

United Kingdom

CONTEMPORARY HISTORY

The United Kingdom was the dominant world power during the 19th century. The industrial revolution in Great Britain greatly strengthened the British economy and allowed the nation to become the pre-eminent power in Europe. Peace in Europe allowed the UK to focus its interests on more remote parts of the world, and the British navy ruled the seas.

British colonial expansion reached its height during the reign of Queen Victoria (1837-1901). Under Queen Victoria, British technology, commerce, language, and government spread throughout the British Empire. At its greatest extent, the Empire encompassed roughly a quarter of the world's area and population. It was the largest empire that ever existed. Its colonies included India (which then included Pakistan), Burma, Malaysia, much of Africa from Egypt to South Africa, and even Canada and Australia. British colonies contributed to the UK's extraordinary economic growth and strengthened its voice in world affairs. The UK used its influence to establish the world's international free trade system. The United Kingdom was the world's 19th century superpower.



The decline of the British Empire began with World War I. The Great Depression of the 1930s continued its descent. World War II marked the end of its world dominance. The US and the Soviet Union then became the world's superpowers. The two world wars and the Great Depression also ended Britain's control over its empire. After WWII, the British Empire dissolved piece by piece, beginning in 1947 with India and Pakistan and continuing until the late 1960s, by which time most of the Empire had been dismantled. In 1997, the UK surrendered its last major colony, Hong Kong. Even Scotland and Wales became semi-autonomous regions in 1999, with their own separate parliaments.

Despite this dramatic loss of power, the UK clung to its idea of British greatness and refused to join the European Community that was formed in 1957. The UK sought to balance its European links with its US relations and its ties to former colonies through the Commonwealth, an international organization made up of Britain and its former colonies. As Britain's economy weakened in comparison to the economies of the other European coun-

Flag		United Kingdom: Facts	
<i>The flag is also known as the Union Jack. It is a combination of the Cross of St. George, the patron saint of England; the Cross of St. Andrew, the patron saint of Scotland; and the Cross of St. Patrick, the patron saint of Ireland.</i>		Capital Government Government Head (Prime Minister) Economy Independence Area (sq. km) Population (millions) Adult Literacy Pop. Growth Rate	London Const. Monarchy Gordon Brown Capitalist 1801 245,000 61 99% 0.28%

Source: CIA World Fact book. Military data for year 2005. All others for year 2008. GDP figures are in Purchasing Power Parity. Tuberculosis data for year 2006 and Health Care % of GDP for year 2005 from WHO.

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tries, it reversed its position and finally joined the EC in 1973.

In 1979, Margaret Thatcher became Prime Minister. For the next 12 years, Thatcher and her ruling Conservative Party systematically reformed the UK's social and economic systems. The changes produced a more dynamic economy, which continues to outperform EU countries that have failed to institute such reforms. However, the restructuring has increased social inequalities. Thatcher also directed the Falklands War against Argentina in 1982.

In 1997, after 18 years, the Labor party came to power under a new leader, Tony Blair. Blair blurred the differences between the two political parties. He largely continued the economic policies of the Thatcher era, but with greater emphasis on improving social welfare.

Once a very popular leader, Mr. Blair's support of American President Bush's policies on Iraq became his undoing. The war in Iraq has been unpopular with the British public and the rest of Europe. In addition, in 2006, some questionable fundraising practices surfaced. Under pressure from members of his own party, Mr. Blair resigned in June 2007. He was replaced by Gordon Brown, the finance minister. The next British election must be held by May 2010. Due to the seriousness of the looming recession in the UK, Mr. Brown's party will probably lose the election to the rival Conservative Party.

UNITED KINGDOM TODAY

The United Kingdom, a developed country, is an island nation located to the northwest of the continent of Europe. In land size it is a little larger than the state of California. It is a member of the European Union, which includes France and Germany, but it retains its separate currency, the British Pound.

For 200 years in the 18th and 19th century the British Empire was the most dominant country in the world. It was the birthplace of the Industrial Revolution. At its height, the Empire included 25% of the land mass of the world, making it the largest empire ever known. This included its colony, the United States. While victorious after World War I and II, the wars brought the end to the British Empire. The British people have to contend with the fact that their superpower years are behind them.

The UK still plays an important role in world affairs, such as being one of the five permanent members of the UN Security Council. British Empire influence can be still be observed in the infrastructure, culture, sporting preferences and language of other leading countries including India, Pakistan, South Africa and the US.

The United Kingdom's historical ties contribute to its ability to be a major international trading power and global financial center. It has the fifth largest economy in the world. It is the EU's only significant oil exporter. The country wants to be a global leader in preventing global warming and is already a leader in greenhouse gas emissions trading.

The UK and US are two of the world's closest allies. For example, Prime Minister Tony Blair continued to support President Bush's position on Iraq in the lead up to the Iraq War in 2003. UK was the only major country that committed troops to join the US invasion. The War in Iraq has been very unpopular with the British public. This lack of support from the public over Iraq is the main reason that Mr. Blair resigned in 2007. But the ties between the US and the UK remain strong.

Human Rights

As a democracy, the UK guarantees human rights to all its citizens. Many of the world's leading human rights NGOs, such as Amnesty International, are based in the UK. However, there are sometimes reports of police abusing people in their custody. In addition, before the Northern Ireland peace agreement was signed, the UK was periodically criticized for its handling of the crisis. The British Army used heavy-handed tactics, and sometimes violated human rights. As a result of 9/11, the UK has passed an anti-terrorism law. While such a law will make it easier to arrest suspected terrorists before they carry out an attack, at issue is whether people will be treated fairly. The law allows some foreign suspects to be jailed indefinitely without trial. The law did help investigators find the accomplices of a July 2005 subway bombing. It also helped the police prevent several other terrorist attacks.

The UK has lagged behind other European countries on several social welfare issues. For example, corporal punishment in public schools was finally banned in

1986 only after an order from the European Court of Justice. Similarly, Great Britain banned homosexuals from its military forces until the European high court ruled the ban illegal. Internationally, the UK has promoted strong human rights standards and has argued that it is appropriate to demand that every country promote human rights.

The government actively prosecutes crimes of domestic violence and provides shelters and counseling for victims of battery or rape. The law also provides for equal opportunity between the sexes and for all ethnicities, but there is still some discrimination in practice. Since 9/11, it has been difficult to balance the rights of the Muslim community with the needs of the state to prevent terrorist attacks. Any clerics found to be promoting terrorism in the UK are subject to police action. There are currently 1.6 million Muslims living in the UK.

Child labor is not a significant problem in the UK. In 1989, the Children Act was passed. The law prohibits children under the age of 16 from working, and the government provides free, compulsory education up to the age of 16, and then up to age 18 if a student continues. The government also provides medical care to children. Nevertheless, a large proportion of children, 33% by some estimates, live in poverty in Britain.

Environment

The European Union is leading the world in combating global warming. The UK, as a member of the EU, supports this priority. In 2006, British economist, Sir Nicholas Stern published the first comprehensive report on the economics of global warming. He found that continued global warming could shrink the global economy by 20%. However, by spending a \$1 today, the country can save \$5 in future years. Thus if people take a long-term approach to global warming, it will save future generations money.

The EU has created tough new emissions standards for all large fossil fuel plants in its member states. Combined with the retirement of all but one of its nuclear power plants, the UK will lose 30% of its energy capacity in the next 10 years. To avoid using more fossil fuels and thus increase its CO2 emissions, the country has ambitious plans to use wind power. In 2008, the country overtook Denmark as the largest generator of

offshore wind power in the world. By 2020, wind power will be generating enough electricity to power all of the UK's homes.

The UK under former Prime Minister Blair became a prime mover for environmental protection within the EU. The UK government has increased its budget for environmental projects and plans to spend the additional funds on cleaning up contaminated land, making homes more energy efficient, and implementing European environmental initiatives. The UK also urges its industries to use environmentally friendly technologies when they do business in foreign countries in order to help those countries avoid the pollution mistakes that Britain and other developed countries made in the past.

In international environmental conferences, the UK has stood with Germany in demanding large-scale reduction of greenhouse gas emissions from all developed countries. The UK promotes cooperation between government and business to achieve its environmental goals. For example, UK businesses are required to participate in the EU greenhouse gas emissions trading scheme. The British government has created “green taxes” to reduce business and personal activities that contribute to global warming. In late 2006, green taxes were added to plane tickets and gasoline to discourage the public from traveling.

The UK has passed its own climate change bill. It became law in December 2008. It sets targets of reducing emissions by 26% from 1990 levels by 2020 and 80% by 2050. The price tag for this bill is staggering-by one estimate it will cost each British family about \$14,000.

The UK is one of only two developed countries that may meet its emission reductions set by the Kyoto Protocol in 1997. It is required to reduce emissions by 12.5% by the year 2012. The country was at about a

United Kingdom: Health

Birth Rate	11/1,000
Death Rate	10/1,000
Life Expectancy - Male	76
Life Expectancy - Female	81
Infant Mortality	5/1,000
AIDS/Total Cases	51,000
AIDS/Prevalence Rate	2/1,000
Tuberculosis Rate	15/100,000

15% reduction in 2003, but for the last several years emissions have been rising. Reduced industrial output due to the recession may help put the UK back on track.

Economy

The UK has recently overtaken France as the fifth largest economy in the world. It is a major international trading power and a center of international finance. The UK's economic policies have a domestic and an international focus. Domestically, the UK has a goal to reduce costs by reforming education, transportation, and health services. The government hopes that reforms will raise productivity levels, which have been falling in recent years. Taxes are now as high as they were in the 1980s, so they cannot continue to be increased. Internationally, the UK wants involvement with the EU but also the freedom to act independently when it feels its interests differ from the rest of the European Union's.

Negatively impacted by the current global economic downturn, the UK is facing its deepest recession since the 1980s. The IMF projects that the country's GDP will shrink by 2.8% in 2009. Most economists now believe that a failure to act at the start of a downturn can increase the length and depth of a recession. Thus the government is using a mix of tax cuts and a \$30 billion stimulus package in an attempt to jump-start the economy. It is temporarily cutting the sales tax from 17.5% to 15%. In addition, the government plans to dramatically increase borrowing to fund massive public spending on hospitals, schools, transportation and environmental projects. Critics say that this massive borrowing plan will burden future generations with budget deficits that will be unsustainable.

Much of the economic discussion in the countries of Western Europe today concerns the level of social support countries can continue to provide their citizens, such as universal health care, as costs of such programs soar. In the 1980s, the UK underwent painful economic reforms under Prime Minister Margaret Thatcher. Former P.M. Tony Blair continued such economic reforms. These reforms included the privatization of most of the UK's national businesses. Manufacturing has been moved to lower-cost countries. These changes have allowed Britain to outperform some of its counterpart countries. For example, UK's 2007 unemploy-

ment rate of 5.4% contrasts sharply with the French 2007 rate of 8%.

As for trade, the UK can compete internationally due to its highly developed, diversified, market-based economy. For example, it only takes 2% of the labor force to produce about 60% of the country's food needs. It is a member of the WTO, joining in 1995. Due to a rash of privatization in the last 20 years, private enterprise now accounts for 80% of its employment and monetary output.

The UK has a free market economy and does not, by itself, put restrictions on trade or the free flow of capital. However, as a member of the EU, the UK complies with the EU's trade policies, which include a common external tariff and a common agricultural policy.

The rapid growth in the world economy in recent years has enhanced the importance of the UK as a financial center due to its reputation for effective financial regulation and supervision. That reputation has been put to the test however, with the global credit crunch and economic meltdown. The bank problems are mostly due to non-performing housing loans originating in the US and the UK, and not due to international trade. The government has needed to provide its banks with two emergency bailouts.

The value of the pound has been falling in relation to the euro due to the global recession. It is unlikely that the country will hold a referendum on joining the EU's Economic and Monetary Union within the next five years. So this means it will not be converting to the euro anytime soon.

Up until the economic downturn, Britain's strong economy and banking system made it a magnet for foreign direct investment. Since 1999, the EU has replaced the US as UK's main financial trading partner.

The UK has set 2% of GDP as the maximum deficit the country can allow. It has been running closer to 3% over the last few years. With the economic meltdown and subsequent stimulus package, it will run a budget deficit closer to 8% in 2009. Many are criticizing this move away from fiscal prudence. Running large deficits sadly future generations with reduced options for spending as funds are set aside to pay off the debt.

UK companies invest in overseas markets, with EU

countries receiving an increasing share. The country provides money and policy guidance to international lending institutions such as the IMF and the World Bank. It is a member of the G8 and the G20. The UK's wealth and historical ties around the world allow it to be a major donor of foreign aid. In 2005, only Japan and the US donated more in total dollars of foreign aid than Britain.

United Kingdom: Economics	
GDP (trillion)	\$2.281
GDP Per Capita	\$37,400
GDP Growth Rate	1.1%
Unemployment	5.5%
Inflation Rate	3,8%
Exports (billions)	\$469
Imports (billions)	\$646
External Debt (trillion)	\$10.45

Security

The UK entered the 20th century as the world's greatest military and economic power. But it spent much of that century managing its decline as the world's greatest imperial power. While it is now a more modest, modern nation with limited international influence, Former Prime Minister Tony Blair's unwavering support for the US war on terror gave the UK a lot of visibility in the international arena. In fact, public unhappiness with British participation in the war was the main reason Mr. Blair resigned in 2007. Not all of attention has been welcome. Many British citizens are questioning if the UK can continue to make intervention in conflicts around the world a priority. Times have certainly changed.

Part of the alliance that prevailed in WW II, the UK is one of five permanent members of the United Nations Security Council, giving it a veto over UN actions. It is one of only seven acknowledged nuclear powers. The UK is one of only a small number of countries that is able to send military forces to fight around the world, though its capability is small compared with that of the US.

The United Kingdom's global empire began to collapse following the end of WW II. Great Britain was forced

to retreat from its colonies over the next several decades. It gave up India and Pakistan in 1948, most African colonies in the 1960s, and Hong Kong in 1997. During the Cold War, Great Britain was an important member of NATO and continued its close consultations with the US-often referred to as the "special relationship." A notable exception was Britain's disastrous attempt with France to take control of the Suez Canal in 1958-a crisis that ended in retreat by those two countries. In 1982, Great Britain, acting alone, defeated Argentina in a war over the disputed Falkland Islands. Since the end of the Cold War in 1989, Britain has continued to be America's most reliable ally. The UK played strong supporting roles in the Gulf War of 1991 and in the NATO actions in the Balkans in 1998. As the European Union has become stronger politically and economically, Great Britain has tried to be a bridge between Europe and the US.

Great Britain has been a strong supporter of the US war on terror policy following the 9/11 attacks. The country contributed 45,000 troops for the US-led coalition that invaded Iraq in 2003. That number is now down to 4,100. Those troops will be slowly withdrawn beginning in March 2009. The plan is to have all British troops out of Iraq by mid-year 2009.

As for Afghanistan, British troops joined US military strikes against the Taliban in 2002. Great Britain has historical experience with Afghanistan, where British imperial expeditions of the 19th century ended with a defeat of the British army. Since August 2003, the British troops in Afghanistan have been serving as part of NATO's International Security Assistance Force (ISAF). Authorized by the UN Security Council, about 50,000 NATO forces will be in that country until 2010. A British General was in command of these troops in the summer of 2006. About 8,000 British troops are currently serving in Afghanistan. They took over for US troops in the southern part of the country. The UK has contributed \$500 million in reconstruction aid to Afghanistan. Only the US and Japan have contributed more in aid.

The UK has long struggled with terrorists in its own country. There were multiple acts of terrorism caused by the Irish Republican Army (IRA) during the 1980s and early 1990s over the issue of self-governance for Northern Ireland. A peace process that began in 1998 has stopped those terrorist acts.

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Tony Blair's support for the US war on terror may be contributing to a new type of terrorism on British soil. The UK has a sizable Muslim minority, about half of whom come from its former colony of Pakistan. It has been alleged that a mosque in North London has been actively recruiting Islamic terrorists. Such recruits include Richard Reid, nicknamed the "shoe bomber," because he tried to ignite a bomb hidden in the sole of his shoe in an airplane. In October 2002, an al Qaeda-linked plot to manufacture the deadly poison ricin was uncovered. A possible intended target was the London subway. Three years later, the London subway was indeed a target of terrorist bombings. In 2005, simultaneous bombings in the London subway and on a London bus killed 56 people and injured 700. In August 2006, a plot to blow up as many as 10 aircraft was disrupted at London's Heathrow Airport with the arrest of

21 people. It is presumed that the plan involved smuggling liquid explosives in hand luggage. Most countries have now made changes in the types of liquids that can be taken on board airplanes as a result of this alleged plot. Both the subway bombings and the airline terror plots are thought to have an al Qaeda connection.

As a response to post-9/11 realities, the UK passed the Anti-terrorism and Crime Law in 2002. Subsequently, there have been over 100 arrests in Great Britain that are terrorist related. Any Muslim cleric found to be promoting terrorism in the UK is subject to police action. But it has been difficult to balance the rights of the 1.6 million strong Muslim community with the needs of the state to prevent terrorist attacks.

United Kingdom: Security (Armed Forces)	
Military expense as % of GDP (2005)	2.4%
Military expenditures (millions)	\$42,837
Military expense per capita	\$702.25