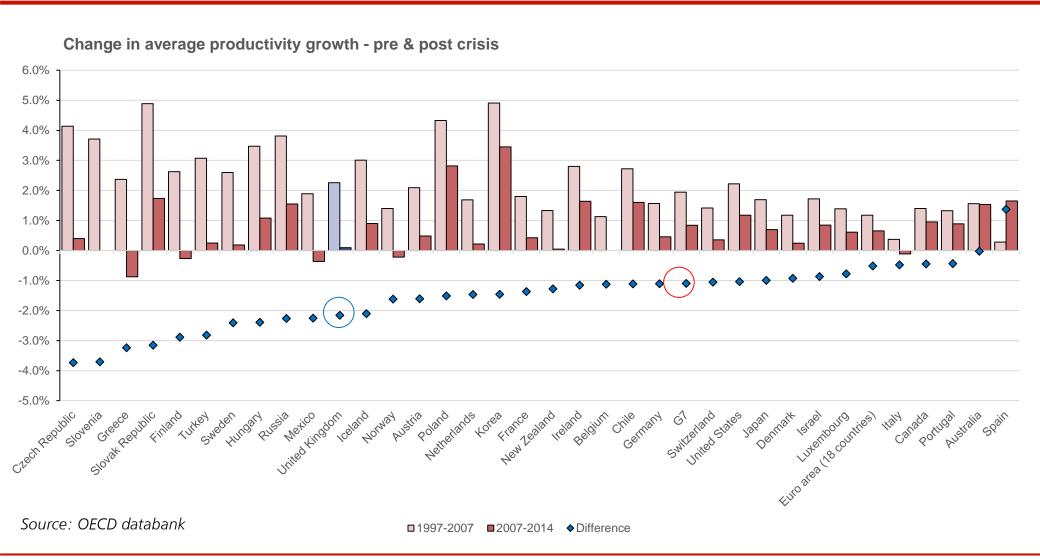


Comparative national perspectives on the slowdown:

The UK

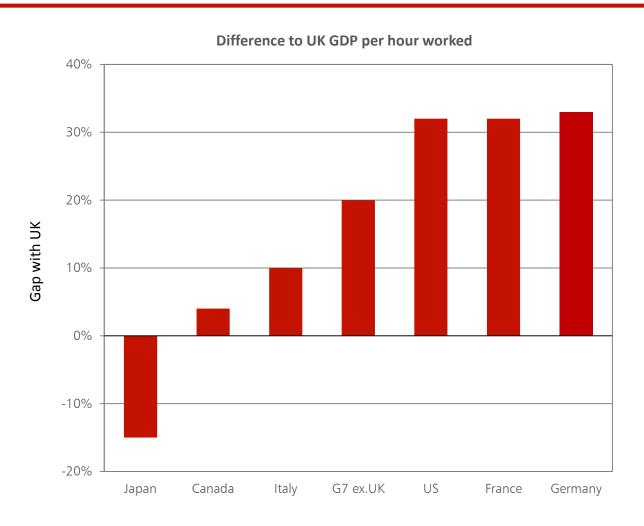
Dave Ramsden
Chief Economic Adviser to the Treasury

Weak productivity: a global issue





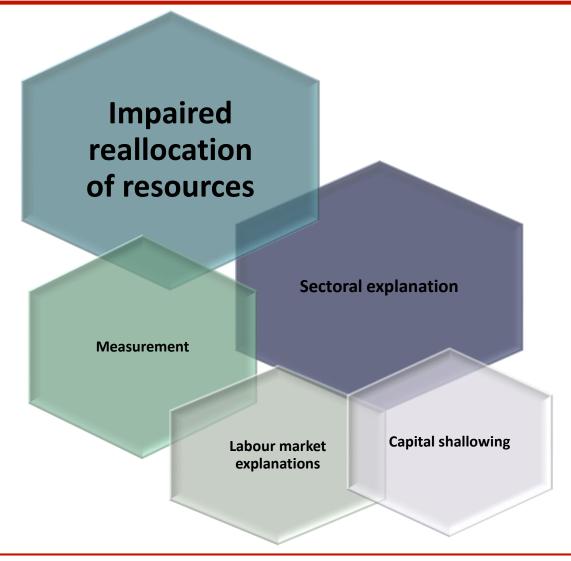
The historic gap between the UK and most of the G7 has continued to widen



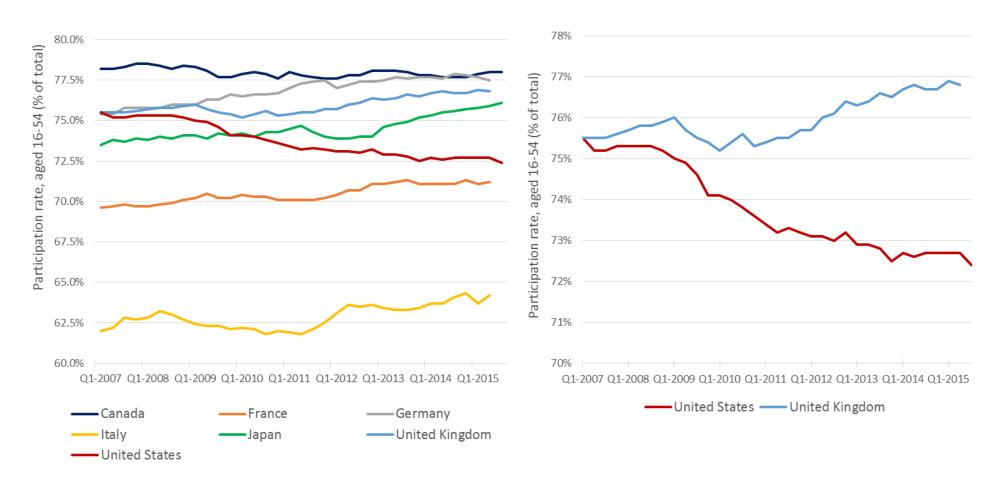
Source: ONS international comparisons of productivity 2014



Leading explanations of the UK productivity slowdown



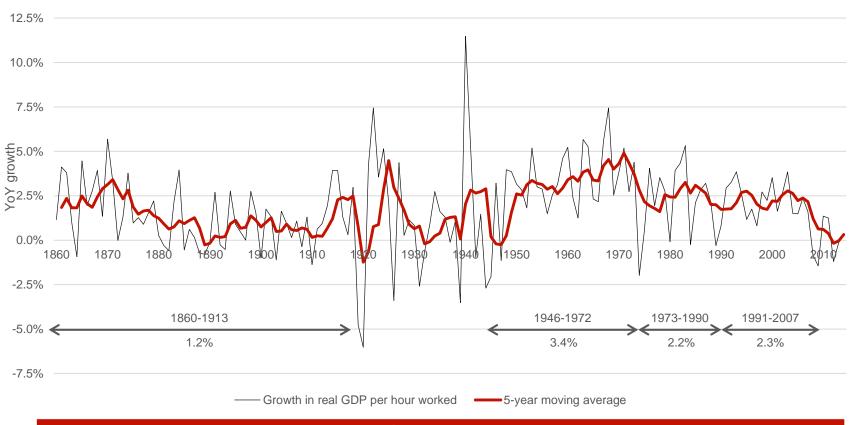
National context matters: recent trends in labour market participation



Source: OECD Dataset



Hit to productivity level or growth rate?



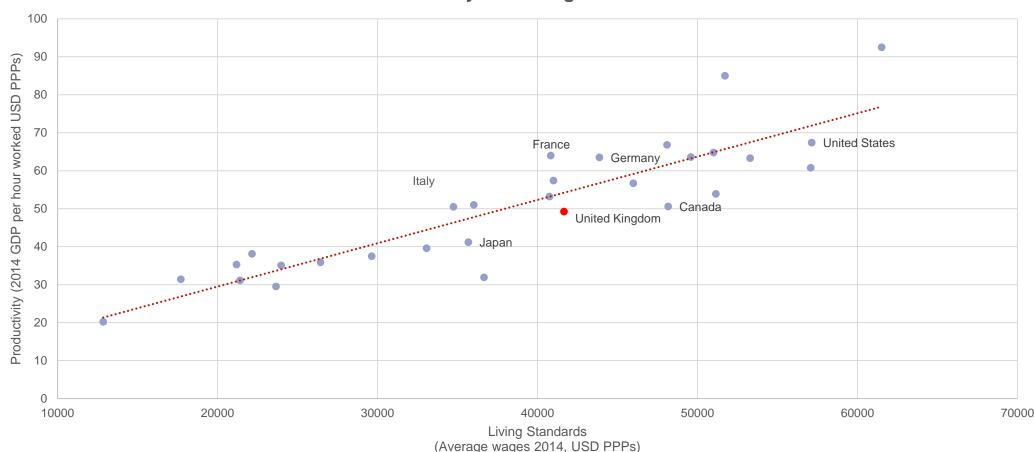
Average growth in real GDP per hour worked	
Great Recession (2008-2009)	-1.2%
Recovery (2010-Now)	0.3%
Post-WWII period (1946-Now)	2.5%

Source: Bank of England



Tight relationship between productivity and living standards

Productivity and Living Standards



Source: OECD Dataset



A framework for raising productivity

Long term investment

Business investing for the long term

- 1. An even more competitive tax system
- 2. Rewards for saving and long-term investment

Skills and human capital

- 3. A highly skilled workforce
- 4. World-leading universities, open to all who can benefit

Economic infrastructure

- 5. A modern transport system
- 6. Reliable and low carbon energy
- 7. World-class digital infrastructure

Ideas and knowledge

8. High-quality science and innovation

Lifting **living standards**



Raising **productivity**

A dynamic economy

Flexible, fair markets

- 9. Planning freedoms, more houses to buy
- 10. A higher pay, lower welfare society
- 11. More people able to work and progress

Productive finance

12. Financial services that lead the world in investing for growth

Openness and competition

- 13. Competitive markets with less regulation
- 14. A trading nation open to international investment

Resurgent cities

15. A rebalanced economy and a thriving Northern Powerhouse



UK policy measures spurred by the Productivity Plan

Business investing for the long term

Cutting the UK's Corporation Tax to 18%, the lowest in the G20

Skills and human capital

Funding new apprenticeships through a levy on large employers

Economic infrastructure

Creating a Roads Fund and reforming Network Rail to deliver faster, more reliable and more efficient railways

Ideas and knowledge

Putting higher education funding on a more sustainable footing

Flexible, fair markets

- Bring in a new Living Wage
- Introduce a reformed planning system to ensure more land is made available for house building

Productive finance

A joint New Bank Unit to promote competition in banking

Openness and competition

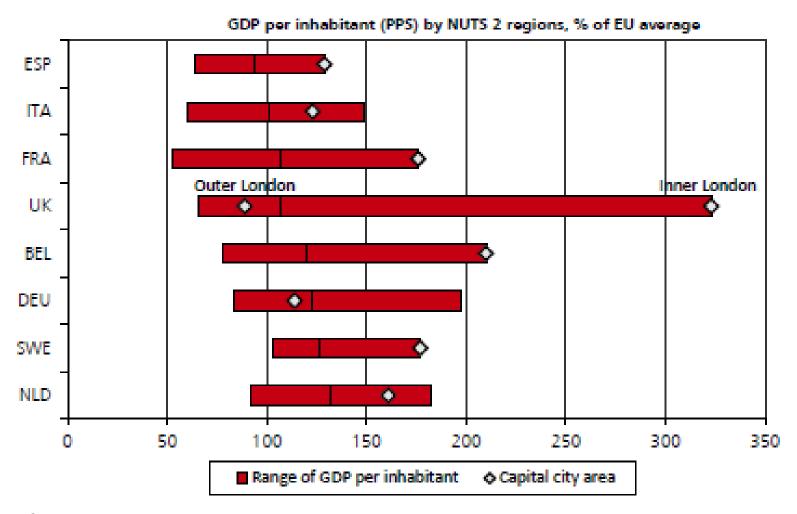
Remodel the Government's delivery of support to trade and investment

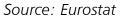
Resurgent cities

Building a Northern Powerhouse and ensuring the productive potential of all parts of the UK is realised



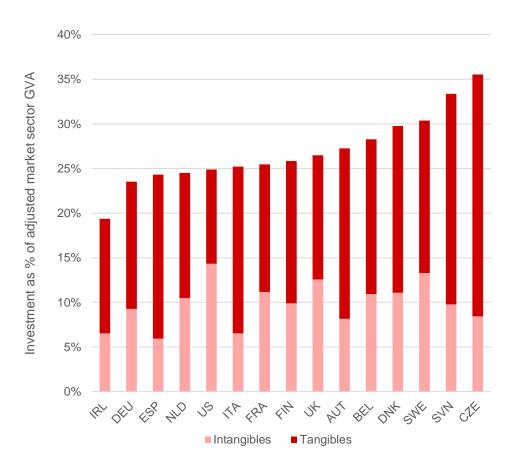
Importance of balanced regional growth

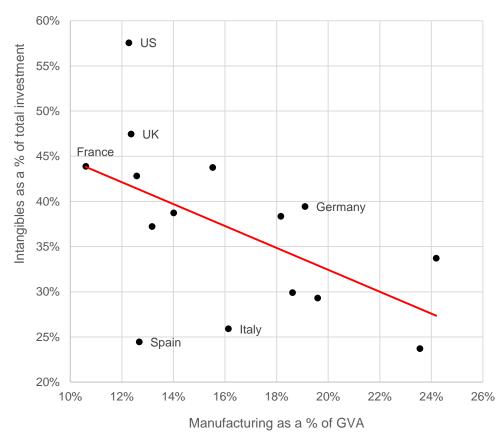






Measuring the modern economy





Source: HM Treasury calculations, OECD

Conclusions

Thank you