

Unpacking the Impact of Covid-19 on the UK Economy: How Did the Government Respond?

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ABSTRACT

EXTENDED ESSAY – The purpose of this study is to describe the impact of the COVID-19 pandemic on the UK economy and what the response was from the government. The study examines the pandemic's economic consequences, including the impact on GDP, unemployment rates, inflation, and trade, using data from several measures, including official reports and economic indicators. It also analyses how the pandemic positively impacted the economy, creating a shift towards new innovative ideas. This study encompasses the Gross Domestic Product (GDP) and how the balance of payments interacts with crucial macroeconomic variables. The study's results indicate a substantial negative impact of the pandemic on the UK economy, including a sharp contraction of GDP, increased unemployment rates, and disruptions in trade and supply chains. The UK government implemented several fiscal and monetary policy measures to address these challenges, including wage subsidies, grants, tax reductions, and monetary easing. The policies were aimed at supporting businesses and households to maintain financial stability. The government also introduced several stimulus plans to increase economic activity and promote growth. According to the study's findings, the UK government's response to COVID-19 successfully minimised its detrimental effects on the country's economy. However, the pandemic's long-term economic effects are still unknown, so the government must continue to observe the situation and take the necessary steps to support the recovery and encourage sustainable growth.

KEYWORDS: COVID-19 pandemic; UK economy; Government response; GDP; Unemployment rates

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