Growth Policies

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Lead Non-Executives conference
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1. Motivation

2. What is the LSE Growth Commission?

3. Workstreams/emerging thinking

4. Public Sector Productivity
MOTIVATION

• Need for growth
  – In general: big gains from small increases
  – In times of budgetary austerity

• Caveats
  – GDP per capita isn’t everything (net DP), GNP, household income
  – Hard to measure material benefits (health, environment
  – Happiness
  – Inequality (e.g. median income better than mean)
WHAT IS THE LSE GROWTH COMMISSION?

• **History:** frustration with austerity debate
• **Vision:** Policies for sustainable long-term UK growth
  – What’s different? LSE “deep bench” & policy realism from Institute for Government partnership
  – Current system of policy & delivery “fit for purpose”? At what level (national & local)? Non-Exec innovation

• **Organization** (Van Reenen & Besley co-chairs)
  – **Commissioners:** Philippe Aghion, John Browne, Francesco Caselli, Richard Lambert, Rachel Lomax, Chris Pissarides & Nick Stern
  – **Secretariat:** Miguel Coelho, Novello Botero, Nitika Bagaria & PhD Interns over summer
  – Jan-June Select Cttee style evidence (oral/written)
  – July-Dec draft report published by end 2012
SOME WORKSTREAMS

• Workstreams
  – Theory/narrative (All)
  – Facts on UK Growth performance (JVR)
  – Human Capital (Aghion)
  – Science, technology & innovation (Aghion/Browne/Lambert)
  – Future Comparative advantage & in policy (Besley/Caselli)
  – Measurement & Inequality (Lomax/Caselli)
  – Jobs (Pissarides)
  – Management (Lambert/JVR)
  – Infrastructure & energy (Stern/Browne/Lomax)
  – Others: Hysteresis & growth (JVR); planning, tax, finance

• Emerging Thinking
  – Caveats: Modesty & Macro Stance
  – Importance of human capital (quality of teachers)
  – Planning (example of Cambridge)
  – Plan V (example of HE; business services, etc.)
EMERGING THINKING

• Caveats: Modesty & Macro Stance

• Getting environment right
  – Promoting market competition (Labour, product, financial)
  – Human capital (quality of teachers)
  – Taxation
  – Infrastructure

• Strategic policy priorities (Plan V)
  – Unlocking investment opportunities
  – Future comparative advantage + global growth
  – Examples
    • HE and immigration
    • Planning in Cambridge
    • Business Services
    • Green technologies
PUBLIC SECTOR PRODUCTIVITY

• **Follow through of policies to delivery poor**
  – Evaluation is poor. Qual not quant, surveys of beneficiaries
  – Why? Not such a clear “market test” as in private sector; Political time horizons; responsibility; skills; risk-aversion (adapt..)

• **Management Issues**
  – LSE/Stanford/Harvard/McKinsey management work, e.g. Schools and hospitals
  – Management gap with private sector
  – People management: rewards and removing under-performers
  – Monitoring/use of data

• **Information Technology**
  – Government services knowledge intensive so Big Win
  – But implementation poor without good management (ADIB)
  – Crowdsourcing & Open Source, etc.?