

72. Competitiveness – factors contributing to higher levels of productivity.

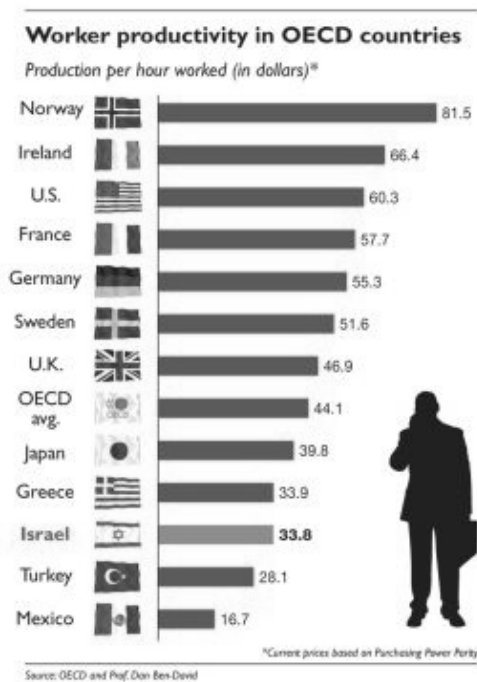
1. Definition – fill in the missing words

Definition: Productivity is defined as _____ per worker per _____.

2. Identify 5 factors that could contribute to higher productivity

1. _____
2. _____
3. _____
4. _____
5. _____

3. UK Productivity



‘The Plan for Growth’ was the plan of the UK government in 2011. “We have to become much more productive so we can be a leading high tech, highly skilled economy.”

Since then, the UK’s productivity problem has only worsened: output per hour lagged behind the rest of the G7 by 6% in 2007, by 15% in 2010 when the coalition took power, and by 17% on the most recent data.

Economists neither agree nor fully understand why UK productivity growth has stalled since the financial crisis. But all would agree that government policies on investment, education, regulation, innovation and skills affect productivity growth over the long term.

In spite of its rhetoric about the need for change, economists say the coalition’s approach to so-called supply side policy has been broadly similar to that of the last Labour government, both in terms of its strengths and weaknesses.

“Changes in policy under the coalition government are unlikely to have made a big difference,” Nicholas Crafts, a professor at the University of Warwick, concluded in a recent paper. “On the one hand, this means opportunities for radical

reform have been ignored; on the other hand, there has been no repeat of the 1930s debacle,” when the response to crisis was to abandon free trade.

Although UK productivity levels have lagged behind the G7 average for decades, the gap had been closing. That was thanks to reforms initiated by Margaret Thatcher’s government in the 1980s and continued by New Labour after 1997, according to Prof Crafts. Trade barriers were reduced, competition encouraged and higher education expanded. Source: Financial Times UK Productivity Gap has grown under coalition, Sarah O’Connor April 20th 2015

3.1 With reference to the extract, the data and your own knowledge explain **two** reasons, other than lack of education, why the UK is less productive than many other European countries.

1. _____
2. _____

3.2 The extract refers to improvements in education as one of the solutions to a lack of productivity. What might be some of the problems associated with such a strategy?

1. _____
2. _____

3.3 Other than education what policies could the UK government employ to increase workforce productivity?

- _____
- _____