

Illiterate school-leavers and workless households are destabilising UK economy, says European Commission

Posted by ErnHW Ltd - 30 May 2012 18:43

Full story in the News section

Illiterate school leavers and workless households are causing long-term damage to the British economy, a hard-hitting report warned yesterday.

Poor educational standards and a benefits culture in the UK pose one of the biggest threats to the recovery in the UK, according to the European Commission.

The report found that the failure to make work pay for single mothers and those on benefits meant nearly two million children were growing up in idle households where no one has a job - making it less likely that they will ever work.

It raised particular concerns over 'weak work incentives' which deter the unemployed from moving off benefits into low-paid jobs.

Brussels said it posed a major risk to the health of the British economy as the country - reeling from the first double-dip recession since 1975 - struggles to compete on a global stage.

The Commission warned that 'UK economic activity is expected to remain subdued' and that the main risks in the short-term include the eurozone and high oil prices.

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Re: Illiterate school-leavers and workless households are destabilising UK economy, says European Commission

Posted by Gordon McCaskill - 08 Jun 2012 04:42

The concept of a double dip recession in Britain has been pushed pretty hard by the Press. This is based on a pretty arbitrary rule that negative growth for two quarters in succession equals a recession. It does not.

Here are the facts: Britain recorded two quarters of negative growth starting in 2009 following the crash of Northern Rock. Since then, the entire world has gone into recession with the exception of the BRIC economies. BRIC is an acronym for Brazil, Russia, Indonesia and China (but also includes Turkey). These economies have been recording growth rates of between 5 and 10 per cent per year, albeit from a very low base. It should also be noted that none of their currencies are internationally traded and the Chinese Yuan is considered to be grossly undervalued (which is why China don't want it internationally traded). All of them are export economies, so if America and Europe ain't buying at some point they too will go into recession.

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Re: Illiterate school-leavers and workless households are destabilising UK economy, says European Commission

Posted by Gordon McCaskill - 08 Jun 2012 04:57

Since 2009, Britain has experienced very sluggish growth i.e below 1 per cent, or negative growth in a single quarter, but not for 2 quarters. Effectively, Britain has been bumping along at the bottom of the growth graph, sometimes recording growth, sometimes not, for nearly four years. In other words, an economy in recession mode with little prospect of any kind recovery. Hardly surprising, the rest of the world is also in recession.

So what's the answer? Time. Economic levers take 2 years to filter through the entire system. The impact of the emergency Budget of 2010 are only now impacting the entire economy. You will note that Sterling has become the safe haven for international trade. You will also note that the Eurozone is still in trouble, although German Euros are also considered a safe haven. Germany recorded 0.8 growth in the last quarter which is good, but still below 1 per cent - so still in recession mode.

The 2010 Budget target was growth by 2013, now put back to 2017 for a fairly obvious reason - if more than 40 per cent of your exports go to the Eurozone, as they do from Britain, then the Eurozone has to get its house in order quickly to stimulate growth. It's as simple as that.

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