**UK’s PRODUCTIVITY PUZZLE – What is it and how do we solve it using supply side policies?**

**BASIC READING/WATCHING (**these articles are all short – the Guardian one is longer)

1. Theory (8 minute video): Productivity and Growth - <https://www.youtube.com/watch?v=UHiUYj5EA0w>
2. BBC Article – is building roads and railways a good idea? <http://www.bbc.co.uk/news/business-37542996>
3. Guardian Article – what is this productivity puzzle? <https://www.theguardian.com/commentisfree/2016/apr/25/growth-uk-productivity-crisis>
4. Telegraph Article – why solving the productivity puzzle matters - <http://www.telegraph.co.uk/finance/economics/11876979/Why-the-productivity-puzzle-matters.html>
5. Office of National Statistics – how has the 2008 Financial Crisis affected our productivity - <http://visual.ons.gov.uk/productivity-puzzle/>
6. BBC Article – have we solved the productivity puzzle already? <http://www.bbc.co.uk/news/business-37574985>

**ADVANCED READING**

1. Economist – UK worse off than others - <http://www.economist.com/news/britain/21652310-britains-stall-productivity-more-serious-any-rich-world-peer-closer-look>
2. Bank of England Report - <http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/2014/qb14q201.pdf> I am not expecting you to read all of this and understand it. Read the first page and then try to interpret the graphs throughout the document to see if you can

**TASK 1 of 2: Using the reading/watching above and any other information you have, fill in the following boxes below:**

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| Explain what the productivity puzzle is and why it matters | How have we tried to solve the productivity puzzle so far? Has it worked? | What more do you think the Government should be doing in the future with the supply side of the economy? What could be the problems with your ideas? |

**TASK 2 of 2: This side of the A4 sheet is a scribble pad for you to attempt the following question. I want you to see if you can do it and do not care if you get it wrong but I will care if you do not attempt it fully!**

“Draw an AD/AS diagram (AD, SRAS, LRAS) showing how an increase in productivity will lead to economic growth and stable price levels”. Write a brief commentary about what is happening in your diagram as well.

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