4-13-2004

The United Kingdom: Interest Rates, the E. U. and the Future

Ryan G. Baird

Indiana University - Purdue University Fort Wayne

Follow this and additional works at: http://opus.ipfw.edu/stu_symp2004

Part of the Economics Commons

Recommended Citation
The United Kingdom: Interest Rates, the E. U. and the Future
Ryan G. Baird
Dr. Carolyn Stumph
Economics
Indiana University-Purdue University Fort Wayne

The United Kingdom (UK) is the world’s fourth largest trading nation; birthplace of Newton, Darwin, Shakespeare and the Beatles; home of the world’s largest foreign exchange market. The UK is considered by many to be Europe’s leading business center, while the City of London has long been the European Union’s financial center. “Political, economic and social stability in the UK has fostered the skills and productivity of the private sector to ensure continued growth and low inflation since the global recession of 1990-92.”

This paper will examine the UK’s economic relationship with the European Union and the effects of the UK’s decision to be the first country in the world to raise interest rates after the afore mentioned global recession. Using capital flows and the balance of payments the effect that this interest rate change will have on the British economy will be determined. Also it will be determined how the effect of the UK’s problems with road congestion and overall transportation efficiency will affect the economy and its economic relationship with the EU. And finally, whether or not the UK’s joining of the customs union of the EU was and is beneficial to the UK as well as whether or not they should join the monetary union of the EU.

1. 10 Downing Street. The United Kingdom Economy. 2003.