Productivity

Productivity is an ugly sounding word from economics. Some are worried by it as they fear it means job losses, restructurings, making people work harder. Curiously enough it is a word which apparently unites the warring political parties. They all claim to want higher productivity. Some even understand that increased productivity is the key to higher real pay and better living standards. If business can produce more with less, prices can be lower or specifications and quality higher, and we can afford to buy more or better.

Agreeing to support the general cause is as good as it gets. As we discovered again on Tuesday in the Finance Bill debate, productivity is also a word which divides, as different parties have different views of what you need to do to raise productivity, and where you might apply the policy.

I detected once again a distinct unease by Labour to discuss public sector productivity, for example. This is odd, given that Ministers- and indirectly MPs – have much more influence over how the public sector is financed and managed than we do over the private sector. I pointed out that during the long Labour years 1997-2010 there were no overall productivity gains in the main public services, at a time when private sector productivity was advancing moderately every year.It would be good to know from them why that was, and what they learned from the experience of presiding over a large sector with no clear gains.

The public sector has struggled with the digital revolution more than the private. The application of computer technology and robotics to business is transforming many areas of our lives. The UK public sector still does not have proper computerised records and controls in the NHS, tax has not yet gone fully digital and robotics are not much deployed.

The public sector has had access to substantial sums of capital to transform the way it does things, but has also had a disappointing record at implementing change through large computer programmes.