**Topic 5.4 The Impact of Government and the EU on Business: Activity**



1. Read the following information regarding The UK:

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| **International Trade Factor:** | **Data:** |
| Average Income | £26,500 |
| Gross Domestic Product | $2.68 Trillion |
| Developing/ developed | Developed |
| Currency | Pound Sterling (GBP) |
| Official Language | English |
| Minimum Wage |  |
| Well Known For: | England's main export is in the chemical industry which is the biggest export earner in the country. Other export earners in the country include fuels, chemicals, tobacco, food and also beverages. |

1. How might the UK’s currency impact on businesses trading within the European Union?
2. Most of the members in the European Union are developed countries. How might this have been an incentive for UK to remain a member of the EU?
3. The UK’s average income is one of the highest in the EU. How might this impact your countries employment?
4. How might the UK be impacted by the fact that 23 different official languages are spoken in the European Union?
5. The UK’s minimum wage is one of the highest in the EU. How does this affect employment in the UK?
6. How might the UK’s GDP benefit from being in the EU to sell their products?
7. What is meant by the term red tape?
8. Give 3 examples of regulations that impact UK businesses.
9. How might UK businesses benefit from a tax perspective of locating in other EU countries?
10. What are the impacts of health and safety regulations on UK businesses?
11. Identify a European country that is not a member of the European Union. Come up with THREE advantages and THREE disadvantages of this country joining the EU. Once you have done this write a conclusion weighing up whether you believe it would be beneficial to become a member.

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| **Case Study: British Chambers of Commerce** |
| According to the British Chambers of Commerce (BCC), a pressure group that represents UK businesses, the cost since 1998 of new regulations to British industry now stands at £76 billion. Of this 1998-2008 total, £53 billion was the result of conforming to EU regulations and £23 billion for conforming to UK specific regulations. Director General of the British Chambers of Commerce, David Frost, said: ‘Businesses are facing the toughest economic environment for a generation. Company cash flow is being squeezed and unemployment is growing as a result. The government needs to get serious about reducing the massive burden of regulation on business. Cutting unnecessary burdens and announcing a moratorium (stop) on new regulations set to come in this year, is one way of providing instant and inexpensive help to British firms.’ Business groups like the British Chambers of Commerce would like to see a reduction both in the number and the impact of the 104 new regulations that have come into force since 1998.However, not everyone agrees with the BCC. For a start, the £76 billion is the cost over 12 years. The actual cost for the year in 2008 of regulations introduced between 1998 and 2008 was £10.8bn. The costliest piece of red-tape according to the BCC is the Working Time Regulations. These limit the amount of time a worker can work to 48 hours a week and give workers a holiday entitlement of 4 weeks a year. This, according to the BCC, increased costs to UK businesses by £2.2 billion in 2008. However, most people would agree that limiting working hours to 48 and giving workers holiday entitlement is something positive which benefits society. Also very costly are a number of energy saving regulations. For example, the cost to industry of being forced to run fuel efficient, less polluting, vehicles is nearly £1 billion per year. However, almost everyone agrees that we need to reduce pollution and carbon emissions from vehicles over time. This is a benefit to society, and not a cost. Brendon Barber, general secretary of the TUC which represents the interests of trade unions, said: ‘Of course regulations need to be well-drafted and suit today’s conditions, but too often what the BCC call a burden on business the rest of us would call basic rights in a modern civilised society. I suppose we should be grateful that the BCC haven’t added in the cumulative costs of the abolition of slavery and stopping children cleaning chimneys.’  |

**Questions:**

1. Using examples from the passage, explain what is meant by (**a**) red-tape and (**b**) pressure groups. (**6**)
2. Explain TWO reasons why businesses would like to see regulation cut. (**6**)
3. Do you think that all regulations governing how businesses operate in the UK should be removed? Justify your answer. (**8**)