

SPRING 2010 REFORM BAROMETER – UNITED KINGDOM

1. SUMMARY TABLE

UK				Rank among 29 **			Relative Gap	
	2008	2009	Change	2008	2009	Change	EU 5 top performers 2009	Gap to EU 5 top performers 2009
GDP per capita (Purchasing Power Parity - PPP)	29526	27612	-6.5%	9	10	-1	LU, IE, NL, AT, BE	-19%
GDP per capita (€ at 2000 prices)	31337	29704	-5.2%	7	7	0	LU, DK, SE, IE, UK	-13%
Labour Utilisation (Annual hours worked per capita)	786	761	-3.2%	18	16	2	CY, SI, GR, CZ, PL	-14%
Annual hours worked per person employed	1654	1644	-0.6%	20	19	1	GR, HU, PL, SI, CZ	-18%
Employment as % of labour force (100-unemployment rate)	94.4	92.2	-2.2	11	13	-2	NL, DK, AT, CY, LU	-3
Labour participation (labour force as % of active population)	75.8	75.7	-0.1	8	7	1	NL, DK, SE, DE, UK	-3
Dependency ratio (working age population as % of total population)	66.4	66.3	-0.1	23	24	-1	SK, PL, CY, CZ, RO	-7
Labour Productivity (GDP per hour worked, in PPP)	37.2	36.0	-3.4%	10	11	-1	LU, BE, NL, FR, DE	-17%
Labour Productivity (GDP per hour worked, € at 2000 prices)	39.5	38.7	-2.1%	10	9	1	LU, SE, BE, DK, FR	-18%
Capital deepening (capital stock per hour worked)*	4.1	4.2	1.3%	16	16	0	IE, FR, LU, AT, SE	-28%
Total Factor Productivity (level of economic efficiency per hour worked)*	9.6	9.3	-3.3%	3	3	0	LU, UK, DK, SE, BE	7%
Corporate Investment (private investment excluding non-residential, % GDP)	8.0	5.8	-2.2	27	26	1	BE, RO, AT, DK, SK	-7.3
Current Account Balance (as % GDP)	-1.6	-2.4	-0.8	11	19	-8	LU, SE, LV, DE, EE	-8.8
Export market share measured in volume relative to main 35 trading partners (from 2000)	-5.8	-4.3	1.5	19	19	0	RO, LT, HU, CZ, PL	-59.1
Unit labour Costs relative to main 35 trading partners (from 2000)	3.7	5.3	1.6	14	12	2	DE, PL, AT, SE, GR	12.4
Government gross debt (as % GDP)	52.0	68.6	16.6	19	21	-2	EE, LU, BG, RO, LT	50.8
Net lending/net borrowing of general government (as % GDP)	-5.0	-12.1	-7.1	26	27	-1	BG, DK, SE, LU, FI	-10.1
Required budgetary adjustment related to ageing (as % GDP)	N/A	2.0	N/A	N/A	13	N/A	PL, EE, HU, BG, SE	1.9
Public Investment (as % total public expenditure)	5.4	5.7	0.3	21	19	2	BG, RO, EE, CZ, PL	-10.7
Tax burden (as % GDP)	38.3	35.1	-3.2	18	13	5	LV, RO, IE, SK, LT	7.3

Note: Labour utilisation and productivity are a product of its sub-components.

* Rank refers to EU15 ** EU 27, Norway and Switzerland

2. PRIORITIES FOR REFORM: ANSWERS FROM CBI (UNITED KINGDOM)

	1. Priority areas	2. Concrete Recommendations	3. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	Orientation and sustainability of public finances	Sustainable path back to fiscal health needs to be set quickly by next Government. Emphasis must be on spending cuts and adjusting expenditure plans rather than tax increases. There should not be "no go" areas. AAA credit rating must be undoubted and current budget in balance by 2015.	YES BOTH PARTIES ARE AWARE OF ALL THESE BEFORE THE NEXT ELECTION, EXPECTED IN MAY	
Priority 2	Financial markets and access to finance	Government to consider international impact of regulatory changes, and get right those which relate to capital adequacy. For Banks in which the state has shareholdings, emphasis should be on long term value for the economy, not short term maximisation of shareholder value. Government must strongly defend UK's global leadership in financial services from over-burdensome regulation.	Yes	
Priority 3	Sector specific regulation (telecom, energy)	Large chunks of UK energy infrastructure urgently need replacing and the UK faces a serious energy shortfall by 2016. The planning process must be sped up and there needs to be a substantial increase in gas storage capacity, as well as a balanced expansion in the energy mix. Transport and other infrastructure must be priorities for investment by new Government, not cut to reduce pressures on public spending.	YES	
Priority 4	Education and life-long learning	Urgent need for more Science, Technology, Engineering and Mathematics graduates for high value added future of economy. Also, raise mathematical literacy of the rest by further education in maths or numeracy after 16. Brightest young people to study all 3 of Chemistry, Physics and Biology after 14.	YES	
Priority 5	Active labour market policies	To focus on youth, as unemployment among young is at unacceptable levels and has long term scarring impact, so opportunities and prospects must be improved. Set youth minimum wages and apprentice rates at levels appropriate for their employment prospects. Subsidize youth apprenticeships by £2500 for firms employing extra or debut apprentices.	YES	