



'Where will growth come from?'

On Tuesday 17th May, the Centre for Policy Studies hosted a fascinating discussion entitled, 'Where will growth come from?' with Lord Griffiths, Neil Collins, Luke Johnson and Prof. Niall Ferguson providing a unique insight into this vital question. With each speaker coming to the question from different disciplines (history, politics, journalism and business), ideas flowed on both the macro- and the micro-economic level. Below we have summarised the key arguments presented by each (with linked videos):

- [Lord Griffiths](#) insisted that a commitment to significantly lowering the tax burden would be the most desirable medium-term policy for growth, driving inward investment and improving work incentives. But he stressed that it was also important to encourage competition in key sectors, with retail banking an obvious example.
- [Neil Collins](#) suggested that growth is ultimately driven by innovation, with two specific policy areas where the government might have significant effects: eliminating all employment legislation for companies with less than 10 workers, and investing significantly in nationwide high-speed broadband capacity.
- [Luke Johnson](#) was convinced that the harnessing of entrepreneurial spirit is the key to driving Britain's recovery. He contended that growth would ultimately come from freeing entrepreneurs through lighter-touch regulation, reducing employers' NI contributions, and opening up the provision of health and education services. He expressed concern, however, that the government's current energy policy threatened to undermine any deregulatory agenda by crippling the country's small manufacturing base.
- [Prof. Niall Ferguson](#) said that the coalition would suffer low growth in this Parliament due to the combination of a bloated, unproductive public sector, economic dependence on financial services, and exposure to damaging Eurozone policies. He agreed with Lord Griffiths and Luke Johnson on tax competitiveness and granting more freedom to entrepreneurs, but stressed "you don't just need entrepreneurs, you need willing workers." In the long-term he said we needed a better skilled workforce – enhanced through improvements in technical training and more private investment in tertiary sector. Long-term growth, driven by total factor productivity, can be enhanced by improvements in human capital and technological progress from enhanced cluster effects and competition.

The event then opened up into a question and answer session, chaired by **Lord Saatchi**.

A review of the discussion can also be found in an [excellent article by Anthony Hilton](#) in the Evening Standard.