

Article

Changes in the economy since the 1970s

This article looks at how the UK economy has changed since the 1970s, looking at the main macroeconomic variables including changes in output and the labour market.

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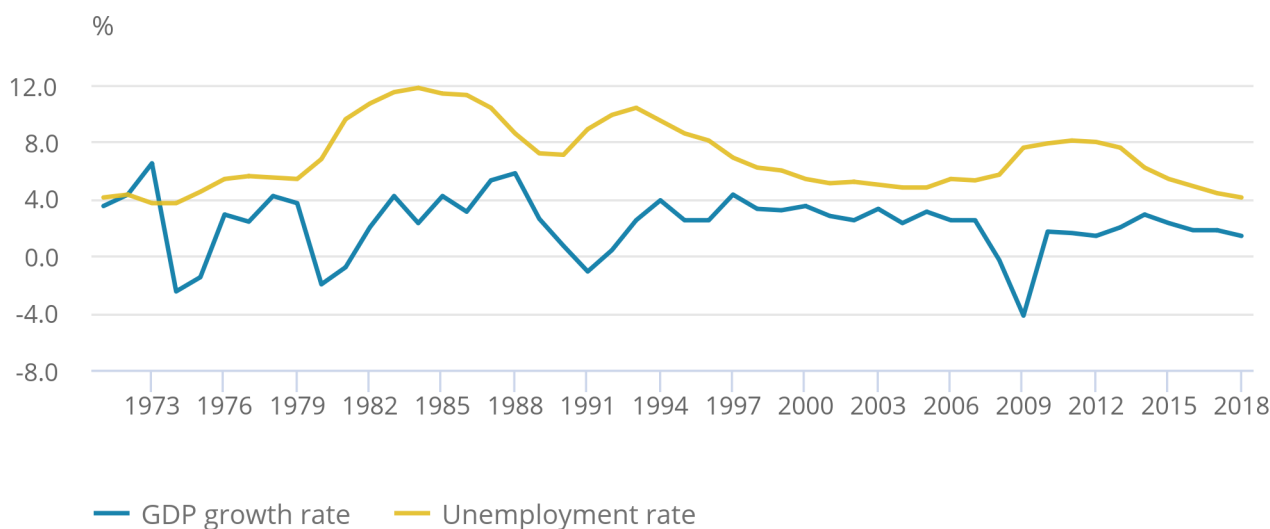
1 . Main macroeconomic variables

Figure 1: The gross domestic product (GDP) growth rate and the unemployment rate have generally been falling since the mid-1980s

GDP growth rate and unemployment rate, UK, seasonally adjusted, 1971 to 2018

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GDP growth rate and unemployment rate, UK, seasonally adjusted, 1971 to 2018



Source: Office for National Statistics – Gross domestic product growth rate, unemployment rate

Notes:

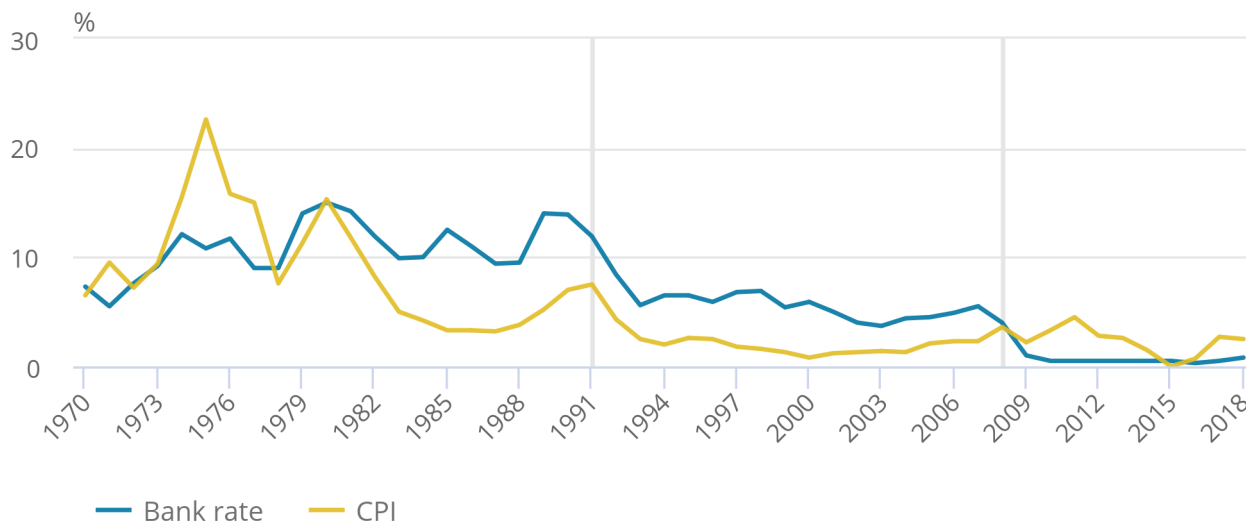
1. In 2008 to 2009, GDP had the largest fall of the period. This reflects the extent of the economic downturn of 2008 to 2009 compared with previous periods of negative economic growth.
2. The highest GDP growth rate was experienced in 1973, at 6.5%, and the lowest was experienced in 2009, at -4.2%.
3. The unemployment rate was the lowest in 1974, at 3.7%, and the highest in 1984, at 11.8%.

Figure 2: Interest rates and Consumer Prices Index (CPI) inflation have been on a downward trend since 1991

Bank rate and inflation, UK, seasonally adjusted, 1970 to 2018

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Bank rate and inflation, UK, seasonally adjusted, 1970 to 2018



Source: Office for National Statistics, Bank of England

Notes:

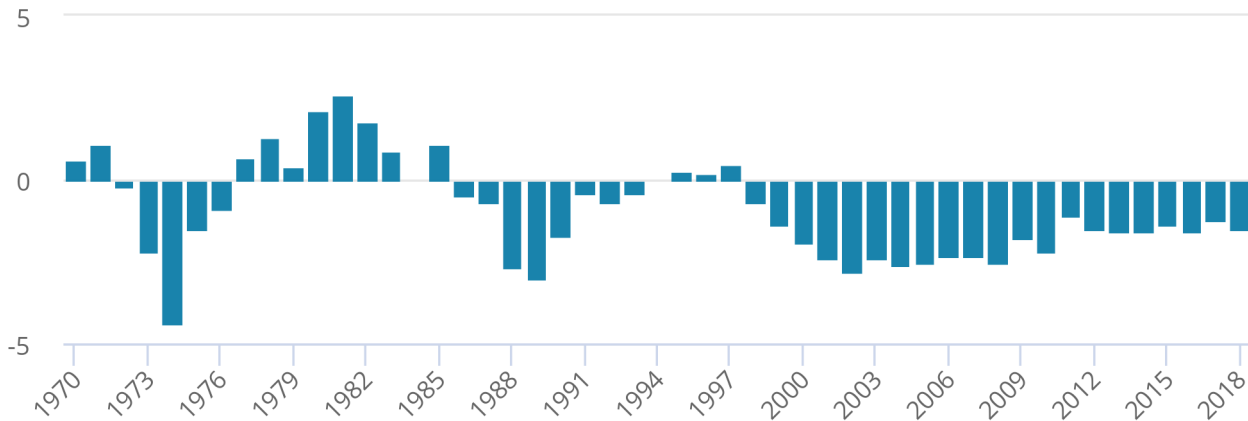
1. Economic downturns in 1991 and 2008.
2. Inflation was at its peak in 1975, at 22.6%.
3. The current period of negative real interest rate is unusual but not unprecedented. This happened in the periods from 1973 to 1977 and from 2009 to 2014.
4. In the 1980s the [Phillips Curve relationship](#) worked empirically while in the 1990s there was a less apparent trade off.

Figure 3: The balance of trade in goods and services has been in deficit from 1998

Balance of trade in goods and services as a percentage of GDP, UK, 1970 to 2018

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Balance of trade in goods and services as a percentage of GDP, UK, 1970 to 2018



Source: Office for National Statistics – BoP: trade in goods and services balance as per cent of GDP

Notes:

1. The previous almost cyclical pattern of deficit and surplus has been replaced by 21 years of consistent deficits.
2. The balance of trade in goods and services as a percentage of GDP reached the lowest at -4.4% in 1974.
3. The balance of trade in goods and services as a percentage of GDP reached its peak in 1981 at 2.6%.

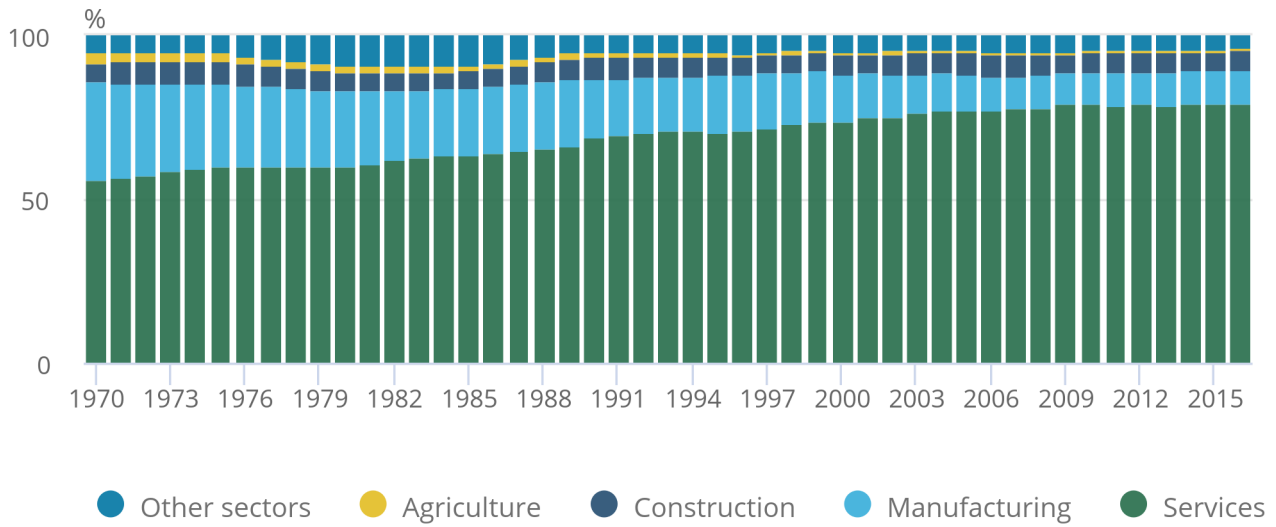
2 . Output by sector

Figure 4: UK economy has shifted to service-based industries

Industry gross value added (GVA) shares based on successive Standard Industrial Classifications (SICs), UK, 1970 to 2016

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Industry gross value added (GVA) shares based on successive Standard Industrial Classifications (SICs), UK, 1970 to 2016



Source: Bank of England

Notes:

1. In 1970, services accounted for 56% of the UK economy.
2. In 2016, services accounted for 80% of the UK economy.
3. Figures may not add to 100 due to rounding.

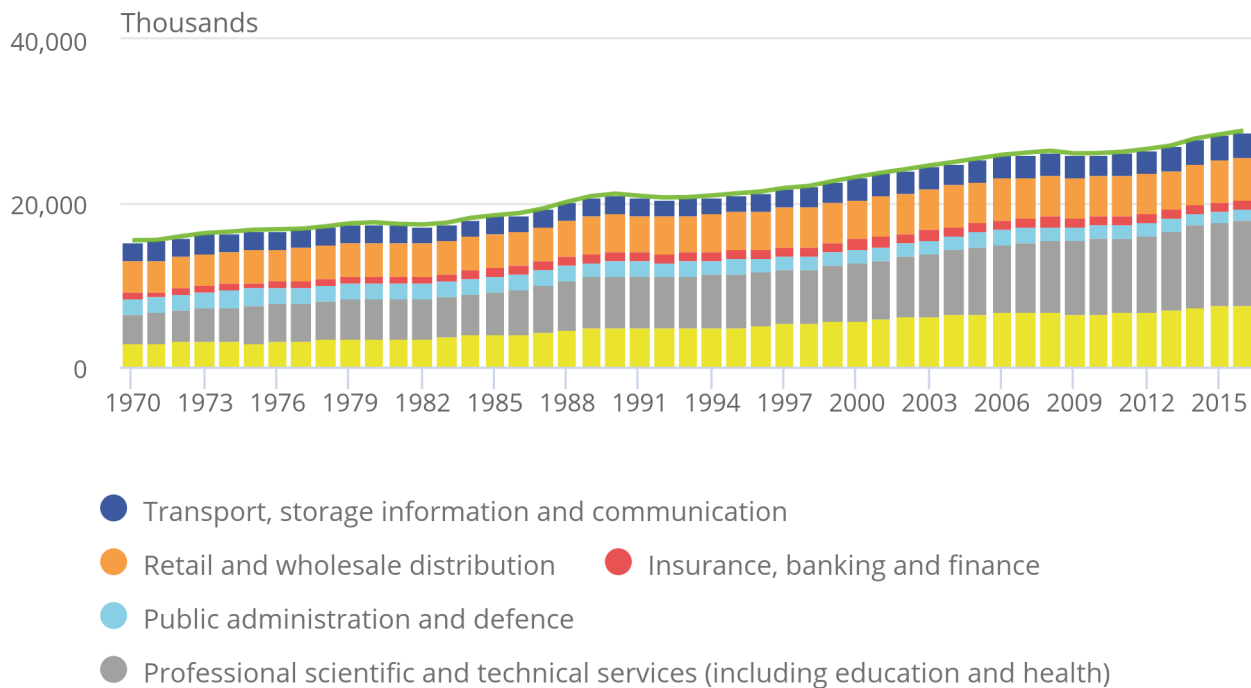
3 . Employment levels by sectors and subsectors

Figure 5: Employment in all service subsectors increased except for public administration and defence

Services sector employment, UK, 1970 to 2016

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Services sector employment, UK, 1970 to 2016



Source: Bank of England

Notes:

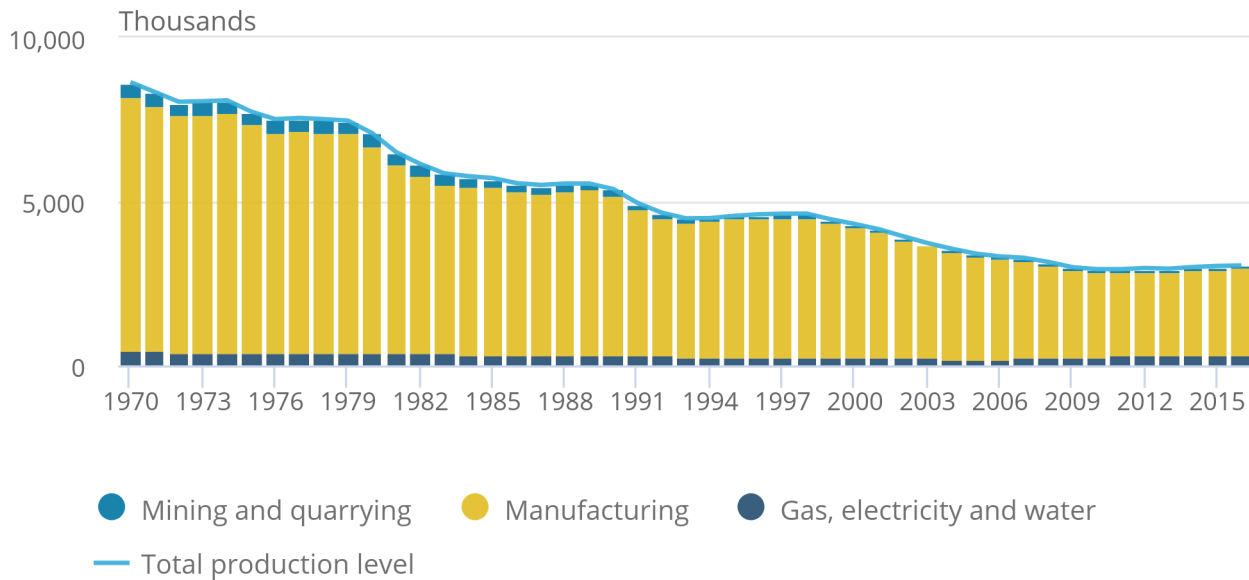
1. The total employment in the services sector has shown a gradual increase from 15.4 million in 1970 to 28.9 million in 2016.
2. The largest increase in employment within the service sector was in professional scientific and technical services, which nearly tripled from 3.7 million in 1970 to 10.3 million in 2016.
3. The total employment in miscellaneous services including hotels and catering has increased by 4.8 million people between 1970 and 2016.
4. The total employment in public administration and defence has decreased by 0.5 million.

Figure 6: Overall production sector employment decreased by 65% between 1970 and 2016

Production sector employment, seasonally adjusted, UK, 1970 to 2016

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Production sector employment, seasonally adjusted, UK, 1970 to 2016



Source: Bank of England

Notes:

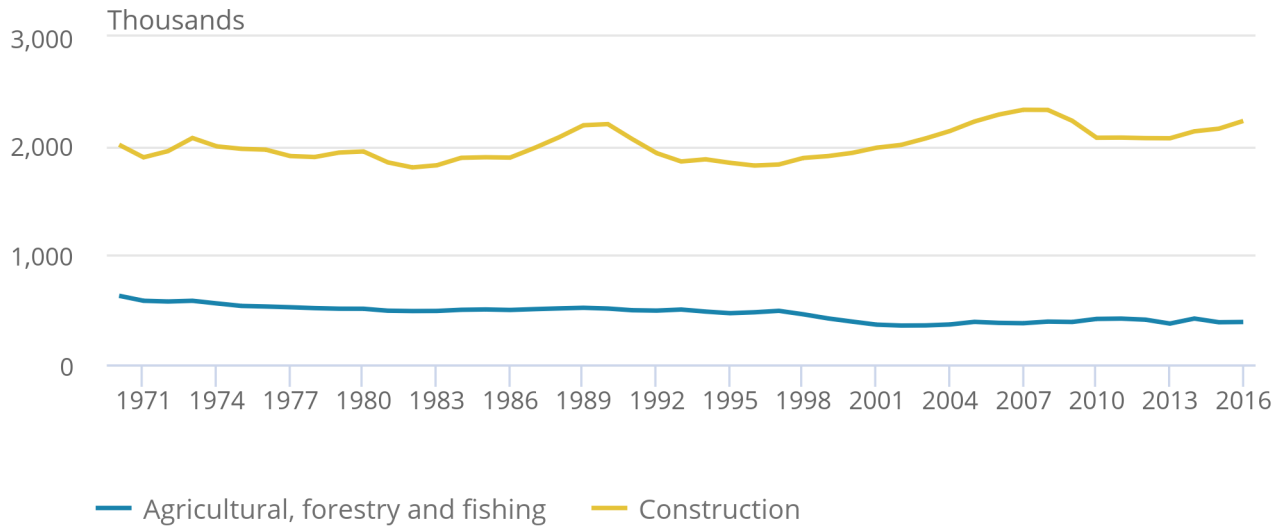
1. The decrease in employment within the production sector is driven mainly by the manufacturing sector.
2. The total number of workers in the production sector declined from 8.6 million in 1970 to 3.0 million in 2016.

Figure 7: Construction sector employment has increased slightly while there has been a decline in employment within agriculture

Construction and agriculture sector employment, UK, 1970 to 2016

Figure 7: Construction sector employment has increased slightly while there has been a decline in employment within agriculture

Construction and agriculture sector employment, UK, 1970 to 2016



Source: Bank of England

Notes:

1. The average employment between 1970 and 2016 for construction was 2.0 million.
2. Employment in agriculture has decreased by 240,000 between 1970 and 2016, with the biggest drop of growth being between 1997 and 2000.

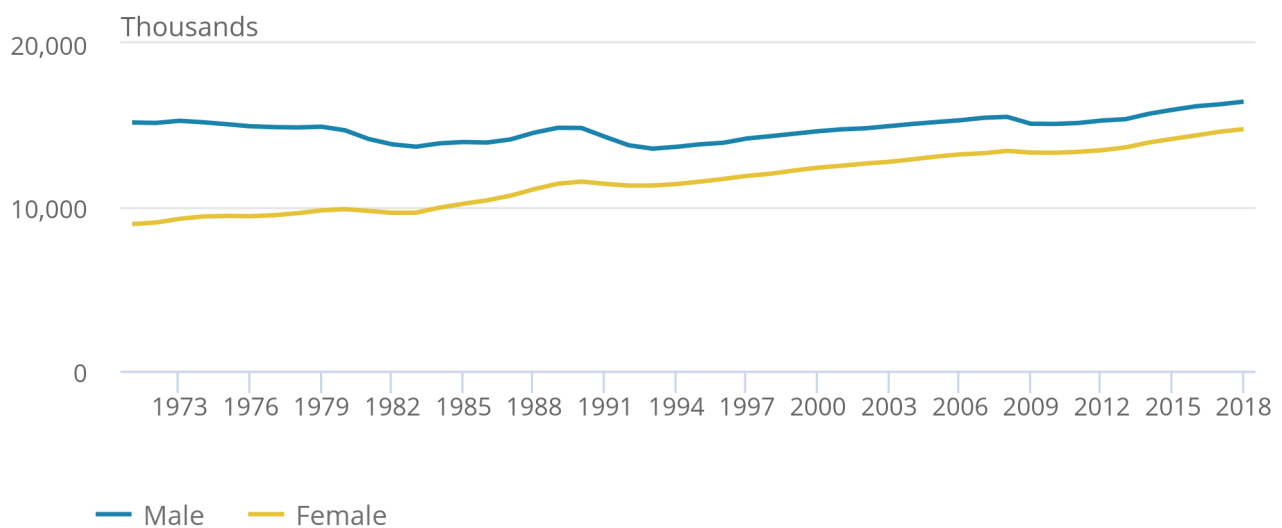
4 . Employment levels by employment type, gender, sectors and subsectors

Figure 8: The gap between male and female employment has narrowed between 1971 and 2018

Male and female aged 16 to 64 years in employment, seasonally adjusted, UK, 1971 to 2018

Figure 8: The gap between male and female employment has narrowed between 1971 and 2018

Male and female aged 16 to 64 years in employment, seasonally adjusted, UK, 1971 to 2018



Source: Office for National Statistics

Notes:

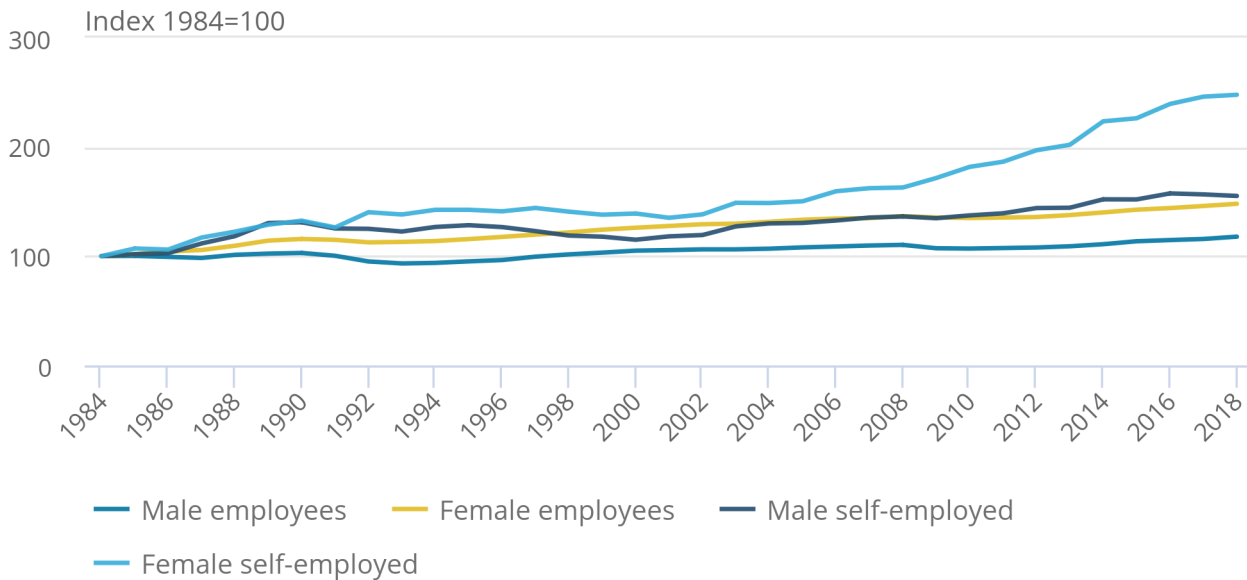
1. Male employment has increased by 1.3 million between 1971 and 2018, while female employment has risen by 5.8 million.
2. The gap between male and female employment levels has narrowed from 6.2 million in 1971 to 1.7 million in 2018.

Figure 9: Following the 2008 economic downturn, female self-employment has grown more steeply

Male and female employment by employee and self-employed, UK, 1984 to 2018

Figure 9: Following the 2008 economic downturn, female self-employment has grown more steeply

Male and female employment by employee and self-employed, UK, 1984 to 2018



Source: Office for National Statistics

Notes:

1. Female employment increased faster than that for males between 1984 and 2018.
2. Female self-employment also increased faster than that for males between 1984 and 2018.
3. Female self-employment increased nearly 150% between 1984 and 2018.
4. Self-employment has grown faster than employment in recent years.

Figure 10: Half of industries have seen an increase in the percentage of females employed since 1996

[Download the data](#)

Figure 11: Total workforce jobs, employee jobs, and self-employed jobs, by industry and sex

UK, 1996 to 2018

Notes:

1. Women are largely concentrated in the human health and social work activities.
2. Men experienced a downward trend in manufacturing and a rising trend in wholesale and retail trade; repair of motor vehicles and motorcycles.
3. Self-employed men are largely concentrated in construction.

[Download the data](#)

5 . You may also be interested in

[Long-term trends in UK employment: 1861 to 2018](#)

Examines the long-term trends in UK employment and provides the historical and legislative context behind some of the trends. Includes analysis by various components, such as industrial sector, sex, full-time and part-time employment, private and public sector employment, as well as employee and self-employed.

6 . Authors

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