

'Too many work longer hours for lower pay than their counterparts'

"The first challenge is to increase our productivity. Britain today is some 20% less productive than our main competitors and has been for years."

These were not the words of Philip Hammond in the autumn statement but Gordon Brown (below) in his pre-budget report 19 years ago.

"The productivity gap is well-known, but shocking nonetheless," were Hammond's words yesterday.

"It takes a German worker four days to produce what we make in five, which means, in turn, that too many British workers work longer hours for lower pay than their counterparts," he added.

These comments, and their symmetry despite two decades between them, show the problem of productivity has not gone away.

Productivity is the rate of output per unit of input - or in other words the value of products made or sold by a worker within an hour of work.

As Brown's comment shows, lacklustre productivity has hung over the UK for years. But it has become more pronounced since the financial crisis, with an expansion of the workforce and a fall in unemployment not met with a proportionate growth in GDP.

The government's autumn statement document states that improving productivity is the "central long-term economic challenge" for the UK and pivotal to increas-

ing wages and standards of living.

Hammond has identified better infrastructure, technology and skills as the foundations of boosting productivity, which is why he unveiled a new £23bn national productivity investment fund in the autumn statement.

However, economists warned that the government needs to do more than fund new infrastructure projects.

Yael Selfin, head of macro-economics at KPMG, said: "It is a pity that there was not more focus on education. If the government intends to make the UK less reliant on non-UK workers post-Brexit, the readiness of the local labour force will need to improve."

Poor management costs the UK economy £84bn a year, said Ann Francke, chief executive of the Chartered Management Institute.

"Our businesses are operating in a period of great uncertainty. This makes it difficult to plan ahead and affects how we resource and develop our employees. It's tough to attract and retain skilled managers, and we need 2 million more by 2024.

"So we know that building management capability is critical for growth in the UK and we hope that the welcome focus on productivity will include the need to improve our management structures."

Graham Ruddick

