Summary of Discussion Brief
Increasing productivity and supporting growth

What is growth? GDP, or Gross Domestic Product, is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports. We use change in GDP to assess the health of the economy: if the GDP measure is up on the previous three months, the economy is growing. If it is negative it is contracting. And two consecutive three-month periods of contraction mean an economy is in recession.

Drivers of growth. Growth is affected by a range of factors including: productivity; direct inputs; specialisation and innovation; and the business environment

Where did UK growth come from? The UK achieved average annual GDP growth of 2.3 per cent between 1990 and 2008 and UK GDP per capita rose by 43 per cent (faster than any other G7 economy).

Our top trading partners for decades have been the USA, Germany, the Netherlands, France and the Republic of Ireland. The European Union as a whole is the UK's most important export destination for goods, with 56 per cent of all UK goods being exported to other 27 European Member States in 2008.

London and its surrounding regions have grown, on average, over half a percentage point quicker than the rest of England since 1989 - a continuation of a forty year trend.

There has been a shift away from manufacturing to services: the share in GDP of Business, Financial and Professional Services rose from 15 per cent in 1992 to 22 per cent in 2008, while the share of manufacturing fell from 21 per cent to 12 per cent (manufacturing output actually rose but its share of the economy fell).

What happened to it? Over the past few years, growth has been adversely affected by: global recession; debt levels; lower levels of investment; inflation; and the Eurozone crisis.

Questions for discussion - what comes after 2015?

1. What should be the role of the Government in encouraging growth?

2. Where in the World will growth come from? Who will we be exporting to and importing from?

3. How can we encourage more people back into the workplace? What can the government do to incentivise flexible or part-time working?

4. In your area, what is the most important industry or market? If government could do one thing to help increase growth or improve productivity in that market, what would it be?

5. Are there skills or resources in your area which could benefit from special support? What are they, and what support would help?

6. What would economic success look like in your area? Is GDP a relevant measure?