

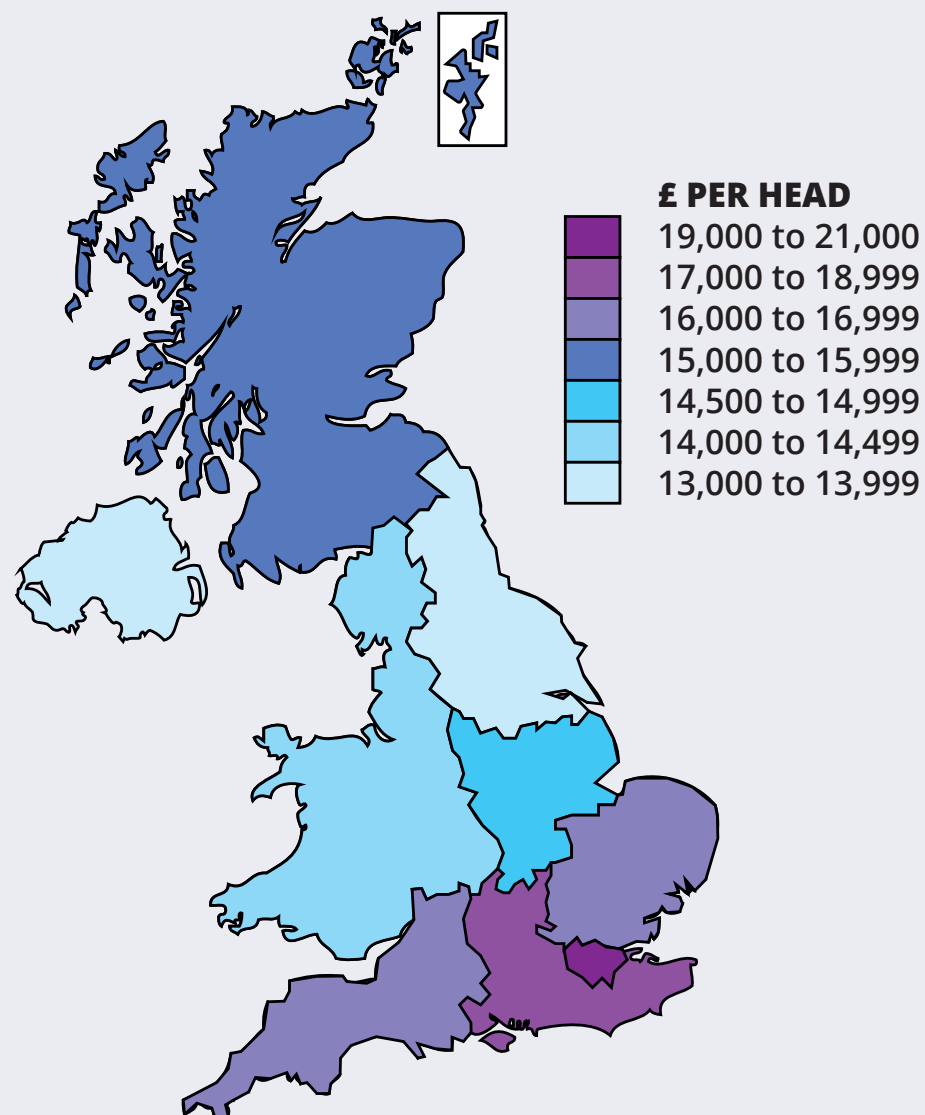
## 6.4.3 How can regional inequalities in the UK be reduced?

### Regional inequalities in the UK?

The UK has a high level of regional inequality compared to other large wealthy countries. Analysis shows that wealth is more concentrated in the south of England compared to the north of England. London and the south-east, home to  $\frac{1}{4}$  of the UK's population, have accounted for 30% of the country's net increase in jobs since 2010. Parts of these regions have levels of disposable income, productivity, and lifespan as high as anywhere in the world.

This map of the UK shows regional gross disposable household income per head.

Source: <https://bit.ly/2PqNuK0>

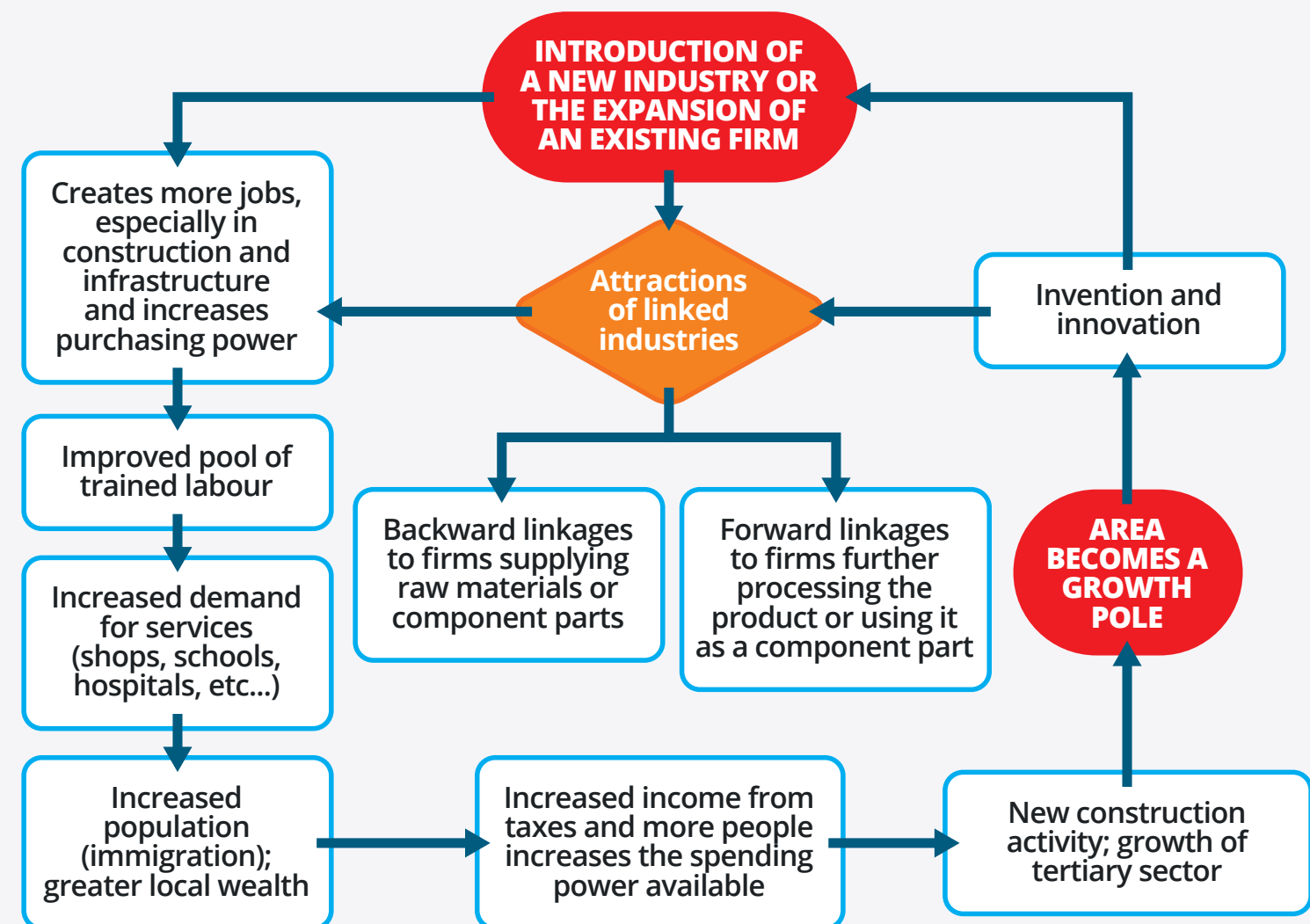


### The concept of positive and negative multipliers

The introduction of a new industry or the expansion of an existing industry in an area which also encourages growth in other industrial sectors is known as the multiplier effect, which in its simplest form is how many times money spent circulates through a country's economy. Money invested in an industry helps create jobs directly in that industry, but also creates jobs indirectly elsewhere in the economy. New industrial development, for example, requires construction workers who themselves require housing and services such as schools and shops. An increased demand for food will benefit local farmers who may increase their spending on fertiliser.

Workers employed directly in the industry increase the local supply of skilled labour, attracting other companies who benefit from sharing this labour pool. Other companies who supply components or use the new industry's products are attracted to the area by reduced transport costs. Through this multiplier effect, an area can develop as a growth pole.

The simplified diagram below shows the development of an industrial region.



A **negative multiplier effect** could mean that a decreased demand for services would mean a decreased demand for spending in the area, resulting in a decreased demand and closure of services.

## 6.4.3 How can regional inequalities in the UK be reduced?

### National policies to reduce inequality in the UK- HS2

HS2 is a new high-speed railway linking up London, the Midlands and the North, serving 8 of 10 of Britain's largest cities. The purpose of this project is to create better connectivity through transport links between cities and regions and aims to bring more investment to the Midlands and the North, which will help address the regional inequalities in the country. The project aims to bring the economic regeneration the UK needs, so every

region can reach its economic potential, creating jobs and opportunities for millions of people. The aim of this project is to improve living standards, increase productivity and help the UK compete at a global level. However, critics say that HS2 will only increase the connectivity of London and the SE and will actually increase deprivation in the north.

