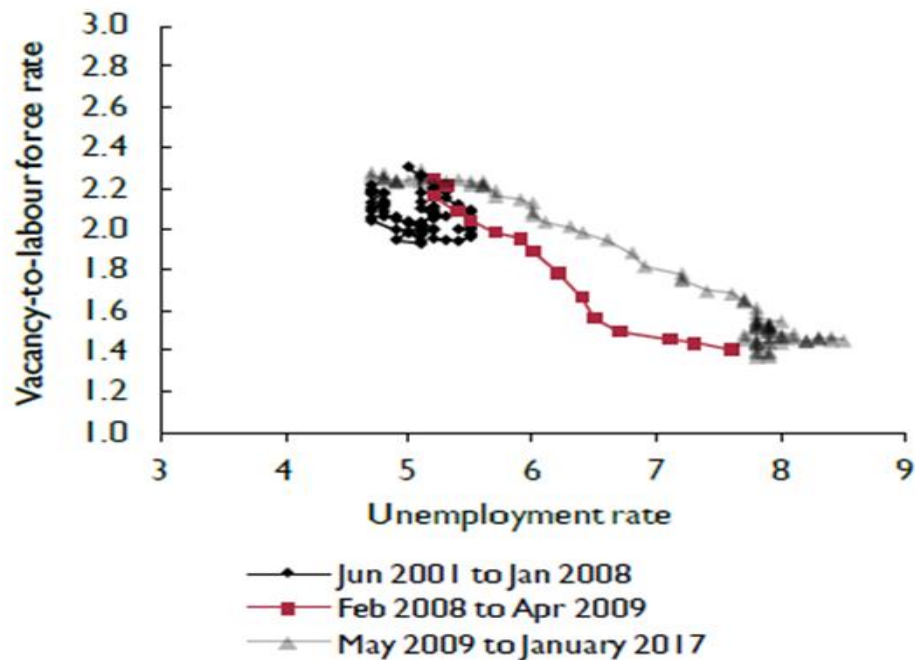


Source: Bank of England, 3 centuries dataset



Figure A1. UK Beveridge Curve

The Beveridge curve

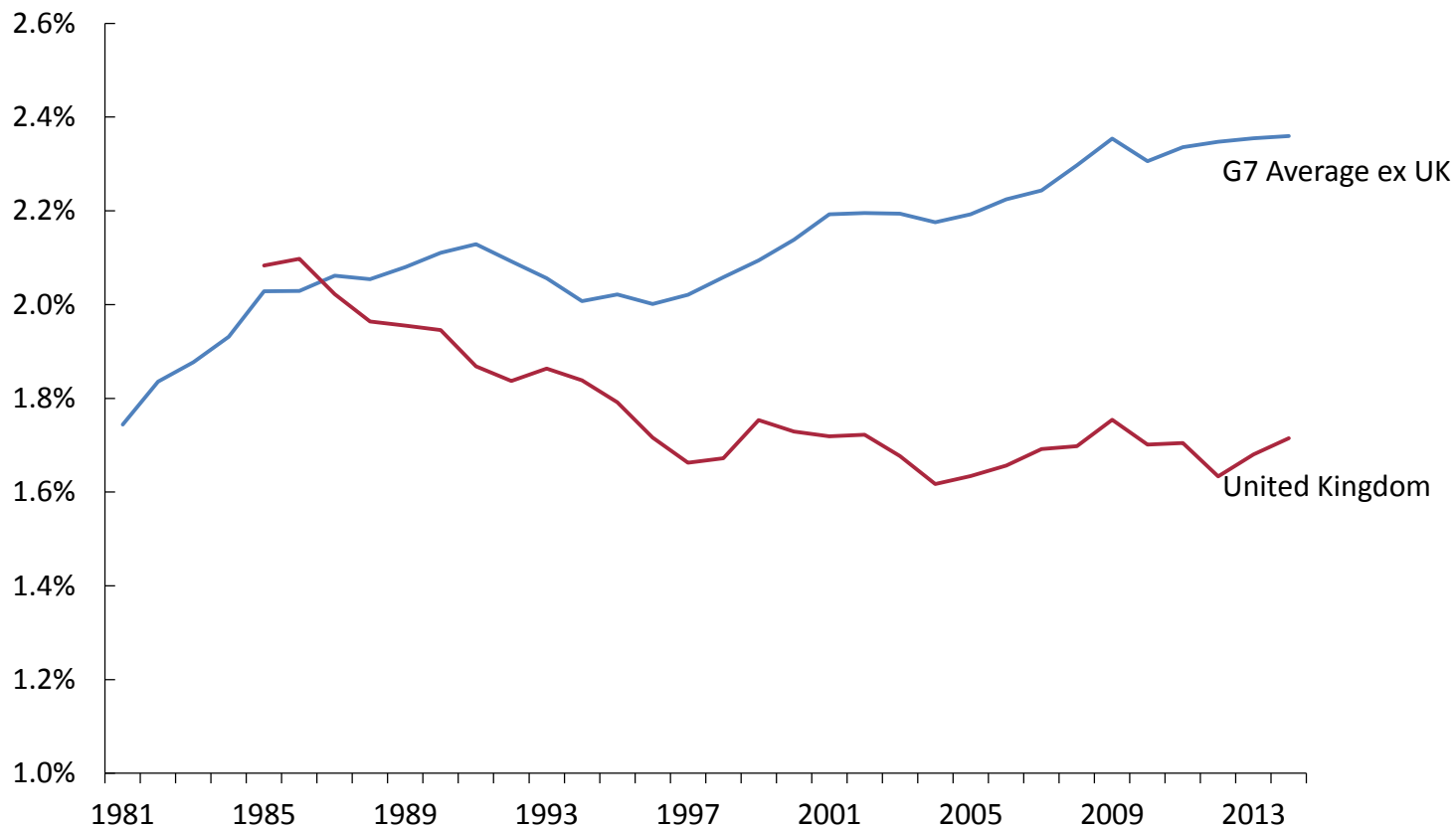


Source: NIESR calculations.

Notes: Population aged 16–64. Dates refer to pre-recession, the Great Recession and the post Great Recession periods, as defined by NIESR's monthly GDP estimates.



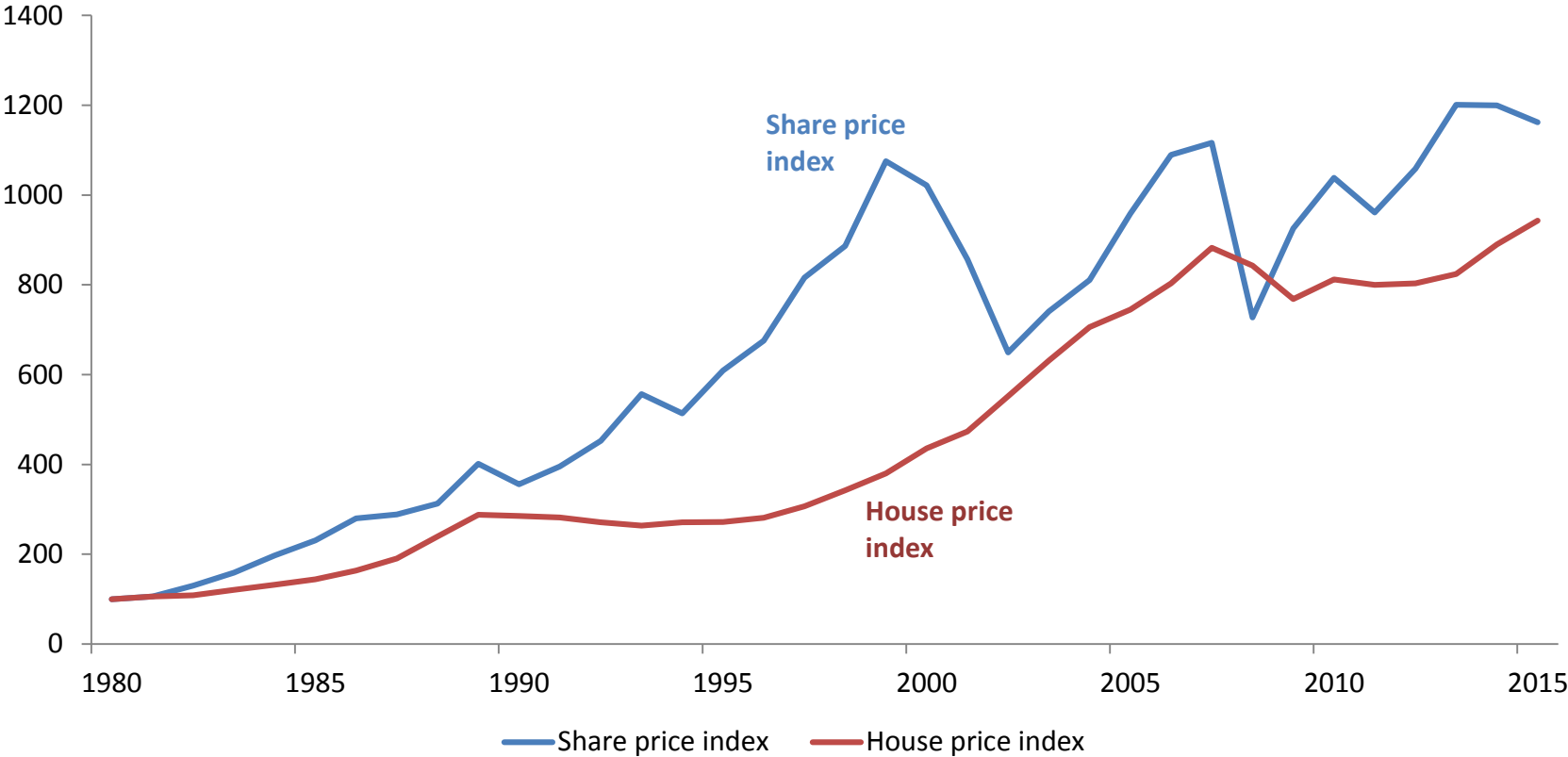
Figure A2. R&D expenditure to GDP ratio in the UK and rest of G7 average, 1981-2014



Source: OECD, NIESR



Figure A3. House and share prices indices 1980–2015

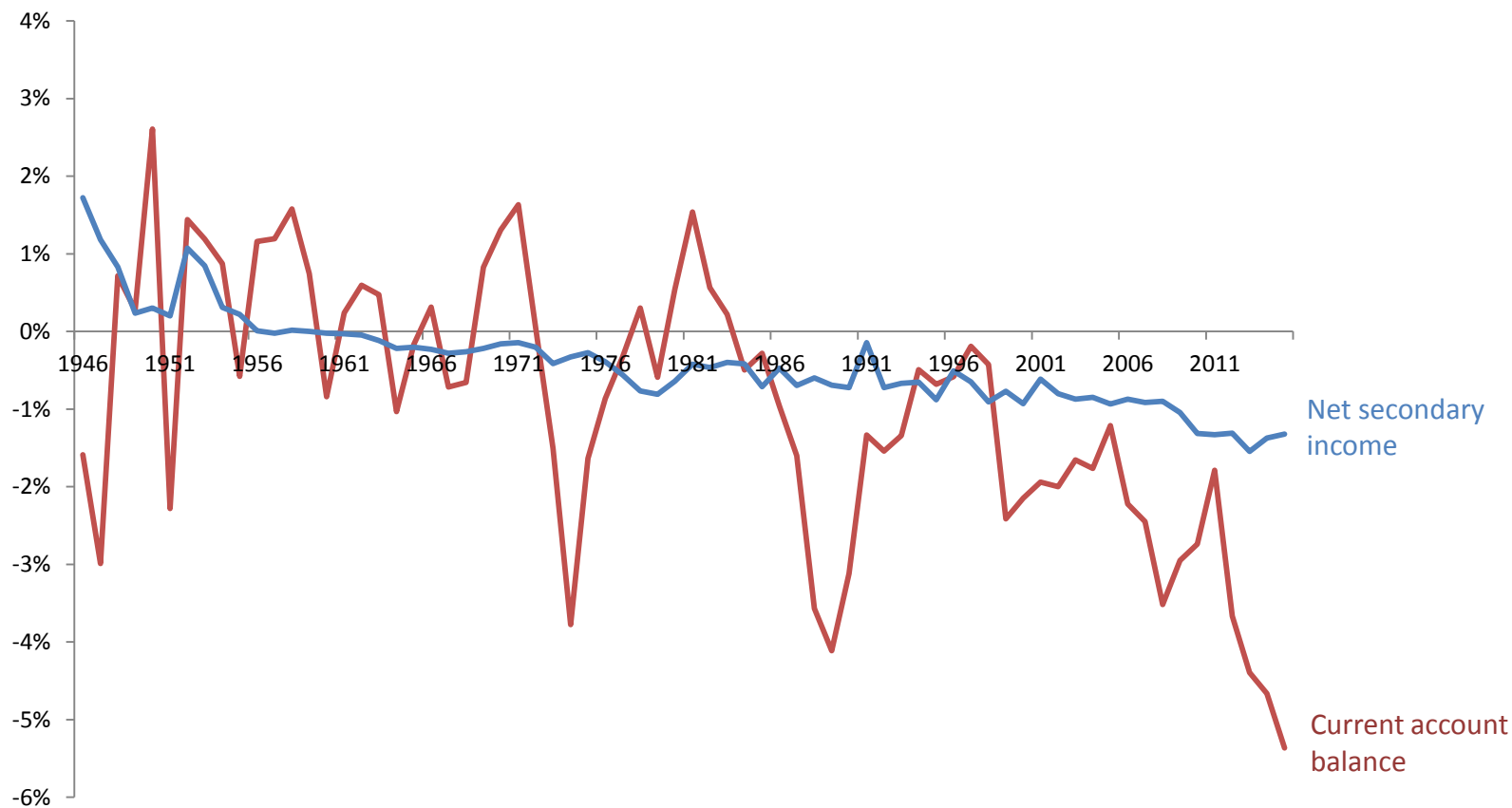


Note: 1980 = 100

Source: BoE



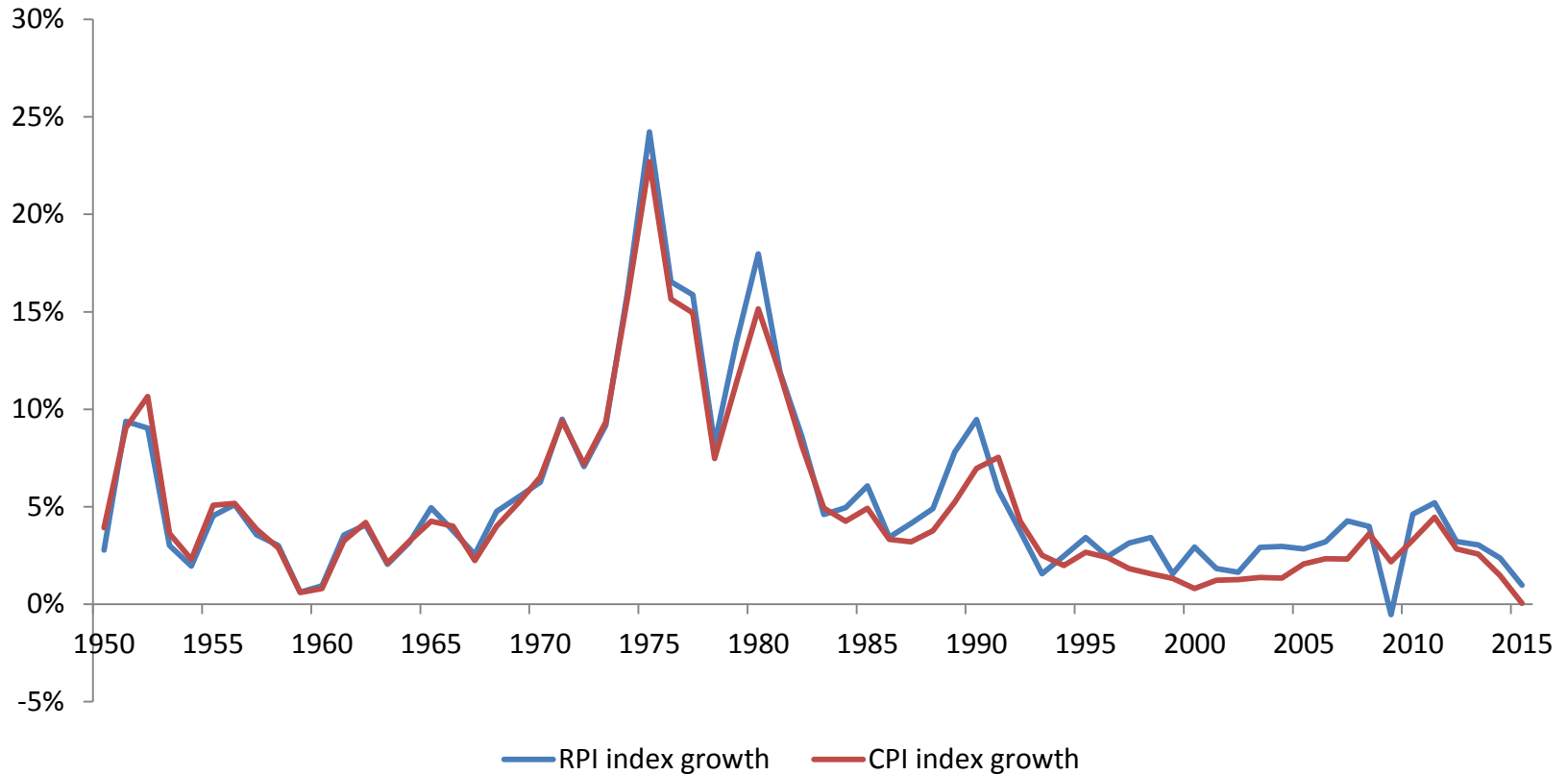
Figure A4. Current Account Balance and Net Secondary Income (as a percentage of GDP)



Source: Bank of England, 3 centuries dataset



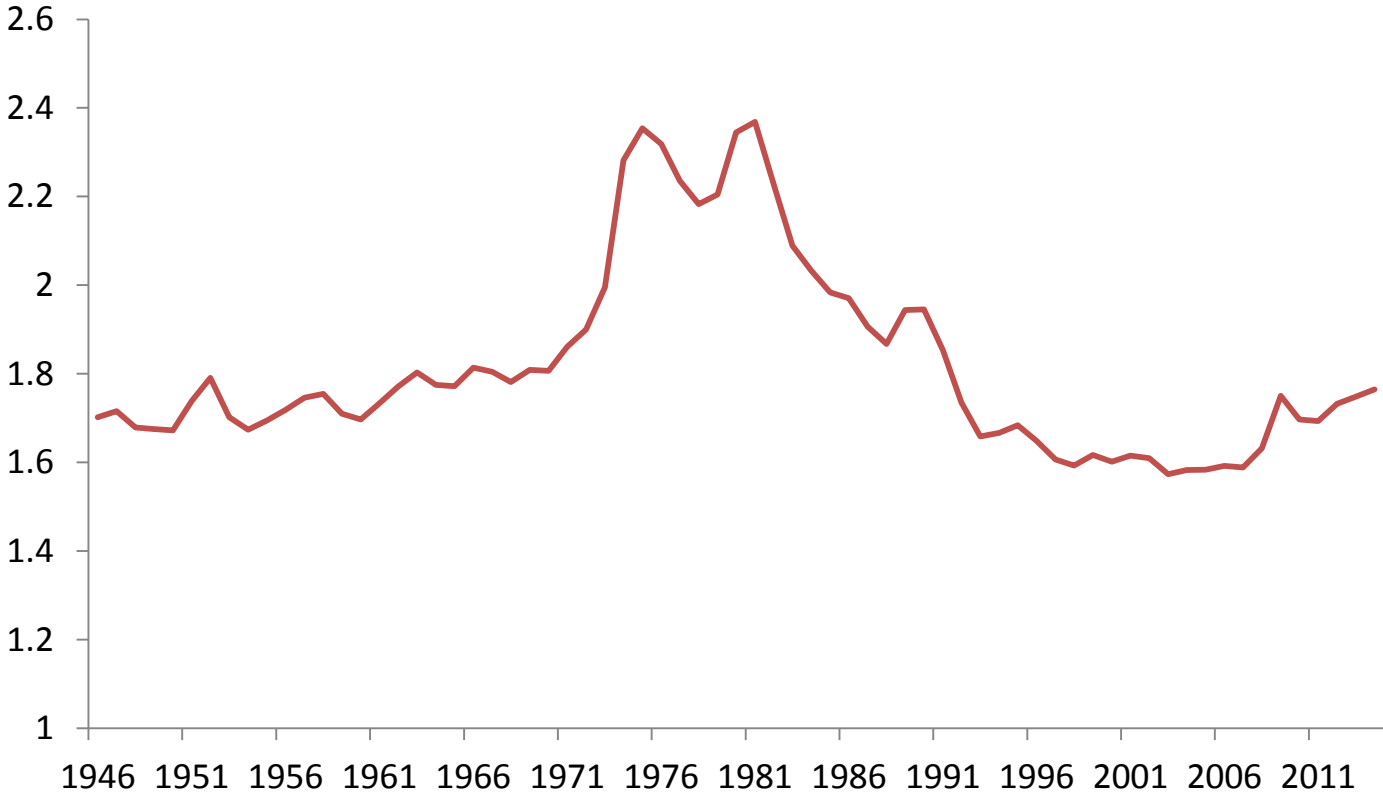
Figure A5. Inflation: CPI and RPI year-on-year percentage change



Source: Bank of England, 3 centuries dataset



Figure A6. Capital–output ratio at current prices 1946–2014



Source: Bank of England, 3 centuries dataset

