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Perspectives on achieving good growth in the UK

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British Library Cataloguing in Publication data

A catalogue record for this book is available from the British Library

ISBN 978-1-03-625687-6
DOI: 10.4135/wp.261026

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Executive summary

Economic growth remains one of the defining public policy challenges facing the United Kingdom. Following almost two decades of weak productivity growth, subdued business investment, and stagnating living standards, there is widespread recognition that stronger economic performance will be essential to improving shared prosperity, supporting high-quality public services, and strengthening the UK's resilience in an increasingly uncertain international environment.

At the same time, there is growing recognition that the quality, sustainability, and distribution of growth all matter as much as its pace. Questions of productivity, inequality, regional disparities, institutional capacity, and international economic relationships have therefore become central to debates about how growth can best be achieved.

This report brings together perspectives from across the social sciences that explore these questions and showcase opportunities for achieving growth in the UK. Understanding and addressing the challenge requires perspectives from multiple disciplines, often working in collaboration, with each offering different ways of examining the complex economic, social, political, and behavioural factors that shape growth.

Expressed simply, economists might help us understand the drivers of productivity, investment, innovation, and living standards. At the same time, sociologists, social policy researchers, and human geographers might explore how different people, communities, and places experience the benefits and costs of growth. Political scientists might examine the institutions, governance, and policymaking needed to create the conditions for sustainable growth. Meanwhile, psychologists and behavioural scientists may provide insights into how individuals, businesses, and organisations respond to economic change. Business and management researchers might investigate how firms innovate, develop skills, and improve performance. Anthropologists can contribute a deeper understanding of how economic development is experienced within different communities and cultures. These examples are illustrative, rather than definitive, of how different social science disciplines can contribute to furthering understanding and evidence for policy. In reality, many social science disciplines have research perspectives on each of these topics and often contribute through multi-disciplinary collaborations.

While each discipline brings its own concepts, methods, and perspectives,

many of the most important questions addressed in this report draw on evidence from multiple social science disciplines working together. This combination of perspectives, methods, and evidence enables the social sciences collectively to provide a more complete and rounded understanding of the conditions needed for growth and to point to ways it might be generated, sustained, and shared.

Forming the basis of this report, expert contributions from a wide range of disciplines were collated as part of the Campaign for Social Science's 2025 Achieving Good Growth programme, which included written pieces, webinars, and public events. It also draws on wider Academy of Social Sciences activity such as episodes of our We Society podcast and additional commissioned contributions from leading researchers and policymakers. The report refers to other research from across the social sciences to add further evidential weight to the learning points that have emerged through contributions to the programme. Together, the contributions to our programme not only illustrate key opportunities and tensions in the growth agenda but also demonstrate the breadth of social science research relevant to economic growth and the value of multi-disciplinary evidence in informing public policy.

The report does not seek to advance a single blueprint for growth. Instead, it connects the contributions to our Achieving Good Growth hub to show that achieving good growth requires a systems approach – coordinated, long-term policymaking informed by robust research. For our programme, and therefore this report, we defined 'good growth' as fair, inclusive, carefully targeted, and environmentally sustainable. The report highlights the central role that the social sciences can play in supporting this kind of growth across the UK. Specifically, it explores five interconnected areas that are widely regarded as central to achieving good growth:

1. **The UK's long-standing productivity challenge** and the evidence on investment, innovation, skills, management, and workplace practices needed to improve economic performance.
2. **The relationship between growth and wealth inequality**, highlighting how patterns of wealth accumulation, opportunity, and living standards shape both economic outcomes and public confidence.
3. **The importance of place-based growth**, drawing attention to the distinct opportunities and challenges facing cities, towns, rural areas, and regions across the UK.

4. **The economic implications of resetting the UK's relationship with the European Union**, considering the contribution of trade, regulation, labour mobility, and institutional cooperation to long-term prosperity.

5. **The wider societal conditions that support growth**, including effective institutions, policy stability, finance, entrepreneurship, housing, public investment, and public trust.

Three core themes emerge consistently across the contributions:

1. **Sustained economic growth depends upon coordinated action across a wide range of policy areas rather than any single intervention.** Evidence from our authors consistently emphasises that productivity improvements are closely linked to investment in people, places, infrastructure, and research and innovation, while long-term policy stability provides the confidence required for investment and economic renewal.

2. **The interdependence between economic and social outcomes must be recognised.** Growth supports higher living standards and provides the fiscal capacity to invest in public services and infrastructure, while inequalities in wealth, opportunity, health, and place can themselves constrain economic performance. Many contributors therefore emphasise the importance of policies that make growth both economically successful and broadly shared.

3. **The UK's economic potential cannot be understood through national averages alone.** Place (and the new administration's ambition of 'growth in every postcode') is critical to how individuals feel growth. Different regions, cities, towns, and rural communities face distinct challenges and possess different strengths. Effective growth strategies therefore require greater attention to local institutions, local capabilities, and place-based policymaking.

Across these themes, the report helps illustrate the distinctive contributions of the social sciences. Economic growth is shaped not only by markets, technologies, and finance, but also by institutions, behaviour, governance, communities, and public policy. Rigorous social science research provides essential evidence for understanding these relationships and for informing policy design.

We hope that this report presents robust and, in some cases, actionable insights from across social science disciplines that can help government (at all levels) make informed decisions about how the UK's growth puzzle might be solved. But we also hope it stimulates thinking about how the social science disciplines can contribute more in the future and be better embedded within government, so that future insights can be readily harvested for the good of the nation.

Foreword

Some 50 years ago in March 1976, an exhausted Harold Wilson resigned from the top job, having won four general elections against a backdrop of a country in economic turmoil with rising unemployment and inflation rapidly running out of control. One wonders, in hindsight, just how hard it must have been to run the country in these exceptionally difficult circumstances. Indeed, by that very September, the new administration under James Callaghan and Chancellor Denis Healey sought a balance-of-payments loan from the IMF: a national humiliation that still resonates.

While history does not repeat itself, it certainly rhymes. Once again, we are under the shadow of a precarious fiscal position. Our borrowing costs look deeply problematic. Keir Starmer's Labour administration was elected in July 2024 with a majority of 172 seats and an agenda to deliver growth and raise living standards. Although turning around the UK's hugely disappointing recent economic history was never going to be a realistic short-run objective, both growth and living standards unfortunately flatlined since the election. We also saw some drift in policymaking: tax and spending commitments that would address the increasingly precarious fiscal position weren't quite fulfilled; promises for more expenditure did not provide any great comfort to financial markets that are focussing on the UK's twin fiscal and external deficits; and there remains a growing concern that labour market policies designed to support lower income households have increased labour costs rather than promoted efficiency. In Andy Burnham, we now welcome our seventh Prime Minister in the past ten years. The new administration has much the same brief as its predecessor regarding increasing growth and improving living standards.

The raw truth is that the best way to raise living standards is through sustained economic growth, which would also allow us to sustain activity better in the face of energy price shocks, tariffs, and the multiplicity of uncertainties we now seem to face. But as we know, structural change to promote growth is a project that will take generations to complete. The question that follows is: How does a government with a limited four-to-five-year horizon bring about reforms that will create the confidence to assure the population and those furrowed brows in financial markets that the economy is finally on the right track?

We hope that the new administration will engage with the research on these challenges to find the best ways forward. Much of this research will, of course, come from the social sciences, and some of it is featured herein. This report

from the Campaign for Social Science provides a timely and valuable reminder of the breadth of research that can help to inform a strategy for raising the UK's long-run growth rate. Stronger productivity, higher investment, and rising living standards emerge from the interaction of policies governing innovation, skills, finance, housing, infrastructure, regulation, and the quality of public institutions. The complementarities between these areas mean that success depends upon pursuing a coherent programme rather than a series of disconnected initiatives. This report strongly underlines that idea and suggests a systems approach to growth – one that recognises the importance of institutional credibility, policy consistency, and sustained implementation over many years if the UK is finally to break from its disappointing economic performance.

What we have needed, and still need, is a project of renewal. But those often-stated words need to be backed up with action:

- Reduce the size of the state: Total managed expenditures running at nearly 45% of GDP – with fiscal deficits at 4–5% for the rest of this Parliament – are simply too high. This will require significant control of welfare expenditure.
- Broaden the tax base.
- Create credible and consistent plans for public investment – particularly in R&D – and adopt a development bank at scale.
- Ensure that domestic finance through banks is more readily available to new and growing SMEs.
- Prioritise public sector efficiency by seeking to reduce its size.
- Build housing.

Not many of these ideas are new. But what would be new is accepting that such a project will require tracking and reporting on over time, and an annual progress report.

Perhaps more important than anything else is that we should tie the hands of cabinet ministers to these steps and judge their progress against specific annual targets. We must ask our ministers to own these objectives and, if they fail to meet them, hold them accountable. Everybody wants a more fertile economy. So let’s ask ministers to be rainmakers and judge them accordingly.

Jagjit S Chadha FAcSS
Professor of Economics, University of Cambridge, and formerly Director of the National Institute of Economic and Social Research from 2016–24.
Watch his public lecture: Booms, Busts and Blunders.

Introduction: The urgent need for economic growth in the UK

Economic growth remains central to UK policy debate. Since the financial crisis of 2007–09, the UK's economic growth has been slow, and it has languished in the lower half of the OECD productivity rankings. The UK also has higher levels of inequality in wealth, income, and opportunity compared with its OECD peers. These challenges are in many ways linked, but tackling them is no straightforward task. After more than a decade of weak productivity and only modest increases in living standards, there is growing recognition that sustained growth is essential to address many of the country's economic and social challenges. In June 2026, as part of his bid to become Prime Minister, Andy Burnham pledged to 'deliver good growth in every postcode,' largely via increasing devolution of power to regions and communities – including handing over control of taxes, business rates and investment.[1] The growth challenge has been with us for quite some time already, but it is also absolutely of the moment.

In 2025, the Campaign for Social Science – through our Achieving Good Growth hub – sought to profile some of the social science data, evidence, research, and insights relevant to the topic. Through four events, 23 written articles, and material drawn from wider Academy work, our contributors explained how the need for growth is not simply a matter of economic ambition, but a practical necessity for maintaining living standards, funding public services, and supporting long-term national resilience. This report is the culmination of that work, showcasing and contextualising those contributions, alongside many additional expert voices with insights to offer. It also builds on other recent reports by the Academy,[2] many of which have reflected on issues which overlap with the growth puzzle.

As many readers will appreciate, and as the following chapters re-emphasise,

[1] Crerar, P. (2026) 'Andy Burnham to pledge 'good growth in every postcode' in devolution plan', *The Guardian*, 28 June.

[2] These Academy of Social Sciences and Campaign for Social Science reports include, but are not limited to:

- 'Beyond the ballot: social science insights on eight key policy challenges' (November 2024)
- 'The SHAPE of research impact' (January 2024) – with the British Academy
- 'Reimagining the recipe for research and innovation: the secret sauce of social science' (January 2024)
- 'Social sciences in a time of change, 2020–2022' (July 2022)
- 'The place to be: how social sciences are helping to improve places in the UK' (November 2021)
- 'Vital business: the essential role of the social sciences in the UK private sector' (September 2020)
- 'Positive prospects: careers for social science graduates and why number and data skills matter' (May 2019)

insights from the social sciences will be essential to achieving good growth. This report does not claim to present the totality of social science research on growth, nor is it intended to provide a definitive blueprint for achieving good growth in the UK.

Equally, we acknowledge that growth is not a value-neutral concept. Different governments, political parties and schools of thought may place different weight on economic efficiency, distribution, public services, individual opportunity, environmental sustainability and the role of the state. Our project and this report do not seek to privilege a particular political or ideological approach but instead brings together a range of perspectives and positions, with an emphasis on the evidence and research that can help policymakers and the public to understand the choices and trade-offs involved.

Our contributors shared interesting viewpoints and proposed evidence-led ways forward. At the very least, this report should provide some further food for thought as the UK, under new leadership, continues to search for ways to achieve the economic growth it requires. Furthermore, when we synthesise these views, insights, and suggested solutions to some of the enduring issues impeding growth, it becomes clear that no single policy lever can deliver sustained economic growth. Rather, growth is the product of a complex, interconnected system in which productivity, skills, health, housing, infrastructure, innovation, trade, regional development, public institutions, and public trust all reinforce one another. Progress in one area is often dependent on action in several others, while weaknesses in one part of the system can undermine success elsewhere. This means that growth policy cannot be pursued in isolation within individual departments or through a series of disconnected initiatives. Instead, it requires coordinated policymaking across government, with departments working towards shared long-term objectives.

Within a whole-system approach, there are some well-known, longstanding, and deep-rooted specific challenges which the UK must address. The chapters of this report reflect this, but there are clear references across the chapters, emphasising further that the overall objective demands a multi-faceted, interconnected solution.

Chapter 1 begins by exploring **productivity**. Weak productivity and slow income growth have highlighted the limits of an economy that struggles to expand. Our contributors explore issues around productivity, investment, skills, and institutional reform, and examine the role these will play in reversing this trend.

Chapter 2 builds on this by unpacking **wealth inequality**. Just as improvements in living standards depend on rising productivity, poor living standards negatively affect productivity. Solving this riddle is complex and multifaceted, and our social science contributors examine the balance between economic growth and investment in public services.

Chapter 3 focuses on the **place-based nature of growth**, considering how economic growth can be spread beyond London and the South East of England to many of the UK's 'second-tier cities' and to rural areas, particularly when the challenges faced by such a diverse range of localities differ greatly. Our contributors offer research-informed insights into regional partnerships, methods for stimulating innovation, regional inequalities, social mobility, demographic change, and the distributional effects of policy interventions. This evidence can help inform policies and strategies that promote inclusive growth, strengthen social cohesion, and ensure economic opportunities are accessible to all parts of society in a regional context.

Chapter 4 explores **the UK Government's plans to reset the nation's relationship with the European Union** – something politically sensitive and diplomatically complex, but essential for growth. As our authors consider, UK–EU relations depend not only on successful trade and investment flows, but also on institutions, regulation, labour mobility, and business behaviour. By analysing how firms, workers, governments, and communities respond to evolving arrangements between the UK and the EU, our contributors discuss the conditions under which closer cooperation can support productivity, innovation, and long-term economic growth. The chapter also reflects on opportunities afforded through regulatory autonomy, domestic reform, and trade with other international partners.

Finally, Chapter 5 considers what **the right conditions for growth are and how best to create them**, reflecting the broader reality that economic performance is shaped not only by markets, technologies, and infrastructure, but also by human behaviour, institutions, the availability of investment capital, and social relationships. By providing evidence on the social drivers of productivity, entrepreneurship, and skills development, social science research – as promulgated and drawn upon by many of our authors here – can potentially provide a basis for more effective policies to support sustainable economic prosperity.

Addressing these issues requires an appreciation that they are part of an

interconnected network of processes, lags, and feedback – a system – and requires co-ordinated action across many policy areas, including investment, education, governance, and regional development. Achieving stronger economic growth will not be simple, but without it the UK risks prolonged stagnation, dissatisfaction, and constrained public choices.

In this sense, we urge policymakers to fully engage with a breadth of robust research evidence across the social sciences when pursuing sustained growth that supports a more prosperous, resilient and inclusive future for the UK.

1: Increasing productivity

Featured viewpoint: Professor Diane Coyle FAcSS

Diane Coyle is Bennett Professor of Public Policy and the Research Director at the Bennett School of Public Policy, University of Cambridge. She is a leading applied economist. Diane is also a member of the UK Government's Industrial Strategy Council and advises the Competition and Markets Authority. Her book, *The Measure of Progress: Counting What Really Matters*, asks why we use 80-year-old metrics to understand today's economy.

The challenge of increasing productivity in the UK

Productivity is a measure of the economic value created from available resources. It can be defined in several ways, and measuring it involves tricky technicalities, but it is key to whether living standards can rise over time. And unfortunately, productivity on any measure has flatlined in the UK for about 20 years.[3] This is the longest period without significant productivity growth since the dawn of the Industrial Revolution.

As with so many social and economic outcomes, productivity is the result of many potential contributing factors. This makes the causes of the slowdown difficult to diagnose with any confidence – it has become known as the 'productivity puzzle'. Policy responses should be correspondingly tentative.

Still, some descriptive features help. The productivity growth slowdown has occurred across the developed economies,[4] though less in the US than elsewhere and much more in the UK than among comparable countries. So, we are looking for both common elements across borders and distinctively UK problems. Since the mid-2000s, the contribution to productivity growth has been most disappointing in two key areas: high-productivity industries in which the UK is strong,[5] such as business services and parts of manufacturing; and in industries that rely heavily on intangibles,[6] such as software or data.

The puzzle is made more puzzling by recent advances in technology – especially AI – given it is one of the key drivers of productivity over time.[7] New

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[3] Coyle, D., van Ark, B., & Pendrill, J. (eds.) (2023) *The Productivity Agenda*. Manchester: The Productivity Institute.
[4] Askenazy, P. et al. (eds.) (2016) *Productivity Puzzles Across Europe, Studies of Policy Reform*. Oxford: Oxford Academic.
[5] Coyle, D.,and Mei, J-C. (2023) 'Diagnosing the UK productivity slowdown: which sectors matter and why?', *Economica*, 90(359), pp. 813-850.
[6] Goodridge, P.,and Haskel, J. (2023) 'Accounting for the slowdown in UK innovation and productivity', *Economica*, 90(359), pp. 780-812.
[7] Nobel Prize Committee (2025) *Sustained economic growth through technological progress*. Stockholm: Nobel Prize Committee.

techniques, machines and processes contribute to both higher labour productivity (the amount of real output produced per hour of human labour) and higher total factor productivity (the amount produced given all the inputs needed, including capital and materials). A construction worker is far more productive with modern equipment than with a spade, and will become even more so with new tools such as smart glasses or robotic equipment on site. The industry as a whole will become more productive by adopting technological and process innovations such as digital twins.

Much of the UK Government policy focus at present is on encouraging the adoption of AI in the hope and expectation that it will boost productivity across the economy – it is an example of a 'general purpose technology'[8] with a wide range of uses. Adoption by businesses in the UK lags behind the US but leads many European economies. But AI is not (yet) a plug-and-play technology. It requires integration with existing systems and sometimes changes to data architecture. Productivity benefits also depend on changes in management practices and process reengineering. Therefore, there is a delay between a firm adopting AI tools and the productivity gains; the initial costs create a 'J-curve',[9] a dip in productivity before the increase.

In any case, the UK's longstanding problem predates the arrival of AI tools. Policy needs to address other weaknesses, too. One obvious culprit for lower UK productivity (especially labour productivity) is the long[10] and dismal[11] record of low investment by both public and private sectors. Firms need to invest more in new generations of equipment and buildings as these embody better technologies and directly increase labour productivity. The Government needs to ensure the quality of the country's infrastructure – both 'hard' infrastructure, such as transport, and social infrastructure, such as hospitals and the courts – as this is the platform on which the economy stands.

Another UK weakness is policy churn.[12] This has been well documented[13] in

[8] Calvino, F., Haerle, D., and Liu, S. (2025) 'Is generative AI a general purpose technology?: Implications for productivity and policy', *OECD Artificial Intelligence Papers*, 40.
[9] Brynjolfsson, E., Rock, D., and Syverson, C. (2019) 'The Productivity J-Curve: How Intangibles Complement General Purpose Technologies', *MIT Initiative on the Digital Economy Research Brief 2019*, 2, MIT Digital.
[10] Alayandex, A., and Coyle, D. (2023) *Investment in the UK: Longer Term Trends*. Manchester: The Productivity Institute.
[11] Allas, T. and Zenghelisy, D. (2025) *The UK's capital gap: A short-fall in the trillions of pounds that will take decades to bridge*. Manchester: The Productivity Institute.
[12] Coyle, D., & Muhtar, A. (2023) 'Levelling up policies and the failure to learn', *Contemporary Social Science*, 18(3-4), pp. 406-427.

industrial policy, for example, with reversals and disruptive changes reflecting the political structures of the Westminster model and first-past-the-post voting. It is no surprise that businesses require a risk premium on their investments in the UK economy, which might commit them for 10 or 20 years, given the experience of policies that directly affect them changing significantly even within the life of a single government.

A third big cloud over UK productivity is the hit to exports from Brexit. Although the productivity slowdown precedes our loss of low-friction access to EU markets, it has had a large impact[14] in more recent years.

Other policy areas are also likely to affect productivity growth in future: investment in research and development; a competitive environment that enables (or not) new business models and innovations to gain market share; education and skills; trade and inward investment frameworks; and reformed government procurement. There is no easy fix, but fortunately, there is no shortage of actions the government can take to improve UK productivity growth and, therefore, prospects for higher living standards in the future.

[13] Institute for Government (2022) *Churn in industrial strategy: a timeline of policy and organisational changes*.
[14] Bloom, N., Bunn, P., Mizen, P., Smietanka, P., and Thwaites, G. (2025) 'The Economic Impact of Brexit', *NBER Working Paper 34459*.

Raising UK productivity – from puzzle to prosperity

Productivity underpins sustainable wage growth, fiscal resilience, and improved living standards. Yet the UK's long-standing productivity gap – both relative to its own pre-financial-crisis trend and to international peers – continues to constrain economic and social progress. Our contributors' evidence is clear: there is no single 'silver bullet'. Instead, raising productivity requires coordinated action across investment, skills, management practices, job design, entrepreneurship, and regional development.

1. The productivity puzzle: Regional disparity, infrastructure, investment, management and R&D

In the Solving the productivity puzzle episode of the We Society podcast, Ed Balls FAcSS, Dr Anna Stansbury, and Dan Turner discussed the structural nature of the UK's stagnation since the financial crisis. They touched on factors including weak business investment, limited adoption of best management practices, and labour market insecurity. They also made the key point that productivity varies significantly across UK regions, and that the narrative of the North-South divide has shifted from its traditional focus on employment and unemployment rates towards a comparison of productivity levels. While employment rates are now comparable across regions, there are increasing regional disparities in productivity, income, and overall economic performance within the UK.

Balls, Stansbury and Turner highlighted the stark contrast between the economic conditions in the south east of England and those in cities like Nottingham and Birmingham. They said these cities fail to generate the productivity benefits seen in comparable international cities because of comparatively weak infrastructure, poor investment, and limited diffusion of innovation across regions in the UK. They point to these challenges:

> *(i) specific shortages of STEM degree-level skills; (ii) binding transport infrastructure constraints within major non-London conurbations; (iii) a failure of public innovation policy to support clusters beyond the South East, in particular through the regional distribution of public support for Research and Development (R&D); and (iv) missed opportunities for higher internal mobility due to London's overheating housing market.*[15]

[15] Stansbury, A., Turner, D., and Balls, E. (2023) *Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention*. Harvard Kennedy School.

2. Targeted investment: Closing the gap through strategic choices

Echoing Balls, Stansbury, and Turner whilst writing for our Achieving Good Growth hub, Aadya Bahl and Professor Henry Overman FAcSS argued that closing the UK's productivity gap requires targeted investment. It demands difficult but essential decisions about where and how to invest. The UK underinvests in infrastructure, research and development (R&D), and place-based economic capacity relative to competitor economies. In relation to the latter, for example, Bahl and Overman showed that "*while Manchester and Birmingham have a combined population of 5.6 million, they are 31 per cent*[16] *and 37 per cent*[17] *less productive than London, respectively*". Meanwhile, France's second cities, Lyon and Toulouse, have a much smaller productivity gap with Paris, leading Bahl and Overman to point out that "*if Manchester and Birmingham could close their productivity gaps to the level seen in Lyon and Toulouse, UK GVA [gross value added] would increase by nearly £20 billion annually*".[18] Put simply, increasing spending is not enough; investment effectiveness depends on strategic targeting.

For Bahl and Overman, a key priority is place-sensitive investment. They explained that productivity disparities across the UK's nations and regions remain stark and that high-performing city regions benefit from agglomeration effects, innovation ecosystems, and infrastructure connectivity. The inference is that policy must support growth in high-potential areas while enabling lagging regions to build economic specialisms.[19] Bahl and Overman acknowledged that a quick fix that applies across the entire country isn't feasible. Still, they asserted that a start must be made somewhere, and that it matters where that 'somewhere' happens to be. They made it clear that spreading resources too thinly risks diluting impact. They suggested that:

> *one option is to adopt a phased approach, beginning with targeted investment in a small number of cities, to create the self-reinforcing*

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[16] Brandily, P., Brewer, M., Cominetti, N., Coombes, M., Corlett, A., Judge, L., Odamtten, F., Overman, H., Pacitti, C., Rodrigues, G., Shah, K., Swinney, P., and Try, L. (2023) *A tale of two cities (part 2): A plausible strategy for productivity growth in Greater Manchester and beyond*. Resolution Foundation.

[17] Brandily, P., Brewer, M., Cominetti, N., Coombes, M., Corlett, A., Judge, L., Odamtten, F., Overman, H., Pacitti, C., Rodrigues, G., Shah, K., Swinney, P., & Try, L. (2023) *A tale of two cities (part 1): A plausible strategy for productivity growth in Birmingham and beyond*. Resolution Foundation.

[18] Resolution Foundation (2023) *Ending stagnation: A New Economic Strategy for Britain*.

[19] Brandily, P., Distefano, M., Donnat, H., Overman, H., and Shah., (2022) *Bridging the gap - What would it take to narrow the UK's productivity disparities?*. Resolution Foundation.

benefits of size, skills and capital that generate productivity growth. The resulting growth will help fund future investment and government spending everywhere.

In their piece, Bahl and Overman especially single out Greater Manchester as being well-placed as a target for nurturing into a powerhouse of productivity outside of London and the South East, arguing that it could also become a replicable model, particularly for the Combined Authorities identified in the English Devolution White Paper[20] (now Act[21]) for deeper devolution. They state that:

as capacity and governance structures develop elsewhere, additional city-regions can follow. The challenge is large, but so is the opportunity. Getting the timing and sequencing right is the only way to close the UK's long-standing regional and national productivity gaps.

Productivity is the foundation of good growth. But achieving this requires targeted, sustained investment in places with the greatest potential to drive national prosperity. Without this strategic focus, the UK risks deepening stagnation rather than overcoming it.

3. Education, skills and wage growth: Strengthening human capital

In their piece for the hub, Professors Richard Blundell FAcSS, Rachel Griffith FAcSS, and Sandra McNally emphasised that productivity and wage growth depend fundamentally on human capital, and they made the case for policies that promote productivity and wage growth for less educated workers. They pointed out that less-educated and low-paid workers have experienced very low wage growth in recent years[22] and suggested that:

the benefit system provides an important safety net to protect the most vulnerable. However, relying on benefits is both socially undesirable and politically untenable. It would be more desirable for individual workers to experience pay growth that is driven by increases in their productivity.

The piece explained how weak educational outcomes among children from disadvantaged backgrounds and limited progression routes for less academically inclined young people depress long-term growth. The piece

[20] Ministry of Housing, Communities and Local Government (2024) *English Devolution White Paper*. Westminster: Ministry of Housing, Communities and Local Government.
[21] English Devolution and Community Empowerment Act 2026. (c. 23).
[22] Institute for Fiscal Studies (2024) *IFS Deaton Review of Inequalities*. Institute for Fiscal Studies.

proposed three interlinked ways forward.

a) Early and school-age interventions to improve cognitive and non-cognitive skills

Improving cognitive and non-cognitive skills early in life has high long-term returns. Embedding social and emotional skills alongside academic attainment strengthens resilience, teamwork, and adaptability – traits increasingly valued in modern labour markets. As Blundell, Griffith, and McNally put it:

> *recent research[23] has emphasised the importance of social skills – the ability to work well in a team and coordinate with coworkers – and an appropriate match to a firm that provides training and learning opportunities as a driver for individual wage growth. Such a match enhances a worker's ability to contribute in the workplace, and so to gain opportunities for pay progression. Importantly, investing in and developing these non-cognitive skills is productivity enhancing, and so will be a driver of inclusive growth.*

b) Equal status for vocational pathways

The UK has historically privileged academic routes. According to Blundell, Griffith, and McNally's piece, "*vocational pathways are less clear, poorly connected across levels, and less well funded*"[24] and elevating these pathways – ensuring quality, progression opportunities, and employer engagement – would better align skills supply with labour market demand, and this in turn would enhance productivity in sectors facing shortages. Currently, the skills and job opportunities of those not following the academic pathway are limited, as is the ability of the system to respond to changing economic conditions.[25]

c) Lifelong training and adult skills

Blundell, Griffith, and McNally's piece also asserted that:

> *there is a need for training and education across people's working life. For example, further digitalisation and the rise of AI will have major implications for the nature of work and for the organisation of firms. Addressing these challenges requires developing and implementing a*

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[23] Aghion, P., Bergeaud, A., Blundell, R., and Griffith, R. (2024) *Social skills and the individual wage growth of less educated workers*. Institute for Fiscal Studies.
[24] Augar, P. (2019) *Post-18 review of education and funding: independent panel report*. London: Department for Education.
[25] Costa, R., Liu, Z., McNally, S., Murphy, L., Pissarides, C., Rohenkohl, B., Valero, A., and Ventura, G. (2023) *Learning to grow: How to situate a skills strategy in an economic strategy*. Resolution Foundation.

> *system of carefully designed employer-based accredited qualifications in social skills, alongside technical and analytical skills.*

In their piece, Blundell, Griffith, and McNally posit that some of this might best be achieved – in England at least – through Local Skills Improvement Plans (LSIPs). Still, they suggest, not unreasonably, that "*lessons are learnt from previous attempts at such approaches and consideration is given to what has worked well (or not) in the past or in different regions*".

Technological change requires continuous upskilling. Funding mechanisms that support mid-career retraining and employer co-investment can prevent workers, particularly those with fewer qualifications, from falling behind. Productivity growth is strongest when firms combine capital investment with workforce skills development.

Taken together, these ways forward clearly show that improving educational equity is not only a social justice imperative, but also a macroeconomic necessity.

4. Rethinking work and workplace culture: Flexibility, autonomy and wellbeing

In another episode of the We Society podcast, Professors Clare Kelliher FAcSS and Brendan Burchell asked: Should the 9 to 5 be a thing of the past? They highlighted how working patterns shape productivity and argued that the rapid expansion of flexible and hybrid working has demonstrated that autonomy can improve job satisfaction without necessarily reducing output.[26] This is echoed elsewhere, with research showing that "*hybrid working improved job satisfaction and reduced quit rates by one-third*" and that "*a hybrid schedule with two days a week working from home does not damage performance*".[27]

Kelliher and Burchell also discussed results from the world's largest trial of a four-day working week, which found that:

> *a four-day week significantly reduces stress and illness in the workforce and helps with worker retention. Some 71% of employees self-reported lower levels of 'burnout', and 39% said they were less stressed, compared to the start of the trial. Researchers found a 65% reduction in sick days,*

[26] Campbell, D. (2024) 'Hybrid working makes employees happier, healthier and more productive, study shows', *The Guardian*, 16 June.
[27] Bloom, N., Han, R. and Liang, J. (2024) 'Hybrid working from home improves retention without damaging performance', *Nature*, 630, pp. 920-925.

and a 57% fall in the number of staff leaving participating companies, compared to the same period the previous year. Company revenue barely changed during the trial period – even increasing marginally by 1.4% on average for the 23 organisations able to provide data.[28]

However, productivity gains depend on effective performance management, trust-based leadership, and clear communication structures. Flexibility must be well designed. Poor implementation can reduce collaboration or intensify work pressures.[29]

It's clear, then, that flexibility and autonomy can and do help increase individual productivity. So too does workplace wellbeing. Professor Sir Cary Cooper's (FAcSS) We Society podcast episode, It's not about bean bags, ping pong, and sushi at your desk, explored the dangers of superficial approaches to workplace wellbeing as well as the benefits of getting it right. For Cooper, productivity does not hinge on symbolic perks, but on deeper organisational practices such as job security, fair pay, supportive management, clear progression pathways, and good work-life balance.

Cooper showed that high stress, burnout, and poor mental health undermine workforce effectiveness. According to the Health and Safety Executive, 964,000 workers suffered from work-related stress, depression, or anxiety (new and long-standing) and 22.1 million working days were lost as a result in Britain in 2024–25.[30]

Research consistently highlights that safeguarding employee wellbeing and investing in 'good work' that allows flexibility and autonomy pays off in terms of productivity. It is therefore both economically rational and socially desirable.

5. Addressing inactivity

The concept of 'good work' was also discussed in Gavin Kelly's episode of the We Society podcast, where he explored how to get work working for everyone. Here it was made clear that, to some extent, a failure to provide 'good work' is not only a contributory factor in the rise of job-related health issues but is also contributing to a growing problem of economic inactivity amongst the British

[28] University of Cambridge (2023) 'New results from the world's largest trial of a four-day working week', *University of Cambridge website*, 23 February.
[29] Kelliher, C. and Anderson, D. (2009) 'Doing more with less? Flexible working practices and the intensification of work', *Human Relations*, 63(1), pp. 103-106.
[30] Health and Safety Executive (2025) *Work-related stress, depression or anxiety statistics in Great Britain*. Health and Safety Executive.

working-age population.[31] [32]

The fact that 2.8 million people are out of work due to long-term sickness represents what the UK Government has called the "*greatest employment challenge for a generation*".[33] Kelly agreed with this sense of urgency and focused particularly on the challenges around the growing number (almost a million[34]) of young people who are not in education, employment, or training (NEET)[35]. He also warned of an unwanted 'pipeline' of prospective NEETs, driven by preconditions for economic inactivity such as the impacts of the pandemic, long-term austerity, regional inequalities, and pressure on local services.

For Kelly, inactivity is one of the biggest issues to address, for a range of reasons, including increasing productivity. Weak wage growth, insecure contracts, and regional inequality all play a part in the rise of economic inactivity. And according to Kelly – and the Trades Union Congress – a raft of new measures is needed to stop the rot. These new measures might include: apprenticeship reform; increased funding for post-16 education; social security improvements; improved employer engagement; improved child support; improved health support; tackling regional employment gaps; and improving job security, flexibility, and accessibility. [36]

A key challenge in solving the productivity puzzle will be addressing economic inactivity, especially among the young. This won't be an easy fix, but the measures required to do so will also bring social benefits while making the country more productive. And the costs of not addressing the problem could be far greater than the cost of solving it.

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[31] Wilson, T., Sharma, M., and Gifford, J. (2024) *Exploring the interactions between job quality, industries and health: A report for the Commission for Healthier Working Lives*. Institute for Employment Studies.
[32] Atay, A., Florisson, R., Williams, GD., Martin, A., and Leka, S. (2024) *Stemming the Tide: Healthier Jobs to Tackle Economic Inactivity*. Work Foundation.
[33] Department for Work and Pensions (2024) 'Government action to tackle the 'greatest employment challenge for a generation'', *UK Government website*, 10 September.
[34] Office for National Statistics (2025) 'Young people not in education, employment or training (NEET), UK', *ONS website*, 27 February.
[35] An issue on which the UK Government recently published an interim report by Alan Milburn, exploring how the nation's growing numbers of NEETs might be addressed.
[36] Trades Union Congress (2026), Written evidence submitted by the Trades Union Congress (YEET0028).

6. Inclusive growth through minority-led businesses and entrepreneurship

If addressing economic inactivity, and especially the NEET challenge, is a way to make growth and productivity inclusive and avoid wasting available talent, then the same might be said about better supporting female entrepreneurs and minority-led businesses.[37] Professor Eleanor Shaw FAcSS made this point in a We Society podcast episode about taking entrepreneurship beyond business. Shaw emphasised that if female entrepreneurs were supported to start and scale businesses to the same extent as their male counterparts, it would increase the value of the UK economy by £250 billion.[38] Elsewhere, Professor Monder Ram has suggested that the "*significant economic contribution of ethnic minority businesses (EMBs) to the UK economy – £25 billion gross value added prior to the global pandemic – could increase dramatically if they were counted correctly and received the right support*".[39]

In Shaw's podcast episode, she made it clear that entrepreneurship can drive productivity through firm creation, provision of jobs (including in disadvantaged areas), and innovation within existing organisations. Entrepreneurial thinking – problem-solving, innovation, and adaptability – can be embedded across sectors, including public services and community enterprises.

Increased productivity can also be facilitated through policies designed to support minority-led businesses and female entrepreneurs, strengthen local business ecosystems, and integrate universities[40], finance, and industry networks.

[37] British Business Bank (2022) Unlocking the potential of diverse entrepreneurs – Factsheet, *British Business Bank website*.
[38] Rose, A. (2019) *The Alison Rose Review of Female Entrepreneurship*. London: HM Treasury.
[39] Ram, M. (2022) in *Supporting ethnic minority entrepreneurship in the UK*. UK Finance.
[40] Booth, J., Symington, M., Cannings, J., Halterbeck, M., and Conlon, G. (2024) *The economic impact of higher education teaching, research, and innovation*. London Economics.

Summary - An integrated productivity strategy

Solving the UK's productivity puzzle will require strong and well-connected policy across several domains. Our contributors discussed several aspects of the puzzle, including:

1. **Increasing strategic, place-based investment, including both public and private** – investing in infrastructure, R&D, and high-potential regions.
2. **Harnessing new technology, including AI** – long-term plans to adopt new technologies properly (including adapting management practices and re-engineering processes as appropriate) which create higher labour productivity and higher total factor productivity.
3. **Developing human capital** – investing in people from early years and through lifelong learning to reduce economic inactivity and to improve skills – and to accompany this with good and fair wages.
4. **Management and organisational improvement** – diffusing best practice across firms and across regions.
5. **Good work and wellbeing** – recognising the productivity returns of supportive workplaces that offer flexibility and autonomy, fair wages, and health support to reduce economic inactivity.
6. **Inclusive nurturing of business and entrepreneurship talent** – recognising the potential productivity and growth gains from enabling more minority-led businesses and female entrepreneurs.

The UK's productivity challenge is clearly multifaceted and long-term. To bring about lasting change, enable a higher-wage, higher-skill, and more regionally balanced economy, and close statistical gaps with our international peers, our expert commentators stressed the importance of underpinning policy stability, institutional coordination, and a political willingness (and consensus) to prioritise long-term returns over short-term expediency.

2: Wealth inequality

Featured viewpoint: Rt Hon Liam Byrne MP

Liam Byrne is the Labour MP for Birmingham Hodge Hill and Solihull North, a member of His Majesty's Privy Council, elected Chair of the Global Parliamentary Network on the World Bank and International Monetary Fund, and Chair of the House of Commons' Business and Trade Select Committee. In 2024, he published his book: *The Inequality of Wealth: Why it Matters and How to Fix it*.

Wealth inequality is just one part of a profound problem with our model of growth

For much of the last decade, the rise of populism has been explained as a revolt of the "left behind": those at the very bottom of society, economically excluded from the gains of globalisation and technological change.

But my work with right-wing populist voters in Britain suggests something more complicated and more politically dangerous.

Many Reform voters are not the poorest in Britain. In fact, they are often close to the national median for both income and wealth. Many are working households. Many own homes. Many have spent decades believing they were doing the right thing: working hard, paying taxes, raising families, and contributing to society. Yet they feel profoundly insecure.

That distinction matters enormously because the populist revolt is not simply about poverty. It is about the collapse of the belief that effort will reliably deliver progress. It is about the feeling that the social contract has broken.

One of the most important interventions in recent discussions at the LSE on this subject came from Professor Sara Hobolt, who challenged us to think harder about what is really driving political discontent. As Professor Hobolt put it: "How much of that is a real, lived experience… and how much of that is a subjective perception that things are really bad and they're worse and they're bad for me, and I deserve better?"

That phrase – "I deserve better" – captures something essential about this political moment.

Because modern populism is fuelled not simply by hardship, but by disappointed expectations. By comparative decline. By status anxiety. By the sense that others surged ahead while people who played by the rules stood still. A social theory of wealth explains it better than Gini coefficients. (NB: *The Gini coefficient measures inequality on a scale from 0 to 1. Higher values*

values indicate higher inequality.[41]*)*

At the heart of today's politics lies not simply inequality of income, but inequality of progress and, increasingly, inequality of desert, as socially conceived.

How has this happened? It is because of profound problems with our model of growth. For much of the post-war era, Great Britain evolved into what might reasonably be called a wealth-owning democracy. Home ownership expanded. Pension wealth accumulated. Wages broadly rose alongside productivity. Living standards improved across generations.

Most importantly, people believed tomorrow would probably be better than today. That expectation has now weakened dramatically for millions of people for two basic reasons.

On the one hand, wage growth has slowed. Before the financial crash, wages across advanced economies were growing by roughly 1.7 per cent a year. At that pace, living standards could plausibly double over the course of a working life. But since 2008, wage growth has slowed sharply. Progress that once took one generation can now take two.

At precisely the same time, asset wealth accelerated. Quantitative easing helped stabilise economies after the crash. But it also inflated housing and financial markets. Those who already owned assets prospered. Those dependent primarily on wages did not. Britain became a country where wealth surged while the rewards from work stalled.

The result is not simply greater inequality. There is a widening divergence between the experiences of those whose wealth grows while they sleep and those whose living standards depend entirely on monthly pay packets.

People understand this instinctively.

Not through spreadsheets or Gini coefficients, but through lived comparison. Through what behavioural economists call relative deprivation. Through the feeling that the queue stopped moving for them while somebody else was quietly ushered to the front.

This helps explain why contemporary anger is emotional as much as economic.

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[41] Hasell, J. (2023) '[Measuring inequality: what is the Gini coefficient?]', *Our World in Data website*, 12 August.

It is the pensioner who says: “I did everything right and now I’m choosing between heating and eating.” It is the skilled worker who believed effort would buy security but now sees their children locked out of home ownership. It is the middle-aged voter who no longer feels respected – not by employers, not by politics, not by the culture around them.

This anger is exacerbated when decline is experienced geographically as well as financially. People do not experience political economy metaphysically. They experience it through place: the boarded-up high street, the bus route that disappeared, the town centre that feels abandoned, the sense that investment always happens somewhere else.

This is why populism cannot be understood simply as a revolt against immigration, liberalism or elites. Beneath these arguments often lies something deeper: the belief that democracy no longer delivers recognition, security or respect to people who believe they upheld their side of the bargain.

That matters because democracies ultimately depend on the belief that contribution will be rewarded over time. When that belief weakens, politics becomes more brittle.

People become more likely to adopt a zero-sum outlook on society. If the future appears closed, then gains by others begin to feel like losses for oneself. Trust weakens. Solidarity erodes. The politics of cooperation gives way to the politics of grievance.

This dynamic is unlikely to ease in the immediate future. Britain is forecast to endure one of the weakest periods of living standards growth in modern parliamentary history. Younger generations face much greater barriers to asset ownership than their parents did. Meanwhile, wealth at the very top has continued to grow rapidly.

This is why ideas like universal basic capital (UBC) are so important to our thinking about good growth in the future. For decades, progressive politics has focused primarily on income redistribution through wages, taxes, and public services. These remain essential. But in an economy increasingly shaped by capital gains, inheritance, and housing appreciation, income alone no longer determines life chances.

Assets matter because assets generate resilience. They provide security against shocks. They allow families to plan ahead, retrain, move home, support

children, or start businesses. They create not simply wealth, but agency and control.

The UBC principle is straightforward: if democratic societies are to rebuild trust and solidarity, then more citizens need access not only to income, but to capital ownership itself. That could take many forms: publicly backed savings accounts, baby bonds, citizen wealth funds, or new mechanisms that ensure technological and economic change generates broadly shared assets rather than increasingly concentrated fortunes.

The purpose is not merely redistribution. It is reconstruction.

Britain needs to restore what many voters increasingly believe has broken: a something-for-something contract in which effort is connected to progress, contribution is connected to security, and the gains of growth are visibly shared. Unless mainstream politics can restore a visible sense of progress – tangible, local, everyday progress – then technocratic competence alone will not rebuild trust. And without trust, liberal democracies themselves will become steadily more fragile.

Wealth inequality and economic growth – from unequal gains to shared prosperity

Earlier in this report, our contributors argued that economic growth is the primary route to improving living standards in the UK. But the benefits of growth have not always been evenly distributed. Persistent wealth inequality – between individuals, regions, and generations – raises important questions about the sustainability and inclusiveness of the current economic model. These 'inconvenient truths' cannot be ignored in the quest for growth. For growth to make a positive difference to (not just a few) people's lives, or even to happen in the first place, we need to explore its relationship with wealth inequality.

Drawing on insights from our Achieving Good Growth hub, this chapter examines how inequality interacts with economic performance and explores policy pathways to ensure that growth translates into broadly shared prosperity.

Some of our contributors make the case that wealth inequality is not merely a social issue; it also shapes the structure and trajectory of economic growth itself.

1. A complex and multidimensional link between wealth inequality and economic growth

A webinar exploring how to address inequalities as part of good growth formed part of our good growth programme on this topic. This webinar emphasised that wealth inequality is becoming an increasingly prominent issue in economic policymaking, and our panel highlighted several emerging themes, including intergenerational inequality (particularly linked to housing wealth and inheritance); regional disparities (where wealth accumulation is concentrated in certain areas of the country); and the interaction between wealth inequality and political legitimacy (as perceptions of unfairness can erode trust in institutions).

Professors Heejung Chung FAcSS of King's College London, Katherine Smith FAcSS of the University of Strathclyde, and Matthew Johnson FAcSS of Northumbria University all gave their perspectives on different challenges around reducing inequalities. Paul Johnson FAcSS, then Director of the Institute for Fiscal Studies, provided his reflections in response, arguing again that "*without growth, we are not going to be able to undo the importance of wealth*".

Katherine Smith focused her presentation on data showing a widening of health inequalities in Scotland, including increases in avoidable mortality rates, low

birth weights, and drug-related deaths, and linking this to worsening outcomes in disadvantaged communities.[42] Connecting this to policy, Smith said that for many decision-makers, 'inclusive growth' seems a malleable concept that brings stakeholders with different ideas together, but it is difficult to operationalise beyond high-level policy strategies. She said that "*if social scientists are to help reduce social inequalities, my sense is that we need to move beyond analysing problems and causal pathways, to focus on solutions and learning from evidence of success*".[43]

Heejung Chung also focused on inclusive growth, especially relating it to labour markets. She highlighted the importance of working people having financial and housing security, and she also explored ideas such as shared parental leave, flexible working,[44] and the four-day week,[45] which she said have proven popular among employees and increased productivity. Chung argued for an economic model designed to benefit society as a whole by reducing labour-market inequalities.

Matthew Johnson suggested that public investment in infrastructure, health services, and social security systems must be the foundation for reinvigorating the economy. He also argued for a system using 'basic income' as a means of providing people with a social security safety net and labour bargaining power, while crucially also enabling them to act entrepreneurially to in turn kickstart growth.[46]

Paul Johnson questioned the feasibility of basic income policies, arguing that it would require significant and perhaps unrealistic increases in the tax burden. He emphasised the causes of stagnating growth and asserted that growth is essential to address growing generational inequalities.[47]

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[42] Scottish Health Equity Research Unit (2026) 'SHERU insights, analysis and action on the socio-economic factors that shape health', *SHERU website*.
[43] Hill O'Connor, C., Smith, K., Hughes, C., Meier, P., and Purshouse, R. (2023) 'Operationalizing inclusive growth: Can malleable ideas survive metricized governance?', *Public Administration*, 102(1), pp. 114-130.
[44] Chung, H. and Booke, C. (2022) 'Flexible Working and the Division of Housework and Childcare: Examining Divisions across Arrangement and Occupational Lines', *Work, Employment and Society*, 37(1), pp. 236-256.
[45] Chung, H. (2022) 'A Social Policy Case for a Four-Day Week', *Journal of Social Policy*, 51(3), pp. 551-566.
[46] Johnson, M., Pickett, K., Nettle, D., Reed, H., Johnson, E., and Robson, I. (2025) *Basic Income: The Policy That Changes Everything*. Bristol: Bristol University Press and Policy Press.
[47] Johnson, P. (2026) *Challenging Inequalities – How we got stuck and where we go next*. Princeton: Princeton University Press.

He said:

> *When you've got no growth in earnings, this means that younger generations are no better off than their parents. […] You've also got, partly to do with much lower interest rates over much of that period, partly to do with a complete lack of house building, a big increase in the cost of housing. And that wealth, of course, is concentrated in the older generation.*

He also highlighted a lack of trust in the government to address social inequalities and growth. He pointed out that it's crucial to get the labour market and regional policy right, set an effective minimum wage, and create opportunities for better education and skills development across the labour force.

Finally, like many of our other contributors to the hub, Paul Johnson asserted that:

> *growth and inequality are absolutely fundamentally linked. If we don't get growth we're not going to deal with the […] most important social inequalities, in terms of social mobility and generational inequality, because with no growth the thing that matters most to you as an individual is who your parents are. That is pretty much the most important determinant of your outcome later on; until you get growth, that will remain.*

Ultimately, the key take-away from the webinar was that addressing inequality will require policy responses that integrate economic efficiency with fairness and legitimacy. There are clearly complex and multidimensional links between inequality, including wealth inequality, and economic stagnation. Reducing these inequalities and creating conditions for economic growth will require cohesive, integrated policies covering a range of issues, including but not limited to health, housing, social security, and the labour market. Furthermore, our experts suggested that one cannot be had without the other: growth is a necessary precondition for reducing inequalities, while without reducing inequalities growth is unlikely to be achieved.

2. Why growth matters for the poorest – fiscal space, public spending, improving living standards

Paul Johnson reiterated the idea that growth is essential to reduce inequality in his piece on the essential and urgent need for growth, arguing that economic

growth is the best route to improving living standards. He insisted that while fairness and environmental sustainability are also important concerns, growth must be prioritised, as without it nothing good, equitable, or sustainable is even possible. He suggested that when productivity and output expand, governments can increase public spending, and wages can rise without requiring higher taxation or increased borrowing. Income growth is key, especially in terms of improving living standards, and Johnson pointed out in his piece that "*we've had the slowest growth in earnings and in income per capita in, perhaps, two centuries. Average earnings are at least £10,000 lower today than they would have been had pre-2008 rates of growth continued*".[48] Johnson's argument is that to increase incomes there must be growth in the economy.

Johnson advocated that without sustained growth, policymakers face difficult trade-offs. Limited economic expansion constrains resources for public services, including healthcare, education, and social care; infrastructure investment, which supports long-term productivity; and household living standards, particularly for lower- and middle-income families.

Johnson's piece also asserted that demographic change is placing increasing pressure on public finances. For example, by 2050, one in four people in the UK will be aged 65 or over.[49] As the population ages, demand for healthcare, pensions, and social care continues to rise. The National Health Service (NHS) faces growing costs driven by medical advances, population ageing, and rising expectations.

Johnson argued that economic growth is crucial to manage these pressures. A growing economy expands the tax base, making it easier to fund essential services without significantly increasing tax rates. In contrast, weak growth forces governments to choose between higher taxes, increased borrowing, or reduced public spending.

In this sense, growth is not merely desirable – it is central to maintaining the sustainability of the UK's social and fiscal model as it comes under increasing pressure. For Paul Johnson, growth therefore provides the fiscal space needed to address not only some of the structural challenges facing the UK economy (i.e. things that make the economy stronger and more resilient), but also to

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[48] Cribb, J. and Waters, T. (2024) 'Past 15 years have been worst for income growth in generations', *Institute of Fiscal Studies website*, 31 May.
[49] Morgan, E. (2025) 'Living longer and old-age dependency – what does the future hold?', *Office for National Statistics website*.

improve the lives of people across the country including, crucially, those at the bottom – acknowledging that the UK has serious issues to contend with in terms of inequality in relation to wealth, health, and opportunity.

The idea that economic growth ultimately matters because of its impact on everyday life was also the theme of an episode of the Academy's We Society podcast, where Torsten Bell, then the Chief Executive Officer of the Resolution Foundation (and now a UK Government junior minister), suggested that the UK is a stagnation nation, pointing to long-term trends in productivity and wage growth that show the UK has struggled to generate the economic dynamism seen in previous decades.

Work by the Resolution Foundation[50] shows that several factors have contributed to this stagnation:

- **Weak productivity growth** since the global financial crisis.
- **Low levels of business investment** compared with other advanced economies.
- **Regional disparities**, which limit the economic potential of many parts of the country.
- **Structural challenges**, including skills gaps and infrastructure constraints.

When growth slows for extended periods, the cumulative impact on living standards can be substantial. Even small differences in annual growth rates compound over time, shaping long-term prosperity. As Torsten Bell explained in his podcast episode, the UK has suffered from "*15 years of relative decline*", growing at a far slower rate than comparable economies. This stagnation not only weakens the UK's economic competitiveness, but it also directly affects people's lives. This is compounded by more global shocks such as the relatively recent COVID-19 pandemic, the Russia-Ukraine war, and the ongoing and growing conflicts across the Middle East. All of these continue to affect the cost of living in many countries, but in the UK this is on top of an economy that is less productive and growing far more slowly than comparable economies.

Bell describes stagnation in the UK economy as a toxic mix of slow growth and high inequality, in which those in the middle and at the bottom of the income distribution have much lower living standards than their counterparts in other nations. He explained that the poorest fifth of households in the UK are 20% poorer than those in France and Germany.[51]

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[50] Resolution Foundation. (2023) *Ending stagnation: A New Economic Strategy for Britain*.
[51] *Ibid*.

He added that France, Germany, the Netherlands, Canada, and Australia all have lower levels of inequality and currently have stronger economies than the UK, and that if the UK had their average GDP and average level of inequality then the typical household in the UK would be £8,800 richer per year.[52]

American economist Paul Krugman famously suggested that "*productivity isn't everything, but, in the long run, it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker*".[53] Rising productivity lets businesses produce more value with the same resources, enabling wages to increase without fuelling inflation. Historically, improvements in living standards in advanced economies have been closely linked to productivity growth.[54] When productivity stagnates, wage growth typically slows as well.[55]

Many households in the UK remain characterised by:

- **slow wage growth**,[56]
- **increased cost-of-living pressures**,[57] and
- **limited improvements in economic security**.[58]

Reviving growth, increasing productivity, and reducing inequality are all seemingly essential to restore a sense of economic progress, increase UK households' ability to cope with cost-of-living crises, and broadly improve living standards.

3. From unequal gains to shared wealth – Citizens' Wealth Fund, broader asset ownership, and savings

While Paul Johnson and Torsten Bell neatly laid out the links between growth and wealth inequality and living standards, other contributors focused on possible solutions to build a more inclusive economy.

In his contribution to our hub, *From Unequal Gains to Shared Wealth: Crafting*

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[52] *Ibid*.
[53] Krugman, P. (1997) *The Age of Diminished Expectations*. Cambridge, MA.: The MIT Press.
[54] Weston, T. (2023) 'Economic growth, inflation and productivity', *UK Parliament House of Lords Library*, 28 June.
[55] Machin, S. (2025) 'Real wage and productivity stagnation', *Oxford Review of Economic Policy*, 41(1), pp. 105-119.
[56] Office for National Statistics (2026) 'Earnings and working hours', *ONS website*.
[57] Francis-Devine, B. (2026) *High cost of living: Impact on households*. UK Parliament House of Commons Library.
[58] Joseph Rowntree Foundation (2026) 'Cost of Living Tracker', *Joseph Rowntree Foundation website*.

an Economy That Works for Everyone, Jack Jeffrey of the Fairness Foundation argued that Britain's economic model has generated substantial wealth but distributed it unevenly. He explained that between the late 1940s and early 1970s "*GDP growth averaged around 3% annually, wages increased by an astonishing 130%, and public sector investment went from 3.6% of GDP in 1938 to 10.8% in the mid-1970s, contributing to a virtuous cycle of high growth and low inequality*". However, Jeffrey went on to say that "*the economic model embraced by Britain in the 1980s allowed the richest groups in society to capture more and more national income and wealth. This has had both disastrously negative social consequences and questionable economic results*". Britain shifted from having average levels of income inequality compared to other similar countries to becoming one of the most unequal countries in Europe. Growing evidence from the social sciences shows that this inequality is problematic not just socially,[59] but also for the UK's economy. According to the Fairness Foundation, "*contrary to the orthodox idea that inequality is necessary for a dynamic economy, growing evidence suggests that wealth stratification undermines productivity and growth*".[60]

In his piece for our hub, Jeffrey described "*a shift away from the traditional logic of employment and wage growth towards a new paradigm, centred on participation in asset ownership and appreciation*",[61] arguing that "*in today's Britain, people who don't own assets are increasingly locked out of opportunities to build wealth*".

According to Jeffrey, rising asset values – particularly in housing – have benefited those who already own wealth, while other households have struggled both to accumulate assets and to achieve financial security. He suggested that:

> *a genuinely inclusive growth agenda will have to challenge and contend with a sclerotic economy that has been made to reward speculation at the expense of the production of real value, ushering in a new dynamic of stratification and inequality.*

Jeffrey concluded that "*sharing wealth through mechanisms like a social (or*

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[59] Savage, M., Mahmoudzadeh, M., Mann, E., Vaughan, M., and Hilhorst, S. (2024) *Why wealth inequality matters*. LSE International Inequalities Institute.
[60] Fairness Foundation (2024) 'Wealth Gap Risk Register', *Fairness Foundation website*, 15 October.
[61] Adkins, L., Cooper, M., and Konings, M. (2022) 'The asset economy: conceptualizing new logics of inequality', *Distinktion: Journal of Social Theory*, 23(1), pp. 15-32.

or citizen) wealth fund would create a counterforce to the pro-inequality bias of the current economic model and should be considered as a way forward".

Will Snell FAcSS, also of the Fairness Foundation, added to this argument in a video for our hub, where he explained that private wealth has grown considerably since the 1980s, going from three times national income back then to almost eight times today.[62] In his video, Snell also called for a citizens' wealth fund to help create a more inclusive economy.

Jeffrey and Snell argue that a more inclusive economy would require structural reforms that enable wider participation in wealth creation. Key priorities include broadening asset ownership, enabling more households to build savings and wealth over time[63]; strengthening public services and social infrastructure, which support opportunity and economic participation[64]; and ensuring that growth strategies explicitly consider distributional outcomes[65]. These sorts of changes would shift the focus from growth alone to growth that expands economic security and opportunity across society.

4. Wealth accumulation: Productive or distortive?

Echoing Jack Jeffrey above, Stewart Lansley FAcSS asked in his contribution to our project hub, Wealth Accumulation: Good or Bad? and distinguished between forms of wealth accumulation that contribute to economic dynamism and those that may undermine it. Wealth derived from innovation, entrepreneurship, and productive investment can drive growth and technological progress. However, wealth built primarily through asset price inflation or rent-seeking may reinforce inequality without generating equivalent economic value. As Lansley explained:

> *across the globe, escalating rates of personal enrichment have coincided with lower growth rates. The wealth surge has also been colonised by the few. From the mid-1990s to 2021, the top 1% of the global rich captured 38% of the growth in personal wealth. The bottom 50% received just 2%.* *[66]*

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[62] Broome, M. and Leslie, J. (2022) *Arrears fears: the distribution of UK household wealth and the impact on families*. Resolution Foundation.
[63] Clark, T. (2023) 'Own goal: a progressive agenda for assets must fit the bigger picture, or risk self-defeat', *Joseph Rowntree Foundation website*.
[64] Frontier Economics (2025) *The Impacts of Scaling Social Infrastructure Investment: An update to Frontier's 2021 Impact of Social Infrastructure report*. London: Frontier Economics.
[65] Willetts, D. (2023) 'Why the distribution of income matters for growth', *Resolution Foundation website*, 3 January.
[66] Chancel, L., Piketty, T., Saez, E.,and Zucman, G. (2021) *World Inequality Report 2022*. World Inequality Lab.

Lansley went on to describe much of this wealth capture as 'bad' accumulation. It is "*associated with appropriation and non-productive or low social value activity. It involves the upward transfer of existing wealth, leading to a smaller pool of socially available assets*". He suggested that much of this bad accumulation has come from things like "*the mass sell-off of former public assets, the exploitation of corporate power, and state-driven asset-inflation*". In other words, it is extractive rather than productive.[67]

These trends can have wider economic implications. Concentrated wealth reduces economic mobility and limits opportunities for those without inherited assets. Asset-driven wealth growth diverts resources away from productive investment. High inequality also erodes social cohesion and trust, potentially weakening the institutional foundations of growth. For Lansley, addressing these issues requires "*strategies for greater equality, through, for example, an increase in the share of taxation from capital, an increase in social ownership and tougher restraints on predatory business behaviour*". Productive investment needs to increase while limiting opportunities for unproductive wealth extraction.

5. Growth and inequality: Complement or conflict?

However, the relationship between growth and inequality is complex, as Dr Aveek Bhattacharya of the Social Market Foundation explained in his piece for our hub, where he asked: Is there a trade-off between raising economic growth and tackling inequality? Here, Bhattacharya drew upon economic theory and historical evidence to investigate whether reducing inequality necessarily comes at the expense of economic growth.[68]

Bhattacharya concluded that the relationship is more nuanced than often assumed, with empirical evidence supporting two opposing hypotheses. On the one hand, some evidence shows a "*positive correlation between income inequality and economic growth*". On the other hand, "*there are reasons to worry that high inequality is bad for the economy*". He went on to explain that "*results seem to hinge on data quality, differences in measures used, choice of control variables, and statistical estimation techniques*". There is also some evidence to suggest that:

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[67] Lansley, L. (2021) *The Richer, The Poorer: How Britain Enriched the Few and Failed the Poor. A 200-Year History*. Bristol: Policy Press.

[68] McKnight, A. (2019) *Understanding the relationship between poverty, inequality and growth: a review of existing evidence*. CASEpaper 216. London: Centre for Analysis of Social Exclusion, London School of Economics.

> *up to a certain level, higher inequality is good for growth, but if it gets too high it acts as a brake on the economy. That implies a 'Goldilocks' level of inequality that is optimal, but we certainly cannot say with any confidence where it is.*[69]

Some inequality can incentivise innovation and investment by rewarding risk-taking and effort. But excessive inequality, especially through wealth extraction rather than productivity, undermines growth by restricting access to capital and opportunities for large segments of the population.[70]

Bhattacharya suggested that:

> *the main lesson is that the government cannot just assume that growth will address inequality. It should also be wary of wishful thinking and carefully scrutinise claims that addressing poverty is an investment that brings a growth dividend, but it should be equally sceptical of those that assume redistribution is economically dangerous.*

The key challenge for policymakers may be to strike a balance between ensuring incentives for innovation and preventing disparities from becoming so great and entrenched that they become economically and socially damaging.

6. Housing, energy efficiency and inclusive growth

Economic inequality also manifests through the quality and efficiency of housing. Evidence presented by the National Wealth Fund in a contribution to our hub from Bridget Rosewell FAcSS *et al.* showed how large-scale retrofitting of social housing to improve efficiency could contribute to both social equity and economic growth.

In the piece, Rosewell *et al*. showed that the UK has one of the most inefficient housing stocks in Western Europe[71] and that "*stagnant wage growth and rising energy (and housing) costs, poorly insulated homes…are leading to affordability issues, which in turn lead to cold, damp conditions, as people have to choose between eating and heating*". They went on to discuss the impact of wealth inequality – manifested in this case through inefficient housing – on productivity and therefore economic growth, saying that "*more needs to be*

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[69] *Ibid*.
[70] Duong, K. (2025) 'If inequality is an economic choice, what is the relationship between inequality and growth?', *Structural Change and Economic Dynamics*, 74, pp. 116-129.
[71] BSRIA (2024) 'Recent study of UK households reveals chilling home truths', *Designing Buildings website*.

done to retrofit homes to help reduce income and health inequalities, reducing the cost to the NHS and society, and improving the productive potential of current working age population and future generations".

Rosewell *et al*. added that improved energy efficiency in housing would not only increase the productive potential of the UK's workforce, but also create jobs. According to the National Wealth Fund, through its work alone, "*up to 13,000 jobs could be created and supported, and over 13mtCO2e saved through the retrofitting of an estimated 280,000 homes*",[72] and retrofitting would also put "*more money in people's pockets*"[73] thereby allowing "*greater spending on other parts of the economy*".

This contribution to our hub made it clear that retrofitting homes through improved insulation, heating systems, and energy efficiency can generate multiple benefits, including lower energy costs for households and improved health outcomes and, crucially for economic growth, it can also deliver productivity gains, job creation, and reduced pressure on public services including the NHS. This demonstrated how targeted public investment can simultaneously address inequality, environmental goals, and economic performance.

7. Narratives matter: Media framing of inequality and growth

Writing for our hub, Drs Philippa Carr, Simon Goodman, Adam Jowett, and Jackie Abell highlighted the impact of media narratives on inequality, wealth, and growth, suggesting that they shape public and policy debates. According to Carr *et al*., media portrayals influence how people interpret the causes and consequences of wealth disparities and therefore affect the political feasibility of policy responses. Carr *et al*.'s research shows that televised debates about unemployment often criticise welfare benefits as encouraging a poor work ethic, [74] and they argue that "*to move towards good growth, the media needs to highlight the role of precarious employment in maintaining poverty instead of focusing on negative representations of unemployment*". Similarly, they pointed to research showing that the media has fostered "*individualist arguments [that] view tax as a form of theft that harms people's work ethic*". They suggested "*the*

[72] National Wealth Fund (2025) *National Wealth Fund Limited Annual Report and Accounts 2024–2025*.
[73] Ministry of Housing, Communities & Local Government (2024) 'English Housing Survey 2022 to 2023: energy report', *UK Government website*, 18 July.
[74] Goodman, S. and Carr, P. (2017) 'The just world hypothesis as an argumentative resource in debates about unemployment benefits', *Journal of Community & Applied Social Psychology*, 27, pp. 312-323.

perception of tax as unfair allows wealthier people to justify less proportional contributions and for people to present tax avoidance as fair",[75] and that *"increasing positive media coverage of taxation as a redistributive mechanism could help reduce wealth inequality and foster sustainable economic growth".* Carr *et al*. cited a further example, in that *"television programmes justify extreme wealth by using meritocratic arguments, although this ignores the role of inheritance in maintaining inequality".*[76]

For Carr *et al.*, this creates a harmful narrative that provides individualised explanations for wealth differences, emphasises personal effort or merit, gives limited attention to structural factors such as institutional rules, tax systems, or inherited wealth, and suggests an inevitable trade-off between fairness and economic success. As a result, these shape perceptions about what policies are acceptable or effective. When inequality is portrayed as inevitable or beneficial, policy action may appear unnecessary. Conversely, highlighting structural drivers could potentially open space for reforms aimed at broadening opportunity and participation in growth. Perceptions therefore matter.

[75] Carr, P. (2023) ''How the other half lives'?: Taking a critical approach to the social psychology of economic inequality and extreme wealth', *Social and Personality Psychology Compass*, 17(5).
[76] Carr, P., Goodman, S., Jowett, A., and Abell, J. (2023) 'Examining the role of television programmes in legitimising inherited wealth and privilege for the super-rich in a society that values meritocracy', *Social Semiotics*, 34(5), pp. 919-936.

Summary - Towards shared prosperity

Taken together, the wide-ranging contributions to our hub suggested that tackling wealth inequality is not only compatible with economic growth but can strengthen it. The contributions explored:

1. **Expanding opportunities for wealth accumulation**, for example through Universal Basic Capital and/or Citizens' Wealth Funds (although views differ widely on their efficacy) and particularly for households currently excluded from asset ownership.
2. **Investing in social and physical infrastructure**, such as housing retrofits, that generate economic and social returns.
3. **Encouraging productive forms of wealth creation**, while limiting rent-seeking and speculative gains.
4. **Improving public understanding of inequality**, including the structural drivers shaping wealth distribution.
5. **Repairing the social contract and embedding fairness considerations within growth strategies**, ensuring economic gains translate into broader societal benefits.

The challenge facing policymakers is therefore not simply how to generate growth, but how to ensure that the gains from growth are widely shared. As propounded in the pieces above, a more inclusive distribution of wealth can enhance opportunity, strengthen social cohesion, and create the conditions for more resilient and sustainable economic development.

3: Place-based growth

Featured viewpoint: Sir Paul Collier

Sir Paul Collier is Professor of Economics and Public Policy at the Blavatnik School of Government, Oxford University. He is also the Oxford Academic Director of the International Growth Centre, a collaboration between the LSE and Oxford University. He advises local and national governments on practical ways of regional renewal. His book, *Left Behind*, draws on global examples of success.

Renewing economic growth through devolved governance

Nationally, growth has plummeted, and we cannot know what strategies will work to raise it. We need parallel experiments across the country, trying different things. By devolving authority to the Mayors of the city-region authorities, this will happen naturally, as each applies their knowledge of local context to try a strategy. Some will work better than expected; others will disappoint, but in the process, the mayors – a networked group cooperating and competing – will share what they learn. Whitehall fears trying different things in different places – it would be blamed as unfair, which is why devolution to elected Mayors is essential. Doing the same thing everywhere, Whitehall is condemned to insist that it knows what to do, even when this is belied by periods in which policy is manifestly in flux. The advantages of devolved governance as 'democracy's laboratory' have long been recognised.[77]

Growth is driven primarily through investment by firms. Until the 1980s, our major manufacturing exporters were based in the regions. Under the early years of Margaret Thatcher, a Treasury policy mistake bankrupted them: all 20 of our top manufacturing cities lost their major employer and have never recovered. Now the regions are dependent upon their SMEs, which can only grow fast by attracting risk capital to finance investment.[78]

But risk capital has fled the regions, going to London and overseas. Important new work by Daams *et al*. (2025) reveals this through new data on investment in commercial property.[79]

Until the Global Financial Crisis of 2008-09, the 11 major cities of England

[77] Noveck, B. (2009) 'Open Government Laboratories of Democracy', *The White House website*.
[78] Rice, P.G. and Venables, A.J. (2021) 'The persistent consequences of adverse shocks: how the 1970s shaped UK regional inequality', *Oxford Review of Economic Policy*, 37(1), pp. 132-151
[79] Daams, M. N., Mayer, C., and McCann, P. (2025) 'Regions, cities and finance: the role of capital shocks and banking reforms in shaping the UK geography of prosperity'. *Fiscal Studies*, 46, pp. 475-490.

needed no risk premium to attract investment relative to those elsewhere in Western Europe. But since then, while London remains seen as similar to other major European cities, a risk premium for regional English cities has emerged and widened. It is now 300 basis points, equal to the difference between holding the sovereign debt of Britain and Romania. In effect, investors see our regional cities as belonging to a different, much poorer country with poor prospects.

Yet those other 10 cities have a combined population equivalent to London, and their regions are home to most of our population – London and the South East account for only a fortunate quarter of us. As Andy Haldane, former Chief Economist of the Bank of England, has said, London is ‘a hub without any spokes’. London houses the headquarters of virtually all of what remains of England’s large firms and, more importantly, the huge financial industry which controls the bulk of the nation’s private investment. Most of this investment is placed abroad, with some supporting the large firms to which it is proximate. It is too detached from regional SMEs to provide much of the risk-bearing capital they would need for rapid growth. Consequently, even its paltry investment in SMEs is skewed to London: the regions get barely half of it.

Place-based growth – unlocking the potential of regions, cities and rural economies

The experts contributing to our hub were clear that the geography of economic activity in the UK is highly uneven. While some cities and regions generate strong productivity and employment growth, others – including many rural, coastal, and post-industrial communities – have experienced stagnation or decline. Evidence from social science research showcased in our Achieving Good Growth hub shows that addressing these spatial inequalities is central to delivering sustainable national prosperity, and highlights the importance of place-based policy. Therefore, it's essential to develop economic strategies tailored to each location's unique assets, challenges, and opportunities.

This narrative now has strong political backing following the formation of a Burnham-led administration at Westminster in July 2026. The new Government's increased focus on economic devolution (a topic explored alongside other related issues in our own Devolution hub) acknowledges that geography, institutions, local capabilities, and environmental assets shape place-based economic development. Policies that succeed in one place may not translate directly to another. A more balanced UK economy therefore requires approaches that empower local actors while aligning regional strategies with national objectives.

1. Regional partnerships and local innovation systems

Regional development and place-based growth increasingly rely on collaboration between universities, businesses, local authorities, and civil society. A leading example of this in practice is outlined in our Making a Difference case study of City-REDI at the University of Birmingham, which describes how "*socio-economic research improved the economic prosperity of the West Midlands through underpinning a £1.5 billion cash injection into the region*". Writing for one of our other hubs, which focuses on living standards and levelling up, Professor Simon Collinson FAcSS of City-REDI explored combining growth and levelling up in UK regions and further emphasised the contribution that universities, and especially social science research, can make to driving local innovation systems that are crucial to achieving regional growth. [80]

With funding from the Economic and Social Research Council (ESRC), the Arts

[80] Collinson, S. (2020) 'Enabling local R&D systems to drive growth', *UKRI website*.

and Humanities Research Council (AHRC), and Innovate UK, a key part of City-REDI's work focuses on Local Policy Innovation Partnerships (LPIPs). These partnerships address national growth and productivity challenges by solving local issues through partnership and place-based policy that is underpinned by research evidence. By bringing together universities, policymakers, businesses, and grassroots communities to tackle specific local problems, LPIPs show the power and value of carefully applied research.[81]

But regions also need the power and capacity to make the decisions and build the strategies that will work for them. In a contribution to our Living Standards and Levelling Up hub, Simon Collinson and Dr Charlotte Hoole of City-REDI, University of Birmingham, and Dr Jack Newman of University of Manchester's Productivity Institute called for stronger local institutions and increased regional powers to address uneven growth and inequality across English regions. In this piece, Collinson *et al*. described a problem that increased English devolution could help solve. They suggested that English regions:

> *need to evidence their capacities and capabilities to gain devolved resources and powers. But – and here's the catch-22 – without devolved resources and powers they cannot develop the required capacity and capability to demonstrate their ability to manage devolved funding and increased responsibility.*

This has "*a tangible impact on the uneven economic growth trajectory and growing inequalities across the country*".[82]

Initiatives such as LPIPs and regional development hubs, combined with increased local and regional decision-making power and capacity, can enable knowledge exchange between research and policy communities; support evidence-based local decision-making; and facilitate experimentation with innovative policy approaches. With more effective place-based policy interventions, the likelihood of achieving good growth both regionally and, by extension, nationally is far greater.

2. Targeting growth in second-tier cities and SMEs

One contributor argued for focusing on locations with strong potential for productivity gains, including the UK's second-tier cities. These urban centres

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[81] Billing, C. (2024) *Innovation Evidence Review: Local Policy Innovation Partnership (LPIP)*. The Local Policy Innovation Partnership Hub.

[82] LIPSIT project (2019-2021) 'Local Institutions, Productivity, Sustainability and Inclusivity Trade-offs (LIPSIT)', *LIPSIT website*.

are smaller than global hubs but still significant economic engines.

Paul Ormerod FAcSS suggested targeting growth policy and investment where it matters most, meaning both second-tier cities and SMEs. In his piece, Ormerod encouraged a focus on "*the differences in productivity levels – output per worker – across firms in the same industry*". According to Ormerod:

> *the differences in productivity within companies in the same industry are quite striking. Looking at firms at the very top and those at the bottom, the former can easily be 4 or 5 times more productive. And these are companies within the same industry, usually defined very narrowly by the researchers.*

Ormerod suggested that "*big infrastructure announcements generate a lot of publicity, which is why politicians of all parties like them when they are in power. But a set of policies which target raising productivity in SMEs could well be much more effective*". He pointed to examples of programmes where sharing innovation, R&D, and expertise within clusters is already making a difference – for example, the Innovation Accelerator programme and the High Value Manufacturing Catapult.

But for Ormerod, where this happens also matters. He pointed to OECD research showing that "*collectively, cities such as Glasgow, Leeds, and Manchester have levels of output per head which are 30 per cent below their German counterparts and 22 per cent below France*".[83]

Ormerod's piece called for concerted efforts to address this and unlock untapped potential for growth. He argued that while "*locating in Britain's 'second tier' cities is undoubtedly cheaper for both firms and individuals than it is in London*", there are "*powerful factors which give cause to success reinforcing success. Feedback loops make the rich areas richer and trap the poorer areas*". Clusters are crucial here, with inter-firm collaboration, knowledge, and labour force skills shared more readily between companies located closely together. Ormerod highlighted that in high-performing industrial clusters across Europe, average productivity was 140 per cent higher than in firms in the same industry which were not in clusters.[84]

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[83] OECD (2020) *Enhancing Productivity in UK Core Cities: Connecting Local and Regional Growth*. Paris: OECD Publishing.

[84] European Commission: Executive Agency for Small and Medium-sized Enterprises (2020) *European panorama of clusters and industrial change – Performance of strong clusters across 51 sectors and the role of firm size in driving specialisation – 2020 edition*. European Commission Publications Office.

For Ormerod, to achieve the growth it requires, the UK must target support towards those SMEs with scope to increase their productivity, and it must concentrate efforts and investment in its second cities, because "*the gap in productivity between London and the regions represents a major opportunity to boost economic growth in the UK*".

Cities such as Birmingham, Manchester, and Leeds already host universities, business clusters, and transport networks capable of supporting higher productivity growth. Targeted investment in these urban areas can generate wider regional benefits through supply chains, labour markets and innovation spillovers.

Strategic concentration of resources in places with growth potential can therefore complement broader regional development objectives, which in turn contribute to national growth objectives.

3. Growth in 'left-behind places'

In their piece for our hub, Professors Andy Pike FAcSS and Danny MacKinnon FAcSS of Newcastle University, John Tomaney FAcSS of UCL, and Dr Sanne Velthuis of the University of Southampton asked: What kind of 'growth' for 'left-behind places'? Their message was that these places and the people who live and work in them must be included in future growth. The piece describes a 'geography of discontent'[85] in which:

> *the plight of 'left-behind places' has exposed the limitations of existing approaches to spatial policy that have prioritised economic growth, productivity, and innovation but have largely failed to ameliorate or resolve their plight. For 'left-behind' people and places, 'trickle-down' or 'spillover' effects central to conventional economic development policy have not worked meaningfully – or not worked fast enough – to improve their living standards, opportunities, and prospects.*

Pike *et al*. argued that moving beyond 'left-behind places' is essential because:

> *entrenched spatial divides exert an increasing drag upon national economic growth by leaving economic opportunities unrealised and potential untapped; generate rising costs for public provision to ameliorate their negative impacts and leave social needs unmet; and fuel spatial polarisation and discontent.*

[85] McCann, P. (2020) 'Perceptions of regional inequality and the geography of discontent: insights from the UK', *Regional Studies*, 54(2), pp. 256-267.

Communities in ‘left-behind places’ have experienced long-term economic decline and weak investment. These areas often face a combination of structural challenges, including declining industries and limited economic diversification; poor transport connectivity; and lower levels of skills and educational attainment. According to Pike *et al*., these challenges have reinforced cycles of low growth and limited opportunity.

Tackling spatial inequality requires policies that build local capabilities, strengthen institutions, and encourage investment. There are gains to be made for local and national growth. To achieve this, in their piece for our hub, Pike *et al*. suggested a reframing of the interpretation and vision of development in ‘left behind places’;[86] alternative approaches to urban development;[87] “*adoption of a place-based approach tailored to local circumstances and needs, while recognising the importance of broader forces and trends*”; measures to increase residual incomes and access to employment; and improved local infrastructures and services.

4. Place-making including reimagining towns, high streets and communities

We also heard from contributors who, in different ways, pointed to the potential for growth in reimagining and rejuvenating the UK’s towns and high streets, as well as in community-building.

For example, Dr Ed Jones of Bangor University made the case for saving the UK’s high streets and town centres so that they might better meet the needs of the communities they serve, while also contributing to local economic growth, which in turn feeds into the national picture. In a We Society podcast episode, Jones argued that we cannot let our high streets fail, and in a piece for our Election 24 hub, he offered solutions, suggesting that history shows the way to save the high street.

Jones showed that, principally through the concentration of retail activity, high streets were formerly the most valuable part of a town, but:

> *a gradual decline began in the 1970s as local authorities began approving*

[86] MacKinnon, D., Kempton, L., O’Brien, P., Ormerod, E., Pike, A., and Tomaney, J. (2022) ‘Reframing urban and regional ‘development’ for ‘left behind’ places’, *Cambridge Journal of Regions, Economy and Society*, 15(1), pp. 39-56.
[87] Crisp, R., Waite, D., Green, A., Hughes, C., Lupton, R., MacKinnon, D., and Pike, A. (2024) ‘‘Beyond GDP’ in cities: Assessing alternative approaches to urban economic development’, *Urban Studies*, 61(7), pp. 1209-1229.

> *developments that brought in additional tax revenues and enabled them to pedestrianise town centres. Driving to out-of-town shopping centres became fashionable as more people bought their own car.*

Jones also lamented that:

> *the exuberance of the high street was further diminished by the pandemic as the movement of shoppers became restricted and they became accustomed to the ease and efficiency of online shopping. Crisis and contraction in the retail sector pose a fundamental challenge to towns and cities all over the country since the prosperity and vitality of high streets has come to rely heavily upon the retail economy.*[88]

However, retail isn't everything, and there could be economic as well as social gains from stimulating increased property use variation and diversification of high streets and town centres.[89] Jones explored "*fundamental questions about the high street: what is it actually for, what makes it successful, and what sort of social and economic functions should it perform*".[90] His solutions included moving from business rate taxation to a land value tax linked to productivity, which would "*encourage landowners to ensure their land is the most productive it can be*";[91] using technology "*to improve the quality of life of occupants and visitors, improve the efficiency of public services and infrastructures, and promote the environment and sustainability*";[92] consulting with communities and including them in designing and delivering new and productive uses for their high streets and town centres;[93] and reframing high streets as "*important sites for social interaction, civic activity as well as economic activity*".

This reimagining of town centres as community hubs, as well as generators of economic activity, is central to the place-making other contributors discussed. It

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[88] Hughes, C., and Jackson, C. (2015) 'Death of the high street: identification, prevention, reinvention', *Regional Studies, Regional Science*, 2(1), pp. 237-256.
[89] Orr, A., Stewart, J., Jackson, C., and White, J. (2022) 'Not quite the 'death of the high street' in UK city centres: Rising vacancy rates and the shift in property use richness and diversity', *Cities*, 133.
[90] Jones, C., Al-Shaheen, Q., and Dunse, N. (2016) 'Anatomy of a successful high street shopping centre', *Journal of Urban Design*, 21(4), pp. 495-511.
[91] Goodhart, C., Hudson, M., Kumhof, M., and Tideman, N., (2021) *DP16652 Post-Corona Balanced-Budget Super-Stimulus: The Case for Shifting Taxes onto Land*. CEPR Press.
[92] Graham, C. and Peleg, A. (2017). *Will a Smart City Have a High Street?. In: Peris-Ortiz, M., Bennett, D., Pérez-Bustamante Yábar, D. (eds) Sustainable Smart Cities. Innovation, Technology, and Knowledge Management*. Springer Nature Link.
[93] We Made That and LSE Cities (2017) *High Streets for All Report*. Greater London Authority.

is not a new idea and has now been acknowledged by successive governments. The UK Government Levelling Up White Paper in 2022 reflected on the importance of place-making, wherein 'pride in place' was one of the 12 express missions. This narrative has now been superseded by the new UK Government's ambitions for further and faster devolution within England as a means of delivering economic growth in every postcode, and creating greater regional policy innovation to make this happen.

In his 2023 We Society podcast episode, Andy Haldane FAcSS, former chief economist of the Bank of England and former chief executive of the Royal Society of Arts, described how "*making a place is a bit like baking a cake*" in that the most important ingredient is the one that's missing. Haldane went on to explain that for the most challenged places, multiple ingredients might be missing, including a lack of business, lack of investment, poor infrastructure, poor education, poor skills, and an absence of social or community capital. He argued that "*levelling up isn't a pick and mix*" and that all twelve missions must be accomplished to achieve success – success in this case being localised economic growth and reduced spatial inequality. Echoing other contributors such as Collinson *et al*. above, Haldane also made it clear that the "*moving parts must be exercised locally rather than from Whitehall*". In other words, power and resource must be devolved regionally and locally so place-making can occur and economies can grow.

Place-making, and its positive impact on economic growth, was also a key theme at an event in our Achieving Good Growth series, delivered in partnership with The Productivity Institute and the University of Manchester. The event, *Reimagining New Towns: Delivering Growth and Place-Making for 21st-Century England*, explored how new towns can play a vital role in meeting England's housing needs while also supporting environmentally sustainable and inclusive growth. The event included reflections from Dame Kate Barker, the deputy chair of the New Towns Taskforce, plus a panel of leading experts in urban planning, regional development, and policy.

One panellist, Professor Cecilia Wong FAcSS, Professor of Spatial Planning and Director of the Spatial Policy & Analysis Lab at the Manchester Urban Institute, argued that while planned new towns could contribute to economic growth, it is important to learn from past mistakes. For Wong, place-making must also be achieved through joined-up strategy. She argued that for new towns to succeed, they must be integrated into wider spatial structures that incorporate members of their evolving communities. Wong also made it clear

that new towns must be planned strategically, including consideration of local labour market skills needs, and the strategy must include delivering access to job opportunities for the people who will live in the new towns.[94]

Another panellist, Professor Philip McCann FAcSS, the Sir Terry Leahy Chair of Urban and Regional Economics at Alliance Manchester Business School, echoed this, arguing that to succeed, new towns must build on existing regional strengths. Building detached new settlements, or '*cathedrals in the desert*', without considering existing regional infrastructure will fail to generate self-sustaining growth.[95]

These views are supported by McCann's Productivity Institute colleagues, Professor Andy Westwood and Jack Shaw, who have said that new towns can "*serve as catalysts for regional development by enhancing industrial capacity, expanding infrastructure, and unlocking human capital through new housing. When strategically located, they can amplify agglomeration effects – boosting productivity and innovation in surrounding city regions*".[96]

Consistently, authors argued that economic growth cannot really be separated from the places where people live and work. All of the following can, or indeed must, play a part in achieving good growth in the UK: revitalising local high streets as vital social and economic hubs; integrating economic development with social and cultural life as part of place-making; and reimagining new towns and urban development to ensure that housing growth is accompanied by infrastructure, services, community spaces and, crucially for economic growth, access to good jobs.

5. The importance of tailored place-based policy which also considers quality of life

In his piece for our hub, Professor John Bryson FAcSS, of the University of Birmingham, argued for place-based solutions and quality-of-life considerations, and suggested that 'one size fits all' economic policy is ill-suited to the UK economy's diversity. Different regions possess unique industrial structures, labour markets, and social contexts. Growth strategies must therefore be tailored to local conditions.

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[94] Wong, C., Baker, M., and Zhang, S. (2026) 'New Towns, new challenges?', *University of Manchester website*.
[95] McCann, P. (2023) 'What can the UK learn from 'turnaround cities'?', *The Productivity Institute website,* 23 May.
[96] Westwood, A., and Shaw, J. (2025) 'New Towns and Old Cities', *The Productivity Institute website*, 9 June.

Bryson also suggested that within a tailored approach based on the specific conditions of individual places, there are also inherent opportunities to focus on 'good growth'. He cited examples of bespoke growth strategies in London and in Cornwall and the Isles of Scilly. These places are very different and therefore require different strategies, but they also share some overlapping values, especially around inclusion and sustainability. This is the sort of place-specific approach, within an overarching set of national goals, that Bryson argued for in his piece.

Bryson provided a balanced view of 'policy fashions' such as smart specialisation, which he explained "*became central to regional and cohesion policy in the European Union*", describing it as "a *place-based approach founded upon identifying and building upon a place's existing strengths and related potentials*". However, he warned against the temptations and risks of regions and countries copying each other.[97] According to Bryson, "*such copying of current policy fashions undermines the place-based focus that is central to smart specialisation*". In other words, learning from success stories elsewhere is fine, but what is needed is bespoke, place-specific approaches.

In his piece, Bryson also highlighted the importance of policy alignment in tackling specific place-based challenges and barriers to growth. He used the example of the West Midlands, where "*recent research has measured the gap between the demand and supply of skills at the local level and identified significant, but localised skill mismatches*".[98] Bryson explained that "*this is a complex policy problem as the solution requires an alignment of skills, transport, and housing policies*". It is also a very specific, localised problem requiring highly localised policy solutions. One size does not fit all.

Importantly, Bryson also explained why many local economic development policies have been ineffective, arguing that "*there is abundant research to suggest that the role of quality of life (amenities and education) plays a significant role in prosperity. However, traditional economic development in practice does little to improve either of these factors*".[99] Bryson also linked

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[97] Deegan, J., Broekel, T., and Fitjar, R. D. (2021) 'Searching through the Haystack: The Relatedness and Complexity of Priorities in Smart Specialization Strategies', *Economic Geography*, 97(5), pp. 497-520.

[98] Sevinc, D., Green, A., Bryson, J. R., Collinson, S., Riley, R., and Adderley, S. (2020) 'Ensuring skills are available in the right locations: are we there yet? A regional analysis of qualification gaps', *Regional Studies*, 54(8), pp. 1149-1159.

[99] Hicks, M., Weinstein, A., and Wornell, E. (2025) 'Why have local economic development policies been so disappointing, and where do we go from here?', *Reaching Regions website*.

quality of life to economic performance, suggesting that high-quality public spaces, cultural amenities, transport connectivity, and environmental quality all influence where people choose to live and work. These factors can attract talent and investment, reinforcing regional economic dynamism.

For Bryson, bespoke place-based policies that integrate economic development with quality-of-life considerations such as housing, public services, and environmental sustainability are vital to deliver enduring good growth.

6. Wellbeing and economic development in Wales

Meanwhile, in his piece for our Achieving Good Growth hub, zeroing in on Wales specifically, Joe Rossiter of the Institute of Welsh Affairs asked: What does 'good growth' mean in devolved Wales? Like other contributors, Rossiter highlighted how devolved governance can enable innovative approaches to place-based growth. He explained that in Wales, the Well-being of Future Generations (Wales) Act 2015 has increasingly shaped economic policy, requiring public bodies to consider long-term wellbeing outcomes when designing policy. Economic development is therefore assessed not only in terms of productivity or output, but also by its effect on environmental sustainability, community cohesion, and intergenerational fairness.

While this kind of framework might show how place-based governance can integrate economic and social objectives, the Welsh Government has, by some measures, struggled to achieve the balance it aims for. In his piece, Rossiter pointed out that:

> *the Welsh Government's annual Wellbeing of Wales report presents a stark picture:*
>
> - *An economic inactivity rate of over 20% (and above the UK average)*
> - *21% of people living in poverty, with children more likely to be living in relative poverty*
> - *Household incomes in Wales are 82% of the UK average*
> - *Wales has the lowest proportion of 'innovative firms' in the UK*
> - *Significant gaps in healthy life expectancy between the most and least deprived parts of Wales*
> - *Recent research also outlines a systemic productivity gap between Wales and other UK nations, as well as international comparator nations.*[100]

[100] Welsh Government (latest release 2025) *Wellbeing of Wales: 2024*.

Rossiter went on to say that "*the vast majority of Welsh Government's budget is pre-allocated to the delivery of public services*"[101] and that it has limited power to implement the sorts of policies that can increase economic growth in Wales. He argued that:

> *the levers that Welsh Government has to shape growth are significantly limited. Despite often foregrounding growth as a comprehensive mission, approaches to growth-generating projects often do not reflect this, suggesting priorities lie elsewhere. This is particularly the case with large-scale infrastructure projects.*

According to Rossiter, Welsh Government "*should focus on what it has powers over and budget to influence, and, fundamentally, that isn't growth alone*". Rossiter instead argued for a focus on improving wellbeing and essentially "*using economic levers to tackle social, environmental, and foundational goals*" that can be achieved by "*supporting a smaller number of industries, which offer long-term wellbeing benefits, whether through raising productivity, offering secure, fair employment, and those [benefits] that tackle the nation's long-term challenges (whether the climate crisis, economic inequality, or a host of others)*". In doing this, Rossiter argued, Wales would effectively pioneer a wellbeing economic model that could achieve 'good growth' – growth that is successful, fair, green, and long-term.

7. Natural capital and the economic value of rural regions

Our Achieving Good Growth project was designed to explore how growth can be achieved while also addressing other policy challenges, including those related to environmental sustainability. This dual challenge relies heavily on place-based solutions. This was shown in a piece produced for our hub by the University of Exeter's Nature Recovery and Regional Development (NaRReD) project team. The team explored the role of rural regions in securing ecosystem services and natural capital, highlighting how ecosystems in rural landscapes provide services – such as carbon storage, water regulation, biodiversity, and flood protection – that underpin economic activity and public wellbeing.

The NaRReD team suggested that "*rural areas are often argued to be 'left-behind', with local populations facing significant challenges related to poor employment opportunities, low wages, inequality, and high levels of service*

[101] Thompson, H. (2022) *Fiscal Firepower: Effective Policy Making in Wales*. Institute of Welsh Affairs.

demand"[102] and that the economic value and potential of rural areas are often overlooked in policymaking, leading to missed opportunities.[103] They pointed to the lack of attention to rural areas in flagship policies such as the Planning and Infrastructure Bill and the AI Opportunities Action Plan, despite the role these places play in providing much of the natural infrastructure required to achieve the ambitions set out in those policies. According to NaRReD:

> *rural areas function as integral providers and exporters of natural capital. In addition to delivering essential ecosystem services to local populations (such as flood regulation and soil health), these landscapes underpin sectors like tourism and recreation, while actively supporting the broader environmental needs of the national population,*

all of which have economic value and play a role in achieving sustainable growth. In their piece, the NaRReD team cited the example, among others, of the Thirlmere Reservoir in Cumberland, explaining that this "*can hold up to 39,000 million litres of water and plays a critical role in supplying drinking water to Manchester, over 100 miles to the south*". This is just one example of the often-overlooked contribution from rural areas through the provision of natural capital. Without proper investment in and acknowledgement of such natural infrastructure, the UK will be unable to achieve the growth identified as essential for the economy.

Ultimately, the point NaRReD made in its piece for our hub was that there is a "*need for a broader characterisation of national 'infrastructure' which recognises the role of rural ecosystems in supporting long-term national resilience, contributing to economic and environmental stability*". Recognising and investing in natural capital can support both environmental resilience and economic development. Rural regions provide opportunities for nature-based investment, including restoration of wetlands, forests, and peatlands; climate resilience, protecting communities and infrastructure from environmental shocks; and green jobs, providing employment in environmental restoration and conservation.[104] Viewing rural landscapes as "*natural infrastructure of national importance*" reframes them from being seen as peripheral areas to being acknowledged as essential contributors to long-term economic sustainability.

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[102] Pike, A., et al. (2023) "Left behind places': a geographical etymology', *Regional Studies*, 58(6), pp. 1167-1179.
[103] Centre for Rural Economy (2014) *Reimagining the Rural: What's missing in the UK policy*. Newcastle University.
[104] Office for National Statistics (2025) 'Estimates of green jobs, UK: July 2025', *ONS website*.

8. Rural and coastal economies: Lessons from Cornwall

The theme of better supporting and making more of rural economies was also picked up in a contribution to the hub from Lord Hutton and Professor Janet Dwyer of the University of Gloucestershire. Like the NaRReD team, they also emphasised that rural and coastal areas are often overlooked in national growth strategies, as they explored in *Good Growth in a Rural Economy – The Experience and Potential of Cornwall*.

In their piece, Hutton and Dwyer showed the value of investing in areas like Cornwall and other coastal and rural places. They explained that:

> *Cornwall has been a recipient of EU structural funds as a less-developed region for several decades, and investment more recently through the UK Shared Prosperity Fund at a level higher per capita than any other area in England outside of London*

and that "*Cornwall is an excellent example of why this type of funding works*". This investment has seen Cornwall, for some time an area of relatively low growth, catch up economically, such that its growth rates outpace the UK average and surpass comparators.[105]

The piece also echoed the NaRReD argument about provision of natural capital. Hutton and Dwyer suggested that sustained investment in Cornwall has enabled it to play an even greater role in meeting national economic priorities, for example through increased provision of clean energy.[106] Hutton and Dwyer claimed that:

> *Cornwall can lead the UK's renewable energy revolution by harnessing our exceptional natural resources including the UK's richest solar resource, geothermal potential linked to hard rock, Europe's most favourable wind climate, and extensive coastline and deep waters in the Celtic Sea.*

Hutton and Dwyer pointed to *research from the National Innovation Centre Rural Enterprise (NICRE)* to evidence their claim that "*rural areas have a distinctive and vital role to play in pioneering and driving growth, particularly in green technologies and net-zero transition*". Furthermore, places like Cornwall

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[105] Cornwall Council (2024) 'New study highlights need for Government to continue economic growth funding for Cornwall', *Cornwall Council website*, 24 October.
[106] Curran, B., et al. (2022) *Growing clean : Identifying and investing in sustainable growth opportunities across the UK*. The Resolution Foundation.

have important experience and lessons to impart on achieving not just growth, but good growth. Hutton and Dwyer suggested that:

> *Cornwall's particular geography and its challenges as a small, rural, peripheral economy surrounded on three sides by sea, requires us to put good growth at the centre of what we do: growth that provides decent jobs and homes for residents, that protects our national environment, and supports our transition to net zero….In a place such as Cornwall, good growth is not simply a 'nice to have', but an essential part of sustaining a healthy economy.*

So not only can Cornwall play its part in boosting national growth through its own increasing economic success, but it can also provide guidance on ensuring that growth is sustainable and inclusive – i.e. 'good'.

The piece highlights that places such as Cornwall illustrate the potential for innovation and economic renewal beyond major urban centres. Ensuring that national growth policies do not neglect peripheral (coastal and rural) regions is essential for both economic inclusion and national cohesion.

Summary - Towards a balanced, spatial economy

Social science research has long been pointing towards the need to rebalance the UK economy spatially.[107] The insights from the contributions to our Achieving Good Growth hub extend that argument. Our contributors suggested that place-based growth requires coordinated action across multiple scales – national, regional, and local. The aspects they discussed included:

1. **Increasing devolution and tailoring economic policy to regional strengths and challenges** – rather than relying on uniform national approaches, devolving authority and control of resources to enable bespoke strategies that fit the specific challenges and opportunities of each region.
2. **Investing in second-tier cities and regional economic hubs** – enabling them to drive wider regional productivity.
3. **Enabling investment in regional SMEs** – moving away from the London-centric proclivities of the UK's financial industry.
4. **Recognising the economic value of rural regions** – including their role in providing natural capital and environmental resilience.
5. **Supporting rural, coastal, and peripheral areas** – ensuring they are integrated into national growth strategies.
6. **Strengthening local institutions and partnerships** – linking research, policy, and business communities.
7. **Embedding wellbeing and quality-of-life considerations within economic policy** – ensuring that growth includes and is for everyone.

A place-based approach does not simply redistribute growth geographically; it recognises that different places contribute to national prosperity in different ways. By harnessing the unique assets of cities, towns, and rural regions alike, the UK can build a more resilient, inclusive, and sustainable economic future.

[107] Martin, R., Pike, A., Tyler, P., and Gardiner, B. (2016) 'Spatially Rebalancing the UK Economy: Towards a New Policy Model?', *Regional Studies*, 50(2), pp. 342-357.

4: UK–EU reset

Featured viewpoint: Professor Anand Menon

Anand Menon is Director of the UK in a Changing Europe (UKICE) and Professor of European Politics and Foreign Affairs at King's College London. He has written widely on many aspects of EU politics and policy, as well as UK–EU relations. He frequently contributes to the media on matters relating to British relations with the EU. His featured viewpoint here is an adapted version of a blog which first appeared on the UKICE website.

Here we go again

While the UK Government now speaks more freely about the economic impact of Brexit and its ambitions for closer ties to the EU, its red lines will limit what it can achieve.

Something is changing in the politics of Brexit. Not that long ago, open discussion of the economic impact of leaving the EU was frowned upon. More recently, the Government has been significantly more forthright. As Chancellor, Rachel Reeves repeatedly emphasised the costs of Brexit, including in her Mais lecture.

Let's be clear. Having a government that is willing to be honest about the impact of such a significant policy decision marks real progress. Whatever you think about Brexit, self-delusion over its implications is not what the country needs from its political leaders.

Equally, however, there is a curious disjuncture in government thinking on this. Simply put, their current position seems to consist of emphasising the significant costs incurred by our decision to leave the EU, while being equally forceful in ruling out the steps that would be needed to reduce them.

By this I mean Ministers' continued insistence that their red lines – on the customs union, the single market and freedom of movement – remain as fixed as they were when they were added to the Labour manifesto in 2024.

Let me place this in context. The Office for Budget Responsibility (OBR) continues to argue that the medium-term impact of Brexit will be in the order of 4% of GDP, while several other economists propose a significantly higher figure.[108] By way of contrast, John Springford of the Centre for European Reform has estimated the value of the deals currently being negotiated at around 0.1% of GDP. The government's own figures suggest it might be closer

[108] Bloom, N., Bunn, P., Mizen, P., Smietanka, P., and Thwaites, G. (2025) The Economic Impact of Brexit. *NBER Working Paper 34459*.

to 0.3%.

Putting two and two together, the government thinks it has found a way to do something far more ambitious than the current reset, while respecting its own red lines.

The chosen mechanism seems to be ‘alignment’. As Joël Reland expertly outlines,[109] the tone with which this government has begun to discuss the prospect of dynamic alignment with EU rules marks a striking departure from anything we have heard post-Brexit. Keir Starmer’s government, it would seem, prioritised economic gain over the potential pitfalls inherent in being a rule taker.

The problem is that the EU is not as enthusiastic. Not because there is any principled objection to selective alignment. Supposed EU resistance to what it dubs ‘cherry-picking’ was always something of a myth. Indeed, the UK–EU summit last May was a cherry picker’s dream. The EU agreed to start negotiations on selective UK participation in those bits of the single market relating to agriculture, emissions trading, and electricity.

Selective alignment, in other words, is fine – so long as it suits the EU. And one crucial reason these three areas are being prioritised is that they help address some of the thorny issues created by Northern Ireland’s unique status under the Protocol.

Beyond these sectors, however, things become far trickier. Of course, the UK wants carve-outs. Squaring the circle between the need for growth and those pesky red lines demands them. But on the EU side, there is genuine concern about the UK enjoying too many of the benefits of the single market without accepting the obligations that come with membership. Equally, there is no shortage of EU firms that enjoy seeing their UK competitors struggle to trade in the single market.

Above all, there is the politics. EU leaders have no incentive to help a country that has left the club flourish economically. Not least, many of them face populist opponents who, while they may no longer call for an exit from the EU, would certainly prefer it to be less intrusive. A Britain that serves as a salutary warning of the economic cost of being outside is no bad thing in this regard.

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[109] Reland, J. (2026) ‘Full speed ahead on SPS alignment’, *UK in a Changing Europe website*, 11 March.

And a final issue is conjunctural. We're negotiating with the EU at the very moment when the member states are embarking on what promise to be rather bad-tempered negotiations over the EU's seven-year budget. If the fate of the negotiations over Security Action For Europe (SAFE) is anything to go by, one side effect will be encouraging them to see the UK as a potential cash cow that might help smooth those internal discussions.

So, the problem the government faces is that the EU might not be too keen to give them what they want. One obvious solution would be to offer the EU something it wants in return. At the moment, however, it is hard to see what this might be (I can't see the government offering freedom of movement any time soon). Trading security cooperation for economic concessions is a non-starter, not least because the member states know, as we do, that such cooperation is in our interest too.

There is a risk of overpromising and underdelivering. Yes, Brexit has had a significant impact on our economy. But it is precisely those aspects of it that are causing the most harm, to which the government is determined to cling, that have had the greatest impact. Some honesty is better than none. But there is a way to go.

The UK–EU reset – rebuilding economic cooperation for good growth

The UK's economic relationship with the European Union remains central to the country's growth prospects. A substantial body of economic research concludes that Brexit has increased trade frictions and reduced the UK's long-run growth potential.[110] [111] However, debate remains about the extent to which greater regulatory autonomy could offset some of these costs over time.

Since the UK's departure from the European Union following Brexit, businesses and policymakers have been navigating a new trading and regulatory landscape defined by the EU–UK Trade and Cooperation Agreement. While this framework has ensured continued trade in many sectors, it has also introduced new frictions affecting goods, services, and labour mobility.

A growing body of social science research suggests that a "reset" in UK–EU relations could support stronger economic performance. Contributions from our Achieving Good Growth programme, as well as insights from social scientists more widely, have highlighted how renewed cooperation – particularly in services, regulation, and knowledge exchange – could help unlock productivity gains and support sustainable growth. Some progress has already been made.[112] However, there is also acknowledgement that there is plenty of road still to travel before an effective reset is reached.[113]

1. Economic interdependence and the case for reset

Multiple factors build the overall case for a comprehensive UK–EU reset. For example, there are significant gains to be made from cooperation in relation to national security,[114] including against hybrid threats,[115] and in relation to building collective crisis resilience.[116] All of these things are critically important,

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[110] Bloom, N., Mizen, P. and Thwaites G (2026) 'The Economic Costs of Brexit on the UK', *Econofact website*, 2 February.
[111] Best for Britain (2025) 'The Cost of Brexit', *Best for Britain website*.
[112] Kassim, H. (2026) 'A year since the EU-UK summit: where are we now?', *UK in a Changing Europe website*, 21 May.
[113] Rutter, J. (2026) 'Keir Starmer's EU "reset" failed to convince', *Institute for Government website*, 14 May.
[114] Sweeney, S. (2025) 'The reset with the EU reflects an evolving UK security strategy with a more regional focus', *UK in a Changing Europe website*, 22 May.
[115] De Agostini, L. (2025) 'Beyond the reset: The case for a stronger EU–UK front against hybrid threats', *EU Institute for Security Studies website*, 27 May.
[116] Wachowiak, J. (2026) 'The case for a UK-EU resilience partnership', *UK in a Changing Europe website*, 20 April.

and they also have economic impacts. But for the purposes of this report, the more fundamental economic imperative concerns us most: what can an effective reset do for UK growth?

The EU remains the UK's largest trading partner, accounting for a substantial share of both exports (41% of all UK exports) and imports (51% of the UK total).[117] Economic geography, deeply integrated supply chains, and longstanding institutional relationships mean that cooperation with European partners continues to play a major role in the UK economy.

Social science research examining the economic effects of Brexit has identified several areas where new barriers have emerged: trade frictions, particularly for small- and medium-sized exporters;[118] regulatory divergence, creating uncertainty and compliance costs;[119] reduced labour mobility, affecting sectors reliant on international talent;[120] [121] and barriers to services trade, where regulatory alignment previously facilitated cross-border activity.[122] A reset that successfully addresses these issues, among others, would go some way towards facilitating growth.

2. Services trade, regulatory cooperation, and UK growth

Services account for the majority of UK economic export activity. Exports of services exceeded exports of goods for the first time in 2020. By 2023, they were worth almost £100 billion more than goods exports.[123] Alongside finance, sectors such as legal services, consulting, education, and the creative industries rely heavily on international markets. Financial and related professional services alone account for 21% of Britain's total goods and services exports and totalled around £158bn in 2022.[124] The UK economy

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[117] Ward, M. and Webb, D. (2025) *Statistics on UK-EU trade*. House of Commons Library.
[118] Du, J., Liu, X., Shepotylo, O., and Shi, Y. (2024) *Unbound: UK Trade post-Brexit*. Centre for Business Prosperity, Aston University.
[119] Caswell, B. and Low, H. (2025) 'Five Years On: The Economic Impact of Brexit', *National Institute of Economic and Social Research website*, 31 January.
[120] Portes, J., and Springford, J. (2023) 'The impact of the post-Brexit migration system on the UK labour market', *Contemporary Social Science*, 18(2), pp. 132-149.
[121] Haddoud, MY., Fillis, I., and Murphy, T. (2023) *Post-Brexit migration and accessing foreign talent in the Creative Industries*. Creative Industries Policy and Evidence Centre.
[122] Du, J., and Shepotylo, O. (2026) 'Brexit and the Services Trade—A Longitudinal Analysis', *Journal of Service Research*, 29(1), pp. 115-131.
[123] Webb, D. (2024) 'Economic update: Services exports outpace goods', *House of Commons Library*.
[124] The City UK (2025) *Exporting from across Britain: Financial and related professional services 2025*.

therefore needs to maintain, or even increase, trade in this area, including with the EU. In 2024, the EU accounted for 41% of the UK's exports (48% of goods exports and 36% of services exports).[125]

The UK, and especially London, remains one of the world's leading financial centres. However, the sector's international competitiveness depends significantly on regulatory frameworks that enable cross-border activity. Before Brexit, UK-based financial firms benefited from 'passporting' rights that allowed them to operate freely across the EU single market. Since Brexit, these arrangements have been replaced by more limited mechanisms such as regulatory equivalence. While some cooperation continues, the system is more fragmented and uncertain.

Contributing to our Achieving Good Growth hub, Professor Sarah Hall FAcSS of the University of Cambridge and UK in a Changing Europe, explored good growth and UK financial services through the UK–EU reset. Hall acknowledged that "*there are opportunities for both the UK and the EU if more open financial markets can be developed*" but qualified this by saying:

> *how financial services sits within wider agendas of 'good growth' has been heavily scrutinised following the 2008 financial crisis. And given the UK's significant regional economic inequality, how financial services might be supported beyond London and the South East needs to be addressed.*

With this balanced approach in mind, Hall suggested that "*there are three main areas that need to be considered: the role of equivalence in support for cross border market access for financial services, interventions aimed at supporting the mobility of individuals delivering financial services, and regulatory relations*".

Other social science research also highlights similar factors shaping services trade after Brexit. These factors include regulatory compatibility, which affects professional recognition and market access;[126] [127] mobility of skilled professionals, enabling collaboration across borders;[128] [129] and data

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[125] Ward, M., and Webb, D. (2025) *Statistics on UK-EU trade*. House of Commons Library.
[126] Department for Business & Trade (2025) 'Recognition of UK professional qualifications in EU member states', *UK Government website*.
[127] Bercero, I. G. (2024) 'A trade policy framework for the European Union-United Kingdom reset', *Bruegel website*, 27 November.
[128] Portes, J. and Springford, J. (2023) *The Impact of the Post-Brexit Migration System on the UK Labour Market*. IZA Institute of Labor Economics.
[129] Barnard, C. and Leinarte, E. (2021) 'Mobility rights for service providers and the UK-EU Trade and Cooperation Agreement', *UK in a Changing Europe website*, 11 March.

governance frameworks, which are increasingly important for digital services.[130] [131] Improved cooperation between the UK and EU in areas like these will facilitate smoother trade in services sectors. For a services-orientated economy such as the UK, this is particularly important for sustaining productivity and export growth.

On practical ways forward, Hall pointed to the Agreement on Mutual Recognition of Professional Qualifications (MRPQs)[132] and suggested the Berne Financial Services Agreement, signed by the UK and Switzerland at the end of 2023, as a possible model for further regulatory agreement between the UK and the EU.

Hall's analysis suggests that a pragmatic approach to regulatory cooperation could strengthen both financial stability and economic growth. Possible avenues include further structured regulatory dialogue between UK and EU authorities; targeted equivalence arrangements supporting cross-border financial services trade; and greater coordination on emerging areas, such as sustainable finance and fintech regulation. Such cooperation would not require full regulatory alignment but could reduce uncertainty and support the UK's role as an international financial hub.[133]

3. Research, innovation and knowledge networks, and institutional cooperation

The UK has benefitted, and can continue to benefit, from close cooperation with other nations and with supranational bodies such as the EU. One example of mutually beneficial cooperation in the UK–EU relationship is collaboration in research and innovation. European research programmes have historically supported partnerships between universities, firms and public institutions across the continent. Participation in initiatives such as Horizon Europe can strengthen the UK's research ecosystem by enabling international collaboration, supporting scientific mobility, and facilitating knowledge exchange between academia and industry.[134] These networks play a vital role in

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[130] Erdos, D. (2026) *UK Data Protection Post-Brexit: The Evolving Landscape*. University of Cambridge Faculty of Law.
[131] Preiskel & Co. (2026) 'How DUAA Reforms Are Reshaping the UK Data Protection Legal Framework', *Presikel & Co website*, 13 February.
[132] Reland, J. (2024) 'Agreement on Mutual Recognition of Professional Qualifications (MRPQs)', *UK in a Changing Europe website*, 10 August.
[133] Reland, J. (2025) *Regulating After Brexit*. UK in a Changing Europe.
[134] Department of Science, Innovation and Technology (2025) 'New analysis shows Britain's innovators are boosted by Horizon', *UK Government website*, 29 December.

innovation-driven growth. Social science evidence consistently shows that cross-border research partnerships increase scientific output and accelerate technological development.

More broadly, cooperation between different kinds of institutions across the UK and EU will be crucial if the UK is to achieve the growth it is seeking. At our event on the UK–EU reset and how the UK might achieve 'good growth', our panel explored the key growth-related challenges and opportunities for UK trade policy while also emphasising that economic cooperation is not solely about trade flows. Institutional relationships (for example between regulators, universities, businesses, and policymakers) shape the broader environment for economic development.

This event was presented in partnership with UK in a Changing Europe and the University of Sussex (which leads two trade-focused research centres, the UK Trade Policy Observatory and the Centre for Inclusive Trade Policy). Professor Anand Menon chaired the panel in conversation with Professor Meredith Crowley and Dr Emily Lydgate. Stressing the need for cooperation, this panel highlighted several principles for a constructive reset with the EU. These included: pragmatism over ideology, focusing on practical solutions to shared challenges;[135] stability and predictability, giving businesses confidence to invest;[136] [137] [138] and mutual benefit, recognising that cooperation can support growth on both sides.[139] The aim is not to recreate pre-Brexit arrangements, but to develop new frameworks that reflect the realities of the UK's current relationship with the EU.

Our contributors, drawing on a wealth of social science research, pointed towards several strategic opportunities for the UK. A successful UK–EU reset could create opportunities for collaboration in emerging economic sectors. Areas of potential cooperation include green finance and climate policy,

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[135] Spyrakou, V. (2025) 'Functional, not federal – why pragmatism now defines the EU-UK relationship', *LSE European Politics website*, 25 November.
[136] Rowland, E. (2025) 'The UK-EU Reset', *Institute of Directors website*, 21 May.
[137] Donnelly, M. (2025) 'The next steps for the UK-EU reset', *Centre for European Reform website*, 19 June.
[138] UK Government (2026) 'Starting from a strong base': Ceri Morgan on resetting the UK–Europe business relationship', *Euronews website*, 15 May.
[139] Foreign Affairs Committee (2026) *From a Common Understanding to Common Ground: Building a UK-EU Strategic Partnership fit for the future*. House of Commons.

supporting the transition to net zero;[140] [141] [142] digital regulation and data governance, ensuring interoperability between markets;[143] [144] [145] [146] supply chain resilience, including for SMEs and in strategic industries;[147] [148] [149] [150] [151] and security and economic resilience, where shared challenges require coordinated responses.[152] [153] [154] [155] Such partnerships could strengthen the UK's international economic position while contributing to the broader regional stability and sustainability required to enable growth.

4. Alternative perspectives: Regulatory autonomy, domestic reform, and growth

While many contributors to our hub emphasise the economic benefits of closer UK–EU cooperation, writers elsewhere argue that the UK's long-term growth prospects depend less on resetting its relationship with the European Union than on addressing longstanding domestic weaknesses in the British economy.

Writing for the Centre for Policy Studies (CPS), economist Dr Gerard Lyons argues that Britain's principal growth challenges – including weak investment, poor productivity performance, regional disparities and planning constraints –

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[140] Figures, T. (2025) *Climate, Energy and Green Industrial Policy in the UK-EU reset*. CITP Briefing Paper, 20.
[141] Greacen, S (2025) *UK-EU divergence in financial sustainability reporting*. Green Alliance.
[142] Born, C. and Reland, J. (2024) *UK-EU climate and energy relations*. UK in a Changing Europe.
[143] Niestadt, M. (2026) *EU-UK digital cooperation*. European Parliamentary Research Service.
[144] Killock, J. (2022) *Digital rights post-Brexit*. Heinrich Böll Stiftung Brussels.
[145] Killock, J. (2022) *Institutional challenges for the UK and EU digital policy: Meeting the need for regulatory capacity and regulatory co-operation*. Heinrich Böll Stiftung Brussels.
[146] CITP (2024) 'The UK-EU Reset: What can be done on trade?', *CITP website*, 19 December.
[147] Roche, B. (2025) 'Supply chain resilience inquiry launched – have your say', *The Chartered Institute of Export & International Trade website*, 7 May.
[148] Berg, A., and Meyers, Z. (2025) *Resilient growth Aligning productivity and security*. Centre for European Reform.
[149] British Chambers of Commerce (2026) *Delivering Growth: Resilient Global Supply Chains*. British Chambers of Commerce.
[150] Du, J. (2025), 'Post-Brexit Pragmatism? What the UK–EU Reset Summit Means for SMEs', *Enterprise Research Centre website*, 22 May.
[151] BASF (2026) 'Crisis after crisis: why supply chain resilience is a matter of national preparedness', *PoliticsHome website*, 9 April.
[152] Benford, J., and Spisak, A. (2025) *A Missing Pillar: Economic Security Cooperation in the EU-UK Partnership*. Bertelsmann Stiftung.
[153] Foreign, Commonwealth & Development Office and the Ministry of Defence (2025) *UK-EU security and defence partnership*.
[154] Whitman, R. (2025) 'A modest beginning: the new EU-UK Security and Defence Partnership', *UK in a Changing Europe website*, 19 May.
[155] CBI (2024) *Strengthening our Economic Resilience*. CBI.

predate Brexit and cannot be resolved simply through closer institutional ties with the EU. In *The EU is Still Not the Answer to Britain's Growth Problems*, Lyons suggests that an EU reset risks becoming "*a substitute for a credible growth strategy*" rather than a complement to one, arguing that the UK should focus primarily on reforms that are within the control of Westminster.[156]

Lyons also questions the proposition that closer integration with the European Union would significantly improve the UK's long-term economic performance. While acknowledging the EU's continued importance as the UK's largest trading partner, he argues that Britain's economy has broadly kept pace with, or in some respects outperformed, several comparable European economies since Brexit. Lyons notes that weaker GDP per capita growth reflects domestic policy choices – including low investment and weak productivity – rather than the UK's institutional relationship with the EU. From this perspective, stronger economic performance depends primarily upon improving the UK's domestic business environment rather than reducing regulatory divergence with Brussels.

Analysis published by the Institute of Economic Affairs (IEA) presents a similar emphasis, arguing that pursuing economic growth should focus on domestic structural reforms, including planning reform, tax policy, labour market flexibility, and regulatory simplification.[157] From this perspective, regulatory autonomy is one of the principal opportunities created by Brexit, enabling governments to tailor policy more closely to UK economic conditions and pursue reforms that might not have been possible within the EU's regulatory framework. Elsewhere, the IEA's editorial director, Dr Kristian Niemietz, points out that:

> *the UK has signed up to some additional trade deals that it could not have concluded as an EU member. There have also been some mild deregulation measures, such as on gene editing, which would not have happened in the EU.*[158]

Advocates of this approach argue that the economic benefits of Brexit depend not on recreating closer institutional ties with the EU but on making effective use of the policy flexibility that leaving the Union has created.

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[156] Lyons, G. (2025) *The EU is Still Not the Answer to Britain's Growth Problems*. Centre for Policy Studies.
[157] IEA and Ibrahim, R. (2025) 'Making the most of Brexit', *Institute of Economic Affairs website*, 2 February.
[158] Speakman Cordall, S. (2026) '"We did regain control': The Brexit voters with no regrets 10 years on', *Al Jazeera website*, 25 June.

These perspectives also place greater emphasis on the changing structure of the global economy. While recognising the continuing importance of trade with Europe, they argue that future growth opportunities are increasingly likely to come from expanding commercial relationships with faster-growing markets beyond the EU, alongside improving domestic competitiveness through supply-side reform.[159]

Taken together, these contrasting perspectives illustrate that an active debate remains about the relationship between Brexit, the UK's economic performance, and the most effective route to stronger growth. While much of the social science evidence presented in this chapter highlights the potential economic gains from reducing trade frictions and strengthening cooperation with the European Union, other analyses argue that the UK's most significant constraints on growth are domestic and structural, and that closer alignment with the EU should not displace the pursuit of wider economic reform. Perhaps the policy challenge, therefore, is not simply whether to deepen cooperation with the EU, but how best to balance international economic relationships with the domestic reforms needed to raise long-term productivity and living standards.

[159] Minford, P. (2020) *After Brexit, What Next?: Trade, Regulation and Economic Growth*. Cheltenham: Edward Elgar Publishing.

Summary - Resetting the UK–EU relationship for sustainable growth

The UK–EU relationship will continue to evolve in the years ahead and was a key plank of foreign policy during the Starmer administration. Evidence from our project contributors and from social science research more generally suggests that constructive engagement and targeted cooperation could help mitigate economic frictions while supporting long-term growth. Still, it is far from being a silver bullet. Our contributors explored the possible benefits of:

1. **Reaching a compromise around alignment** on aspects such as the customs union, single market, and freedom of movement.
2. **Strengthening regulatory dialogue**, particularly in financial services.
3. **Facilitating trade in services**, including improved professional mobility and regulatory compatibility.
4. **Deepening collaboration in research and innovation**, supporting knowledge-driven growth.
5. **Enhancing cooperation in emerging sectors**, such as green finance and digital regulation.
6. **Rebuilding stable institutional relationships**, enabling ongoing policy coordination.
7. **Balancing the changing relationship with the EU with other priorities for growth**, including developing other international trade deals and committing to the kinds of domestic reforms that can also lead to long-term productivity and improved living standards.

For a globally connected economy such as the UK, growth depends not only on domestic policy choices but also on international partnerships. Rebuilding a constructive and forward-looking relationship with the European Union could therefore play an important role in supporting the UK's ambitions for sustainable and inclusive economic growth. But this should be done alongside, rather than instead of, developing other international relationships and focusing on what can be changed for the better within the UK's domestic economy.

5: Creating the conditions for growth

Featured viewpoint: Professor Anna Valero

Anna Valero is a Professor in Practice and Director of the Growth Programme at the Centre for Economic Performance, Deputy Director of the Programme on Innovation and Diffusion (POID), and an Associate of the Grantham Research Institute. She was a member of the Steering Group of the Resolution Foundation-CEP Economy 2030 Inquiry (funded by the Nuffield Foundation), and a Research Director for the LSE Growth Commission. Valero was appointed Industrial Strategy Adviser to the Chancellor in October 2025.

Clean-tech innovation for stronger, regionally balanced growth

The need for boosting growth and living standards and doing so sustainably and inclusively is as urgent as ever. Both need substantial investment and long-term commitments, but a fracturing consensus on the 'green transition' creates new challenges for policymakers and industry.

We are now 20 years on from the highly influential Stern Review[160] which concluded that the benefits of early and strong climate action far outweigh the economic costs of not acting. It emphasised that action on climate change is required across all countries, and that it need not limit the growth aspirations of rich or poor countries. The experience of the past 20 years only strengthens these conclusions, as set out in Stern's latest book: *The Growth Story of the 21st Century*.[161]

Many countries, including the UK, have successfully decoupled emissions and growth.[162] The economic and societal costs of climate change itself (through a hotter climate and more extreme weather) are clearer.[163] We have seen that substantial and ongoing innovation has brought the costs of clean technologies down faster than expected.[164] It is also clear that investments in clean energy and energy efficiency are crucial for energy security and resilience, reducing exposure to volatile fossil fuel prices that have repeatedly destabilised

[160] Stern, N. (2006) *Stern review: The Economics of Climate Change*. HM Treasury, UK Government.
[161] Stern, N. (2025) *The Growth Story of the 21st Century: The Economics and Opportunity of Climate Action*. London: LSE Press.
[162] Ritchie. H. (2021) 'Many countries have decoupled economic growth from CO_2 emissions, even if we take offshored production into account', *Our World in Data website*, 1 December.
[163] Rising, J. et al. (2026) *The macroeconomic case for investing in climate adaptation*. Grantham Research Institute on Climate Change and the Environment and LSE Global School of Sustainability.
[164] IRENA (2025) *Renewable power generation costs in 2024*. Abu Dhabi: International Renewable Energy Agency.

economies. Indeed, the Climate Change Committee[165] has estimated that the total additional cost of a single fossil fuel price spike of the magnitude of the 2022 energy crisis that followed Russia's invasion of Ukraine is likely to be as large as the total net additional cost of meeting the pathway to Net Zero across every year to 2050.

At the firm level, growth opportunities exist for those innovating and providing clean technologies and services to meet growing domestic and global demand. 'Green industrial policies'[166] seek to leverage these opportunities in specific places, building on areas of comparative advantage and likely future growth. The UK's modern industrial strategy[167] features a Clean Energy sector plan which seeks to build supply chain capacity, growth, and jobs in key sectors in the UK. Clean technologies (such as batteries) also feature in the Advanced Manufacturing sector plan. Opportunities also extend beyond manufacturing to the services sector, with 'sustainable finance' highlighted in the UK's Financial Services Competitiveness Strategy.

Research evidence supports this approach, showing clean-tech clusters with growth potential spread across the country. For example, patenting analysis shows that the UK exhibits revealed technological advantage[168] in technologies such as offshore wind, carbon capture and storage, and nuclear. The spatial patterns of clean-tech innovation[169] suggest that support for these technologies could boost growth outside London and the South East, with lower-productivity areas often more specialised in clean-tech innovation and firms. Universities across the country[170] are generating research that feeds into clean-tech innovation in UK firms, providing a foundation for place-based industrial strategy grounded in existing strengths. Over and above climate mitigation technologies, the UK exhibits significant strengths in adaptation technologies

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[165] Climate Change Committee (2026) 'Cost of Net Zero by 2050 less than a single fossil fuel price shock – CCC', *Climate Change Committee website*, 11 March.
[166] Valero, A. and Van Reenen, J. (2023) 'Embedding green industrial policy in a growth strategy for the UK', *IPPR Progressive Review*, 30, pp. 175-183.
[167] Department for Business and Trade (2025, updated 2026) *The UK's Modern Industrial Strategy 2025 Policy papers, Sector Plans and documents in support of the UK's Modern Industrial Strategy*. UK Government.
[168] Serin, E., Andres, P., Martin, R., Read, M., Shah, A., and Valero, A. (2024) *The green industrial policy matrix: Informing an industrial strategy for clean energy technologies*. London: London School of Economics and Political Science.
[169] Curran, B., et al. (2022) *Growing clean: Identifying and investing in sustainable growth opportunities across the UK*. The Resolution Foundation.
[170] Andres, P. et al. (2026) *Pathways to a productive and inclusive net zero*. Centre for Economic Performance, London School of Economic and Political Science.

and services – another area seeing increased demand at home and overseas.

Beyond the firms producing relevant goods and services, and considering broader sustainability actions at firm level, survey evidence[171] suggests that key motivations for having an environmental strategy in place relate to resource efficiency and meeting customer expectations. Analysis of microdata in the UK and eight other countries shows strong links between energy productivity[172] and labour productivity in manufacturing firms.

What does this all mean for jobs? While measuring 'green jobs' remains methodologically challenging, different approaches[173] point to similar findings – green jobs tend to be good jobs on several measures but require additional and often new skills. Overall, the green transition is likely to lead to net job creation if skills gaps are anticipated and addressed, and job transitions from high-carbon sectors are managed well. But this is not automatic; it requires active policy.[174]

The UK's industrial strategy provides a long-term but agile framework that supports prioritising resources toward areas most likely to drive growth, along with complementary fiscal and non-fiscal policy levers to address barriers to investment in those areas. Recent geopolitical developments – rising energy insecurity, supply chain fragility, and intensifying international competition in clean technologies – heighten the need for this type of strategic approach, as well as the need for timely data, analysis, and engagement to inform ongoing policy development. The establishment of the Industrial Strategy Advisory Council is an important institutional feature that underpins this.[175]

Maintaining and building support for the green transition requires the economic benefits to be realised and felt by communities around the country – and industrial strategy can make a key contribution by creating the enabling environment for growing firms and good jobs. The evidence points to four

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[171] Valero, A., Oliveira-Cunha, J. and Serra-Lorenzo, B. (2025) *Innovation through crises in the 2020s: survey evidence on digital, AI and net zero innovation in UK firms*. Centre for Economic Performance, London School of Economic and Political Science.
[172] De Lyon, J. and Dechezleprêtre, A. (2025) The great dispersion in energy productivity between firms. *OECD Science, Technology and Industry Working Papers*, 2025(24), Paris:,OECD Publishing.
[173] Valero, A. (2024) 'Net Zero and the Labour Market: Evidence from the UK', *LSE Public Policy Review*, 3(2), p. 9.
[174] UK Government (2025) *Clean Energy Jobs Plan*, UK Government
[175] Valero, A. and van Ark, B. (2023) *A new UK policy institution for growth and productivity: A blueprint*. Centre for Economic Performance, London School of Economic and Political Science.

priorities. First, stay the course – policy uncertainty in the past has been a barrier to investment.[176] Second, back regional strengths – clean-tech opportunity is spread across the country, and industrial strategy clusters with complementary regional policies can actively build on this. Third, better connect universities to local economies[177] – research strengths are a foundation for regional growth. Fourth, continue to invest in skills – better local coordination and sectoral training programmes can help to deliver skills in the right places.[178]

[176] Brandily, P. et al. (2023) *Beyond Boosterism - Realigning the policy ecosystem to unleash private investment for sustainable growth*. Resolution Foundation.
[177] Valero, A. (2022) 'University Challenge – bridging the local and the global', *Cogito, OECD website*, 17 May.
[178] Costa, R., Liu, Z., McNally, S., Murphy, L., Pissarides, C., Rohenkohl, B., Valero, A., and Ventura, G. (2023) *Learning to grow How to situate a skills strategy in an economic strategy*. Resolution Foundation.

Structural and system issues – creating the conditions for good growth

Contributors to our project, and social science research more generally, show that economic growth does not emerge automatically from market forces alone. The quality of the institutional, governance, and policy frameworks within which economies operate shapes it, and connected infrastructure enables businesses to access what they need to succeed. Creating the conditions for sustainable and inclusive growth therefore requires attention to the economic system's structural features. This includes considering how policy is designed, how institutions operate, and how success is measured.

This section explores contributions from our Achieving Good Growth programme, highlighting that the UK's growth challenge is not simply about individual policies, but about the broader system through which economic decisions are made and implemented. Strong institutions, clear strategic direction, and effective policy learning are central to improving economic performance.

1. Mission-led government and strategic coordination

Elsewhere in this chapter, we explore contributions covering the importance of good governance and strategy to achieving growth. The Academy's 2025 Annual Lecture, delivered by Professor Mariana Mazzucato FAcSS, took this theme further, arguing that governance and strategy should be mission-led. In her lecture, Mazzucato made the case for taking 'mission-orientated' growth seriously.

Mazzucato argued that "*growth is not the mission. Growth is the result if we get missions right*". She drew on her own research to illustrate how a mission-oriented approach to policy can stimulate and direct inclusive and sustainable growth whilst addressing the grand challenges of our time.[179] For Mazzucato, taking mission-oriented government seriously requires a cross-sectoral, bottom-up approach to catalysing innovation and redesigning governance tools to break down siloes. She said that:

> *if done right, missions can catalyse a wave of public and private sector investment. And the fact that in this country, the UK, we remain very low in terms of business investment,* [we're] *currently 28th in the OECD in terms*

[179] Mazzucato, M. (2021) *Mission Economy: A moonshot guide to changing capitalism*. London: Allen Lane.

of business investment, there's a real opportunity to drive public and private sector investment around goals around health, the digital divide, around net zero, [and] *maybe water-related missions.*

Mazzucato explored some of the UK's barriers to delivering successful mission-oriented policies and government. She especially lamented the tendency in corporate governance to prioritise short-term gains over long-term investment, as well as patchy and unconnected policy for the public sector, which is too often relied upon to fill gaps left by the private sector and address market failures. For Mazzucato, well-selected missions can provide a better starting point for greater policy cohesion, so projects and initiatives work toward a clear set of overall goals. In short, the sum becomes greater than the parts.

Mazzucato's approach involves setting ambitious national goals such as achieving net-zero emissions or transforming public health, and then aligning public and private investment to achieve them. She argues that mission-led strategies can coordinate innovation across sectors, mobilise public and private resources toward shared objectives, and create long-term policy clarity that encourages investment. Such frameworks offer a way to integrate industrial policy, research investment, and social objectives into a coherent strategy, which will also create better conditions for achieving good growth.

2. Evidence-based policymaking: Understanding 'what works'

In his piece for our hub, John Penrose, Chair of Conservative Policy Forum and Founder & Director of Centre for Small-State Conservatives, argued that knowing 'what works' will help good growth. Penrose made the case for stronger evaluation of public policy and for drawing on the evidence of what works when devising and implementing policies to increase productivity and economic growth. As this report shows, the kind of rigorous evaluation Penrose advocates, and the evidence of what has or is likely to work in growth-related policy, will naturally come from the social sciences.

Penrose argued that:

understanding which public policy levers work well or badly to revive local economies in hard-up towns and cities, or to create successful economic clusters in the industries of tomorrow, would turn 'levelling up' from a zero-sum competition for scarce Whitehall infrastructure funds into a much bigger, broader and more effective project to redress Britain's over-reliance on London and the South East.

He went on to point to good exemplars in other areas of policy – the National Institute for Clinical Excellence (NICE) in health, and the Education Endowment Foundation (EEF) in education – and the 'what works' centres which have supported a wide range of successful policies across several domains, both in terms of policy design and evaluation. But on the latter, Penrose also warned that:

> *there are still huge gaps where the results achieved (or not) by enormous Government programmes aren't independently assessed at all: for example, the outcomes of all those billions which DWP spends on back-to-work programmes aren't included, and nor are DOJ's prisoner rehab schemes.*

Part of the solution for Penrose is that:

> *every public grant, subsidy, and procurement contract must state the outcomes (not outputs) they want to achieve in advance, followed by a prompt, independent, and public post-completion evaluation of whether they have delivered them, including a one-word recommendation whether they should be renewed or repeated in future.*

He argued that policies are too often implemented without robust assessment of their effectiveness or long-term impact. Strengthening the use of evidence in policymaking should involve rigorously evaluating existing programmes and identifying which interventions deliver measurable benefits; replicating and scaling successful policies rather than constantly reinventing them; and building institutional mechanisms that embed learning in government decision-making.

By prioritising evidence-based policy design, governments can reduce waste, improve programme effectiveness, and ensure that growth strategies are grounded in demonstrable success. The Academy's report, *Enhancing the evidence ecosystem: Improving outcomes for government and citizens*, offers ideas and recommendations on how to achieve this.

3. Strategy, effective governance, and long-term economic direction

Even when a mission is established and what works is identified, it is important to use that clarity of purpose and knowledge within a long-term strategic framework that coordinates evidence-based economic, industrial, and social policies and implements them through effective governance systems. That was the view of Dr Roshan Boojihawon, Associate Professor in Strategy at the University of Birmingham, in his two pieces for our hub, which explored aligning good governance for good growth and asked: What is good growth without

good strategy?

In the latter piece, Boojihawon emphasised that achieving good growth requires more than isolated policy initiatives. He argued that many of the challenges facing the UK – including technological change, demographic shifts, and climate transition – unfold over decades, and that addressing them effectively requires stable policy commitments and clear direction. This kind of strategic, long-term approach is not always evident for Boojihawon, including in relation to the UK's challenge around growth. He argued that "*economic policies have pursued growth as an end in itself, with little regard for the distribution of benefits and lacking details on execution or long-term viability*" and pointed to public-private collaborations as key examples, saying that often "*when economic strategy lacks clear mission-oriented guidance, the private sector often underdelivers while the state overpays*".[180]

In his piece, Boojihawon made the case for ensuring that policy on achieving good growth is "*guided by a coherent strategy that sets, constantly aligns and refocuses economic prosperity with sustainability, equity, and resilience*". Echoing Penrose's thoughts on using evidence, he suggested that the UK Government "*must establish transparent, relevant, and measurable objectives*", adding that "*a robust strategy for good growth also requires inclusive and collaborative governance. 'Good' economic policies cannot be isolated in silos and committees; they must be co-created through careful thinking, dialogue and listening with businesses, communities, and social scientists*".

Boojihawon emphasised that the ambition for growth cannot exist in a vacuum, ignoring the realities of other challenges such as climate change, growing inequalities, and the technological revolution. Especially focusing on environmental imperatives, he argued that "*goals such as decarbonising industries, addressing regional disparities, and promoting a circular economy should align with or support the aims of industrial policies and vice versa*". This is to ensure that "*short-term economic gains do not compromise long-term environmental stability or social cohesion*". He further argued that economic planning should be seen:

> *as an intergenerational commitment rather than a five-year agenda. Climate change projections and risks for 2050 are a stark reminder of why evidence-based, long-term, scenario-based thinking is essential and*

[180] Mazzucato, M. (2024) 'Good Growth Requires Getting Public-Private Partnerships Right', *Project Syndicate website*, 23 December.

> *possible. If policies are designed solely with the next election in mind, they will constantly miss the point, overlooking the systemic and enduring transformations needed to create a low-carbon, resilient, and inclusive economy.*[181] [182] [183]

Key elements of an effective growth strategy must include consistency and long-term policy stability to encourage investment; coordination across government departments to reduce fragmentation; and clear national priorities to guide both public and private investment. Without a coherent strategy, policies risk becoming reactive and disconnected, limiting their ability to generate sustained economic improvement.

But in his second piece, Boojihawon showed that even a long-term strategy, involving policies based on robust evidence and which are carefully evaluated as they are implemented, can only succeed with effective governance structures and mechanisms in place to deliver. Boojihawon argued that "*growth cannot be engineered solely through fiscal stimulus or technological investment; achieving this type of growth demands something foundational: robust governance and the capacity to scale it*", adding that:

> *governance is perceived as an administrative process, the silent architecture of institutions, guiding compliance, and decision-making. Yet, it is precisely this architecture that determines whether strategies for achieving net zero, helping social mobility, or promoting regional regeneration can take root and endure.*[184] [185]

Boojihawon points to Nottingham's Green Partnership and Copenhagen's journey to carbon neutrality as examples of how "*polycentric governance – marked by iterative consultation, decentralised decision-making, and broad stakeholder involvement – can accelerate sustainable growth*". He added that their "*success lies not just in ambitious policy but in governance structures that ensure community buy-in and localised implementation*". But he also pointed to examples ('SuperPlaces' and 'Robin Hood Energy') where centralised strategies have failed, largely because they are too 'top-down' and don't

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[181] MacFarland, M., Lord, R., and Linko, T. (2025), 'For the world's largest companies, climate physical risks have a $1.2 trillion annual price tag by the 2050s', *S&P Global website*, 10 March.
[182] Aldane, J. (2022) 'UK's net zero strategy ruled 'unlawful' by high court', *Global Government Forum website*, 27 July.
[183] Willige, A. (2024) 'These 3 climate disasters will have the biggest impact on human health by 2050', *World Economic Forum website,* 17 January.
[184] The British Academy (2024) *Governance for Net Zero*. The British Academy.
[185] Preston, I. (2024) 'Fixing the broken retrofit system', *LocalGov website*, 10 July.

engage or involve the communities they are meant to serve, and because there are not strong enough local institutions and local governance to deliver where it matters.[186]

Boojihawon recommended introducing a 'National Governance Capability Strategy' to equip local and regional authorities with the tools, resources, and mandates to lead on place-based economic and environmental transformation. The argument is that policy success ultimately depends on inclusive, decentralised, and accountable governance systems that empower local actors while maintaining national coordination.

Effective governance best supports growth through decentralised decision-making, allowing policies to reflect regional conditions; transparent institutions, which strengthen trust and accountability; and cross-sector collaboration, which brings together government, business, and civil society. Where governance systems are fragmented or overly centralised, policy implementation slows and becomes less responsive to local needs and, among other disadvantages, negatively affects the ability to achieve growth.[187] [188]

4. Prosperity with purpose: Inclusive and sustainable growth

Echoing Boojihawon in some respects, Dr Anandadeep Mandal, also of the University of Birmingham, highlighted the importance of aligning growth strategies with social and environmental objectives. In his piece for our hub, *Good Growth: Prosperity with Purpose – A Blueprint for a Fairer Future*, he outlined "*how the UK can move towards a more equitable and sustainable economic model by focusing on place-based investment, workforce inclusivity and green innovation*".

Mandal identified several key barriers to the UK achieving good growth. Some of these were also covered by other contributors (see above). According to Mandal, the barriers include regional disparities,[189] income inequality,[190]

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[186] Phillips, D. (2024) *Reforming local government funding in England: the issues and options*. Institute for Fiscal Studies.
[187] Hoole, C., Collinson, S., and Newman, J. (2023) 'England's catch-22: institutional limitations to achieving balanced growth through devolution', *Contemporary Social Science*, 18(3-4), pp. 428-448..
[188] Morphet, J. (2026) 'Decentralisation for growth – do the English Devolution proposals move the dial far enough to achieve increased sub-national productivity?', *Academy of Social Sciences website*.
[189] Nabarro, B. (2024) *UK economic outlook: navigating the endgame*. Institute for Fiscal Studies.
[190] Equality Trust, 'The Scale of Economic Inequality in the UK', *Equality Trust website*.

environmental impact,[191] and job market polarisation.[192] His solutions included investing in place-based growth[193] through "*Regional Growth Hubs*", coupled with decentralised economic decision-making ("*countries that decentralise economic decision-making experience higher regional productivity growth than those with centralised models*"[194]); expanding lifelong learning schemes, enhancing workplace protections, and encouraging employer-led training; and investing in the green economy which "*could generate 1.2 million new UK jobs by 2035*"[195] while "*every £1 invested in energy efficiency leads to £3 in cost savings for businesses and households*".

For Mandal, economic development that overlooks social inclusion or environmental sustainability may prove fragile or politically contested. His 'prosperity with purpose' approach emphasises inclusive labour markets, enabling broad participation in economic activity; place-based investment, ensuring growth benefits communities across the country; and green innovation, supporting the transition to a low-carbon economy. Mandal argued that integrating these priorities into economic strategy can help create growth that is both durable and widely supported.

5. Rethinking capitalism for inclusive growth

Professor Simon Collinson FAcSS also argued that a more inclusive variety of capitalism is needed for good growth. He suggested that achieving sustainable prosperity may require adjustments to the UK's current economic model, arguing that while market economies have generated significant innovation and wealth, they have also produced inequalities, short-termism, and underinvestment. As he put it in his piece, "*the polarisation in regional capacity to create wealth is matched by a growing polarisation between those with higher incomes, bigger assets, more life opportunities and better health outcomes, and the rest, left behind*".

For Collinson, research from across the social sciences shows exactly where the problems lie. For example, he notes that "*economists, geographers, and econometric modellers, working with innovation management specialists, show*

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[191] Climate Change Committee (2023) *Progress in adapting to climate change – 2023 Report to Parliament*. Climate Change Committee.
[192] Cominetti, N., Costa, R., Datta, N., and Odamtten, F. (2022) *Low Pay Britain 2022: Low pay and insecurity in the UK labour market*. The Resolution Foundation.
[193] Centre for Cities (2025) *Cities Outlook 2025*.
[194] OECD (2024) *Financial Management Information Systems in OECD Countries*.
[195] Davidson, S., Krishnan-Barman, S. and Whincup, E. (2023) *Green jobs: rapid evidence review*. Nesta.

that the inadequate diffusion of productivity-enhancing practices between firms and places is one of the many causal factors" of the UK's weak productivity and stagnating growth. But social science research has shown that:

> *this relationship is intimately tied up with the quality of institutions, the influence of finance organisations, and the effects of relevant governance structures. These in turn influence, for example, the effective targeting of business support programmes, within a wider range of policy interventions.*

Here, Collinson echoes Boojihawon and some of our other contributors (see above). Collinson showed that "*long-term underinvestment in infrastructure, education systems (and more directly, skills), and innovation capacity*"[196] has created the productivity gap between London and the South East and other parts of the UK. Collinson also pointed to overly centralised governance and a favouring of high-growth regions as part of the problem.[197] [198]

Knowing precisely what the stumbling blocks are is, of course, incredibly helpful. But solutions are still more useful, and in his piece, Collinson provided some suggestions. These included:

> *regional innovation systems that are more inclusive in design and outcomes and rooted in sustainable local growth strategies…better alignment of skills provision with firm-level demand…targeting investment in selected SMEs including through training programmes for lower-skilled, lower-income workers…*[and] *a place-based specialisation strategy, to move a regional economy away from legacy industries into emerging sectors (only where the region has a latent capability to succeed).*

Collinson also emphasised the crucial role of universities in improving skills, developing new technologies, and exchanging knowledge and innovation. He argued that there is:

> *good reason to steer existing and new funding, particularly from DSIT* [Department for Science, Innovation and Technology] *and UKRI* [UK

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[196] Coyle, D., van Ark, B., and Pendrill, J. (eds.) (2023). *The Productivity Agenda*, Manchester: The Productivity Institute.
[197] Newman, J., Collinson, S., Driffield, N., Gilbert, N., and Hoole, C. (2024) 'Mechanisms of metagovernance as structural challenges to levelling up in England', *Regional Studies*, 58(4), pp. 876-892.
[198] Fransham, M., Herbertson, M., Pop, M., Bandeira Morais, M., and Lee, N. (2023) 'Level best? The levelling up agenda and UK regional inequality', *Regional Studies*, 57(11), pp. 2339-2352.

> Research and Innovation]*, into place-based, industry-led programmes for inclusive growth (and more of this is happening). There is significant potential in the commercialisation of a larger proportion of university-based R&D, better-leveraged to improve local firm-level productivity and innovation.*

Ultimately, Collinson suggested that a more inclusive variety of capitalism[199] could support both economic dynamism and social stability. Such a model might involve stronger partnerships between government and business, encouraging long-term investment; corporate governance structures that prioritise long-term value creation, rather than short-term shareholder returns; and greater attention to workforce development and regional inclusion. These kinds of reforms could better align economic incentives with broader social and economic goals.

6. Measuring prosperity beyond GDP

In his piece for our hub, Dr Ed Jones of Bangor University argued that what we measure matters. As he put it, "*what you measure is what you get*". He suggested that how policymakers measure economic success influences the policies they pursue and that traditional indicators such as GDP capture economic output but provide limited insight into wellbeing, environmental sustainability, or social progress.[200]

Jones accepted that GDP is a useful economic tool,[201] [202] saying that:

> *if GDP goes up a lot, people are likely to be earning and spending more and businesses are likely to be hiring and investing more. In other words, people are likely to be feeling better off. On the other hand, if GDP growth is weak or perhaps even falling, businesses are likely to be cutting jobs and people are likely to be earning and spending less, leaving them feeling worse off.*

In this respect, Jones and other authors in the projects were clear that GDP is not a problem in and of itself – but Jones asked: "*Is GDP the right metric to*

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[199] Collinson, S. (2025) *Towards More Inclusive Varieties of Capitalism*. Cambridge: Cambridge University Press.
[200] Cohen Kaminitz, S. (2023) 'The significance of GDP: a new take on a century-old question', *Journal of Economic Methodology*, 30(1), pp. 1-14.
[201] Moller, L. C., Beyer, R., and Wacker, K. M. (2024) 'Policies for economic growth: What can we learn from growth regressions?', *World Bank Blogs website*, 11 June.
[202] Bruce-Lockhart, A. (2022, updated 2025) 'GDP: How do you measure a country's true worth?', *World Economic Forum website*, 1 September, updated 3 June.

measure the wealth and prosperity of a nation, and the welfare and wellbeing of those that live within it?"[203] He explained that "*GDP fails to capture important aspects of societal welfare, for example income inequalities and climate change*", adding that "*a major flaw of GDP is its potential to rise despite negative outcomes from a society perspective*".[204]

Jones argued that "*while GDP reasonably measures the economy's marketable output (important for specific policies), its importance should be downgraded. A greater emphasis should be placed on measures, both objective and subjective, that reflect what's important to those living within the country*". He pointed to the significant progress made by researchers in showing how this might be done. [205] [206] [207] Jones also cited Sustainable Development Goals (SDGs) and *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist* as good examples of how "*measuring the important aspects of life is possible*".

Expanding the metrics used to assess prosperity could include measures of health and wellbeing, environmental sustainability, income and wealth distribution, community resilience, and quality of life. A broader measurement framework can provide policymakers with a more comprehensive understanding of economic performance and help ensure that growth improves overall wellbeing rather than simply increasing aggregate output.

7. Infrastructure as a foundation for growth

Also sticking to the idea that the ambition should be to achieve a sustainable and geographically equitable pattern of economic growth, a piece from our hub contributed by Professor Michael Kenny FAcSS and Owen Garling of the Bennett Institute for Public Policy at the University of Cambridge especially highlighted the role of infrastructure in good growth.

This piece explored the importance of physical infrastructure in creating the conditions for long-term economic performance. Following on from the

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[203] Bannister, G. and Mourmouras, A. (2018) Welfare Versus GDP: What Makes People Better Off, *IMF Blog website*, 7 March.
[204] Acheampong, A.O. and Opoku, E.E.O. (2022, revised 2023) 'Environmental degradation and economic growth: Investigating linkages and potential pathways', *Energy Economics*, 123.
[205] Stiglitz, J., Fitoussi, J. and Durand, M. (2018) *Beyond GDP: Measuring What Counts for Economic and Social Performance*. Paris:OECD Publishing
[206] Aitken, A. (2019) 'Measuring Welfare Beyond GDP', *National Institute Economic Review*, 249(1), R3-R16.
[207] Jansen, A., Wang, R., Behrens. P., et al. (2024) 'Beyond GDP: a review and conceptual framework for measuring sustainable and inclusive wellbeing', *The Lancet Planetary Health*, 8, e695-e705.

contributions described above, even if it is clear what needs to happen, what works, and what the right kinds of governance and institutions in the right places are, and even if there is a long-term, multifaceted strategy that measures all the right things, there is still the need for the physical tools and the appropriate infrastructure in the right places to be successful in the quest for growth. According to Kenny and Garling, infrastructure investments, including in transport networks and digital connectivity, are just another crucial condition for growth.

Kenny and Garling acknowledged that Invest 2035: the UK's modern industrial strategy recognises the importance of the "*underpinning infrastructural ecosystem*" as a condition for growth, and their piece offered four broad suggestions "*to policymakers interested in ensuring that the right kind of policy approach is developed in relation to the critical infrastructure of the UK to achieve a more equitable pattern of economic growth*".

First, they argued that policymakers should not consider only the most obvious economic elements of infrastructure, but also seek to develop social and cultural infrastructure. The Bennett Institute's *Measuring Social and Cultural Infrastructure report*[208] demonstrates the impact these elements of infrastructure have on both wellbeing and economic vitality. Kenny and Garling's second suggestion was that policymakers should be helped to understand how different types of infrastructure can fit together and work alongside each other to improve wellbeing, reduce inequality, and increase economic growth simultaneously.[209] Thirdly, Kenny and Garling suggested that Government should commit to, and work towards, a Universal Basic Infrastructure[210] so that there is "*a reasonable 'offer' in terms of citizens' access to infrastructural assets*". Finally, they suggested that policymakers should think about the longer-term future when making decisions about developing infrastructure because "*the decisions that are taken today on infrastructure investment in its widest sense, will go a long way to shaping the social fabric and economic opportunities of tomorrow*".

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[208] Panayotopoulos-Tsiros, D., Garling, O., Marks, R., Alexandrova, A., Coyle, D. and Kenny, M. (2025) *Measuring social and cultural infrastructure*. The British Academy and Bennett Institute for Public Policy Cambridge.
[209] Chachra, D. (2023) *How Infrastructure Works, Transforming our shared systems for a changing world*. London: Profile Books.
[210] Coyle, D., Erker, S. and Westwood, A. (2023) *Townscapes: A Universal Basic Infrastructure for the UK*. Bennett Institute for Public Policy Cambridge.

Overall, Kenny and Garling made it clear that establishing a wide range of interconnected infrastructure is a critical condition for economic growth, and especially for the kind of growth that will simultaneously reduce spatial inequalities and improve wellbeing. They argued for geographically balanced infrastructure development to reduce regional disparities, and for integration of infrastructure with broader economic strategies to ensure projects support productivity as well as wellbeing and sustainability. Without a strong infrastructural foundation, growth strategies may struggle to translate into tangible economic gains.

8. Fraud as a hidden barrier to growth

Our contributors also touched on seemingly less obvious barriers impeding economic growth in the UK. In his piece on finding a more inclusive type of capitalism (see above), Simon Collinson said:

> *we are also seeing new examples of the 'abuse of entrusted (and public) power for private gain' in countries which had advanced beyond this. Beyond the obvious moral imperative to reduce inequality, failure to address the serious socio-economic imbalances in the UK today could trigger a more fundamental decline in the economy, social cohesion and the political systems that have been key to our historical success.*

Dr Rasha Kassem of Aston University explored this theme further in her piece, *Fraud: A Hidden Barrier to Economic Growth*.

Kassem argued that good growth depends on the integrity of economic systems and highlighted the often-overlooked economic impact of fraud, suggesting that it is not merely a legal or ethical issue but also represents a structural challenge that can undermine economic performance[211] by diverting resources away from productive activity; reducing trust in markets and institutions; increasing costs for businesses and consumers; and discouraging investment.[212]

Alarmingly, Kassem showed that "*the UK's Annual Fraud Indicator estimates that fraud costs the country around £219 billion per year – a figure larger than government spending on several major services*". She added that "*these losses directly undermine consumer spending, business revenues, and public service*

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[211] Bao, Y. (2023) 'The Impact of Financial Fraud on Economic Stability: An Extensive Economic Analysis', *Journal of Internet Banking and Commerce website*, 28 June.

[212] Macavilca, T.B., Fernandez, K., Cutipa-Luque, O., Tiahuallpa, Y. and Rojas, H. (2024, revised 2026) *Dynamic Interconnections between Corruption and Economic Growth*. Cornell University.

provision, showing that fraud's economic toll is structural, not marginal".[213]

It's not just fraud in the markets that impedes national economic growth, though. According to Kassem, "*corruption within public systems can be equally damaging. In the health sector, for example, corruption undermines the capacity of systems to deliver essential services, weakening population health and economic productivity*".[214] This is a systemic problem in that it reduces the capacity to achieve growth. To create the best conditions for growth, the damage that fraud does to the economy should not be overlooked, and ways to address it must be found.

In offering ways forward, Kassem said:

> *Stronger governance and regulation remain essential, but they must be complemented by robust business practices, active civil society oversight, and international collaboration. Education and awareness also matter; empowering individuals and communities to recognise and resist fraud builds resilience from the ground up.*

She added that "*including through further social science research, we should continue to explore effective, evidence-based solutions for tackling fraud. It's a key part of achieving the economic growth the UK needs*".

Strengthening anti-fraud institutions, improving corporate governance, and increasing transparency can support economic efficiency and build trust in the economic system, which in turn puts the UK in a better position to achieve the growth it seeks.

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[213] Levi, M. and Burrows, J. (2008) 'Measuring the Impact of Fraud in the UK: A Conceptual and Empirical Journey', *The British Journal of Criminology*, 48(3), pp. 293-318.
[214] Vian, T. (2020) 'Anti-corruption, transparency and accountability in health: concepts, frameworks, and approaches', *Global Health Action*, 13(sup1).

Summary - Building the foundations for sustainable growth

Taken together, the expert contributions to our project emphasised that economic growth depends not only on markets or individual policies but on the institutional architecture of the economy. Creating the conditions for good growth requires systemic reforms that strengthen governance, improve policy learning, and align economic incentives with long-term societal goals.

Some of the measures our contributors explored included:

1. **Adopting mission-oriented policy frameworks and developing long-term national economic strategies, ideally with cross-party support** – providing stability and direction, and aligning innovation and investment with national goals.
2. **Investing in infrastructure systems, including green energy and clean-tech innovation, to achieve stronger, more regionally balanced growth** – actively building on the clean-tech opportunities which are spread across the country by supporting industrial clusters with complementary regional development policies that support productivity.
3. **Strengthening governance and decentralisation** – empowering regions while maintaining coordination.
4. **Better connecting universities to local economies** – using research strengths as a foundation for regional growth and enabling local coordination of sectoral training programmes to deliver skills in the right places.
5. **Embedding rigorous evaluation within policymaking** – ensuring policies are guided by evidence of what works.
6. **Encouraging more inclusive economic models and expanding how prosperity is measured** – aligning business incentives with societal wellbeing and moving beyond narrow economic indicators, as well as making sure that physical infrastructure, amenities, and social and cultural capital are located and accessible where they are needed.
7. **Addressing systemic risks such as fraud** – which undermine trust and efficiency.

Addressing these structural or systemic challenges can help create an economic system that supports sustained productivity, resilience, and shared prosperity across the United Kingdom.

The final word

The final word: Will Hutton FAcSS

We invited the President of the Academy of Social Sciences, Will Hutton, to provide the final word of this report, setting out his own personal response to the challenge of achieving good growth in the UK. Here, he picks up several key themes of this report and follows neatly from Chapter 5 with his own perspective on another vital element in creating the right conditions for resilient economic growth. He emphasises that one of the conditions must be creating an institutional, financial, and political environment in which the innovative capacity of the UK – as so often embedded in its universities – can be nurtured, and promising start-ups financially supported to grow into a new generation of major companies in the UK to underpin economic growth. This piece sets out his vision for how we might build on the UK's innovation strengths to become a leading tech economy with prosperity shared across the nation.

Why and how we must support our companies if we are to address the UK's growth crisis

It is as simple as it is difficult. The precondition for any economy to sustain sound economic growth is a critical mass of consequential companies that constantly adjust their business models to remain both consequential and competitive. Some will succeed; some will fail; but with a sufficiently strong pipeline of scaleups replenishing their ranks, all will be well. Obviously, fiscal, monetary, skills, R&D, infrastructure, and regional policies, even devolution, discussed in this document, all matter – but the principal growth driver in a capitalist economy is the quality of its companies and their capacity for renewal and reinvention. Policy ultimately must support these.

Yet, if stated simply and plainly, the policy and practical implications are much tougher. Such companies do not emerge out of thin air any more than the ecosystem that generates them. As Sir Paul Collier declares in his Featured Viewpoint in this report (see page 46), one of Britain's giant missteps was to allow all of its top 20 manufacturing exporters just 40 years ago to be eviscerated – a by-product of the Darwinian view of the then-prevalent free market consensus that if companies can't survive and reinvent themselves, they must go to the wall. The market has spoken and can't be countered.

Plainly, no company has a divine right to be impervious to competitive challenges; companies are in a constant process of renewal. The UK's problem is that the forces fostering successful reinvention and replenishment are desperately weak. Takeover, merger, or wind-up are more likely in the pitiless British system than restructuring and reinvestment. Nor do such constructive forces emerge spontaneously from market operations: unless public agency

enters the lists and takes on the task of designing a better ecosystem, nothing will change. The intellectual and policy debate continually skirts these truths. Intellectually, Britain suffers from a deep-seated aversion to proactive public agency. Over the decades, it has failed to build the institutional architecture through which such agency might be successfully exercised. Instead, it has veered between unsuccessful statism, iconically represented by the Attlee government, and unsuccessful neo-liberalism, iconically represented by Thatcherism. Nor has the business and financial establishment held itself to account to do better; concerted private initiative is always open as an avenue for improvement, but it is a road not taken. Thus, policymakers and the wider political and business classes have stood by, observing key companies disappearing to a degree unparalleled in the industrialised west, as others are locked in a defensive stasis. In economic terms, it has been criminal. As Andy Haldane recently observed, the fact that the UK's current 10 largest companies are 100 years older than the US's 10 largest companies speaks for itself.

In 2025, Professor Philippe Aghion won the Nobel Prize for his work on creative destruction. The Austrian economist Joseph Schumpeter coined the phrase in the 1940s, trying to capture the way capitalism simultaneously destroys redundant businesses while creating new ones that incorporate frontier technologies and productive capacities. Aghion's genius (set out in his We Society podcast episode, Harnessing Creative Destruction) is to breathe new life into the concept as the indispensable ingredient of twenty-first-century growth, given the pace and extent of the transformative fourth Industrial Revolution that is breaking over all economies. Old business models will be destroyed, but given a fit-for-purpose ecosystem that fosters both the discovery of breakthrough scientific knowledge and the financing of the startup and scaleup companies that deploy it, new dynamic businesses will emerge.

Two key twenty-first-century institutions are research-based universities that create frontier science and knowledge, and a financial system equipped to invest in risky early-stage companies, particularly venture capitalists who specialise in spotting innovative young tech companies and growing them to maturity. This must be coupled with a third process – a competition policy that ensures that the challenge of innovative young corporate 'Davids' is not snuffed out by behemoth corporate 'Goliaths' taking them over. Moreover, economy and society are umbilically connected. Aghion believes society has to be organised to embrace this new era of economic change; in particular, working-age adults must not only be sufficiently well-educated and trained to fill the jobs emerging from this tumult, but they must also have access to agile learning

institutions that allow them to refresh and acquire new skills over their working lives constantly. Equally, as they move from dying to growing firms, they must receive income support to manage these transitions. Aghion advocates the flexi-security work and welfare system, pioneered in Denmark and, to an extent, in other Nordic economies.

In this context, Britain has been gifted an opportunity. Providence, history, and culture have given the country the chance to lead in the contemporary era of creative destruction. The entrepreneurial and openness-to-ideas cultures that spawned the Industrial Revolution are not dead; they have not had a chance to re-express themselves until today's conditions. Part of this rejuvenation is that Britain has at least 11 universities in the global top 100 – as many as 17 on one ranking; more per capita than any other country. They have become great generators of valuable intellectual property on which to cornerstone a business. London remains, despite the damage of Brexit, a world financial centre and has providentially become the European base for the US's dynamic venture capital industry – attracted by the ease of raising money, the language, and the investment opportunities. As a result, Britain enjoys the status of being home to Europe's most important university and venture capital industries, aided and abetted by some very useful tax incentives for angel investment.

The little-remarked results are already spectacular, to which the Purposeful Company's Growth Trilogy published in 2025 drew attention – exploring this phenomenon and examining ways in which it might become the platform for sustained economic growth (full declaration: I am the co-chair and lead the project). The data shows that the scale of this British innovation economy is now only exceeded by the US and China. Britain has some 1,800 young growth companies all founded since 1990, all with science, tech or high innovation business models, generating $25–100m in revenue (so-called 'colts') and $100m-plus in revenue (so-called thoroughbreds), both the evidence and the case well-explained by Britain's most successful venture capitalist, Saul Klein of Phoenix Court, in his We Society podcast episode, Why Britain should back more innovators.

Moreover, these companies are spread across the UK with, for example, Manchester and Leeds rivalling Oxford and Cambridge. The UK has two-fifths of all such companies in Europe.

However, almost all are private. All but 6 per cent over the last decade have been absorbed or taken over by large companies based in Britain or overseas,

largely the US. As their demand for investment gets larger as they grow, their capacity to raise money from UK sources shrinks dramatically. Some 85 per cent of deals involving investment of $250 million or more come from the US, which means most of their voting rights fall into US hands – and immense pressure to focus and relocate to the US. A rough estimate is that 1,700 of such companies have been taken over and exported to the US over the last 15 years, representing at least $1 trillion of lost economic value to the UK. It is important that the few that remain float on the London Stock Exchange and become self-standing British public companies using Britain as the base for their European and global operations – and more of the pipeline behind them do the same.

Welcome, if tentative, steps have been made to redress this crisis. British pension funds invest proportionately less in their own backyard than any other national pension system, insisting that despite generous tax incentives for pension saving, they should invest only where returns are potentially highest worldwide. This freedom generates only modest returns compared, for example, to Canadian or Australian funds that invest more in their own economies and in startups and scaleups. At the same time, the neglect of the UK economy has had a baleful impact on growth, productivity, and living standards.

Part of the explanation is that UK pension funds are astonishingly small, which accentuates their conservatism and risk aversion. The recent Pensions Act will go a long way toward accelerating the emergence of British ‘superfunds’. At the same time, many leading investment houses have come together in the Sterling 20, the Mansion House Agreement, and the Accords, committing to invest more in private UK scaleups and startups. The Labour government has also boosted the British Business Bank’s capacity to invest in UK scaleups.

The story is not just about venture investment. Scaleups need orders, and a revolution in attitudes towards both private and public procurement is an imperative. As is access to crucial European markets, which Brexit has limited. Equally, the financial crisis in Britain’s universities cannot be allowed to deepen; they are too frequently taken for granted. Given the importance of education and training in the 21st-century economy, it is a national disgrace that the country spends 4.1 per cent of GDP on education – less than 40 years ago, despite all the huffing and puffing about the importance of education.

Yet for all that Britain’s innovation economy and the companies that populate it

have momentum. This opportunity to become Europe's – and even in relative terms the world's – leading tech economy must be seized, with the new powers for cities and city-regions allowing the prosperity to be shared nationally – genuine levelling-up. Britain's pension funds need to be incentivised to invest as much in British public companies and private scaleups as their counterparts do in their countries; £59 billion of tax relief on pension fund contributions should be contingent on investing, say, 15 per cent of their total equity portfolio in the UK. Support for the British Business Bank needs to be turbo-charged and it should be mandated to build a venture capital industry powered by UK funds. The founders and business builders in the innovation economy should be ringfenced from potential increases in capital gains tax and/or wealth taxes; indeed, there is a case for tax privileging them, and as a quid quo pro in strategic sectors – defence, energy, health – the British Business Bank should take special shares in them to block unwanted foreign takeover. Britain should take a lead in creating a single European Innovation market. We should move towards creating our own flexi-security system, along with training for 21st century jobs.

In *all* this British social science has a vital role, turning its attention to the drivers of creative destruction and analysing how it can best be made to work for society as a whole. These are exciting times.

Will Hutton FAcSS
President of the Academy of Social Sciences

Conclusion

The United Kingdom faces no shortage of opportunities to strengthen its long-term economic performance. It also faces no shortage of challenges. Weak productivity growth, regional disparities, demographic change, technological transformation, pressures on public finances, geopolitical uncertainty, and the transition to net zero all shape the environment in which future growth will be achieved. As the contributions to our programme on Achieving Good Growth show, these issues are deeply interconnected and cannot be addressed in isolation.

Across the evidence presented here, one message emerges consistently: achieving good growth requires a long-term, systems approach. Short-term interventions can provide important support and impetus, but sustained improvements in productivity, investment, and living standards depend on stable institutions, coherent policymaking, and confidence among businesses, workers, and investors. Growth is not generated by a single policy lever or one area of government. Rather, it reflects the interaction of economic, social, and political factors operating across the whole economy.

Many of the measures identified by contributors – from investing in education and research to improving transport, strengthening institutions, tackling health inequalities, and supporting regional development – take years, and often decades, to realise their full economic benefits. They also depend upon policy stability and sustained commitment that extends beyond electoral cycles. Viewing growth through a systems lens helps to recognise the feedback loops, interdependencies, and cumulative effects that shape economic performance over time. A key theme that emerged from synthesising the widely varied contributions to our project was the importance of focusing not simply on individual interventions, but on creating the conditions in which mutually reinforcing policies across multiple agendas can deliver more resilient, inclusive, and enduring growth. This report has highlighted the importance of investment in people, places, and innovation. It has shown how education, skills, health, research, infrastructure, effective management, and strong local institutions all contribute to productivity and prosperity. It also explored the role of international partnerships, including the UK's evolving relationship with the European Union, while recognising that legitimate debates remain about how best to balance international cooperation with domestic economic reform. Throughout, contributors have emphasised that economic policy rarely involves simple choices. Policymakers must often navigate competing objectives, balancing efficiency with resilience, national priorities with international engagement, and short-term pressures with long-term ambition.

Long-term policy ambitions such as achieving net-zero emissions or revitalising regional economies require substantial investment. A growing economy makes it easier to finance these investments while maintaining fiscal stability. Economic growth, and the investment possibilities that it would offer, can also support systemic necessities such as innovation and technological progress[215] (which is clearly of increasing importance) and creating greater employment opportunities[216] (to better use the capabilities of the country's workforce while also improving the lives of those within it). In classic cyclical fashion, using the fruits of economic growth to overcome these sorts of systemic or structural challenges helps create better conditions for further growth. In other words, growth is required to make the kinds of investments that make growth easier. But without growth to begin with, policymakers may struggle to pursue ambitious reforms or address long-standing structural problems.

Some of our contributors also reinforced that economic growth should not be viewed solely through the lens of aggregate output. The distribution of opportunity, the resilience of communities, the strength of institutions, and the quality of work all shape the extent to which growth improves people's lives. Widely shared growth is more likely to prove durable, command public confidence, and support the wider social and economic objectives governments seek to achieve.

This report shows that the quality, distribution, and sustainability of growth matter. Economic expansion that increases inequality, damages environmental sustainability, or fails to improve living standards for most people may ultimately prove fragile or politically unsustainable. The challenge, therefore, is to generate **good growth** – economic development that raises productivity while also improving wellbeing, strengthening communities, and supporting environmental sustainability.

While these contributions varied enormously, there was a remarkable degree of consensus about three core 'truths' relating to 'good growth', namely:

1. **Sustained economic growth depends upon coordinated action across a wide range of policy areas rather than any single intervention.** Evidence from our authors emphasises consistently

[215] Bergeaud, A., Nur Gozen, R., and Van Reenen, J. (2026) 'Measuring national technological trajectories using 200 years of international patent data', *CEPR website*, 17 March.
[216] Vempalli, S., Vaid, L., Revel, A., and Evans, S. (2025) *No Train, No Gain: Can the UK boost job mobility and pay growth over the next decade?* Learning and Work Institute.

that productivity improvements are closely connected to investment in people, places, infrastructure, research, and innovation, while long-term policy stability provides the confidence required for investment and economic renewal.

2. **The interdependence between economic and social outcomes must be recognised.** Growth supports higher living standards and provides the fiscal capacity to invest in public services and infrastructure, while inequalities in wealth, opportunity, health, and place can themselves constrain economic performance. Many contributors therefore emphasise the importance of policies that make growth both economically successful and broadly shared.

3. **The UK's economic potential cannot be understood through national averages alone.** Place (and the new administration's ambition of 'growth in every postcode') is critical for how growth is felt by individuals. Different regions, cities, towns, and rural communities face distinct challenges and possess different strengths. Effective growth strategies therefore require greater attention to local institutions, local capabilities, and place-based policymaking.

The Academy of Social Sciences does not advocate a single model for achieving good growth. Instead, this report illustrates how social science research across our disciplines can support more informed policymaking by identifying what the evidence suggests, where uncertainties remain, and how different policy choices may shape future outcomes. Nevertheless, and in this spirit, we believe that five urgent priorities emerge from the report for policymakers to consider:

1. **Raising productivity through long-term investment in people, innovation and business capability.** Sustained productivity gains will require investment in skills, research, infrastructure, management quality, technology adoption, and healthier, more inclusive workplaces.

2. **Ensuring growth translates into wider prosperity.** Stronger economic performance and lower wealth inequality should be pursued together by broadening opportunity, supporting asset-building, investing in housing and public services, and ensuring the benefits of growth are shared more widely.

3. **Unlocking the potential of every part of the UK.** Greater devolution, stronger local institutions, and targeted investment in cities, towns, and rural economies can help narrow regional disparities and create growth in every postcode.

4. **Strengthening the UK's international economic relationships while pursuing domestic reform.** A pragmatic UK–EU reset, combined with wider global trade opportunities and domestic reforms to improve competitiveness, can support productivity, investment, and long-term resilience.

5. **Creating the long-term conditions in which growth can flourish.** Stable institutions, policy consistency, effective governance, investment in infrastructure and innovation, stronger links between research and industry, and evidence-informed policymaking are all essential foundations for sustained good growth.

As governments continue to respond to economic, technological, and geopolitical change, social science research and evidence will remain essential to understanding these challenges and identifying effective, practical, and sustainable responses. The diversity of perspectives represented in this report reflects the breadth of the social sciences. Contributors differ in their assessments of specific policies and priorities. Yet collectively, they demonstrate the value of drawing on evidence from multiple disciplines to understand the complex, interconnected factors that influence and facilitate growth. This cross-disciplinary perspective will also encourage the policymaking community to consider the wider institutional, behavioural, and social implications.

Achieving good growth is not a destination but an ongoing process of adaptation, learning, and informed decision-making. By highlighting a snapshot of what the social sciences can offer on good growth, this report aims to contribute to that process and point to the central role that robust research can play in supporting a more productive, prosperous, resilient, and inclusive United Kingdom.

Many of the opportunities for growth depend on reinforcing connections between policies, places, and people. Unpacking these relationships requires looking beyond traditional economic indicators. The contributors to our project have reinforced the idea that understanding and delivering good growth requires insights from a far broader community than has often informed economic policymaking in the past. Economists remain central to this endeavour, but so too are the perspectives of geographers, political scientists, psychologists, sociologists, management scholars, business researchers, public policy specialists, and many others, alongside policymakers, businesses, local leaders, and communities themselves.

There is no single political or ideological route to good growth, and reasonable differences will remain about the balance between economic efficiency, fairness, sustainability, individual choice and the role of government. What the evidence in this report demonstrates is the value of bringing these different perspectives into dialogue, testing assumptions against research and recognising the trade-offs involved. In that sense, the contribution of the social sciences is not to prescribe a single answer, but to help policymakers make better-informed choices about the kind of growth they seek and how it could be achieved.

Above all, this report demonstrates that achieving good growth is not simply an economic challenge but a whole-system endeavour that benefits from interdisciplinary evidence and collaborative policymaking.

Appendix A: List of contributors

The Campaign for Social Science would like to express its gratitude to everyone who contributed to this series, whether by participating in our events as chairs or speakers or by providing written pieces for our online hub. The lists below show our contributors and include hyperlinks to the events and written pieces; they can be accessed via the Achieving Good Growth hub.

Where we list contributors' titles, these reflect the role they held when they contributed to the series rather than positions they have moved into since.

Event series

How to address inequalities as part of 'good growth', 26 February 2025, Online

- Professor Bobby Duffy FAcSS, King's College London (Chair)
- Professor Heejung Chung FAcSS, King's College London
- Professor Katherine Smith FAcSS, University of Strathclyde
- Professor Matthew Johnson FAcSS, Northumbria University
- Professor Paul Johnson FAcSS, Institute for Fiscal Studies

UK–EU reset and how the UK might achieve 'good growth', 5 June 2025, London

- Professor Anand Menon, UK in a Changing Europe (Chair)
- Professor Sasha Roseneil FAcSS, University of Sussex
- Professor Meredith Crowley, University of Cambridge
- Dr Emily Lydgate, University of Sussex

Wealth inequality and growth in the UK, July 2025, King's College London

- Professor Bobby Duffy FAcSS, King's College London (Chair)
- Liam Byrne MP, Commons Business & Trade Committee
- Professor Mike Brewer, Resolution Foundation
- Professor Ashwin Kumar, Institute for Public Policy Research
- Professor Vicky Pryce FAcSS, Centre for Economics and Business Research

Reimagining New Towns – Delivering growth and place-making for 21st century England, 10 November 2025, University of Manchester

- Professor James Evans, University of Manchester (Chair)
- Andrew McIntosh, Greater Manchester Combined Authority
- Professor Cecilia Wong FAcSS, University of Manchester
- Professor Philip McCann FAcSS, University of Manchester
- Dame Kate Barker, New Towns Taskforce

Written contributions

- Aadya Bahl and Professor Henry Overman FAcSS, LSE – Closing the UK's productivity gap requires targeted investment
- Dr Aveek Bhattacharya, Social Market Foundation – Is there a trade-off between raising economic growth and tackling inequality?
- Professor Richard Blundell FAcSS, Institute for Fiscal Studies and UCL; Professor Rachel Griffith FAcSS, Institute for Fiscal Studies and University of Manchester; and Professor Sandra McNally, University of Surrey and LSE – Policies to promote productivity and wage growth for less educated workers
- Dr Roshan Boojihawon, University of Birmingham – What is good growth without good strategy?
- Dr Roshan Boojihawon, University of Birmingham – Aligning good governance for good growth
- Professor John Bryson FAcSS, University of Birmingham – Enabling good growth: Place-based solutions and quality-of-life considerations
- Dr Philippa Carr, UWE Bristol; Dr Simon Goodman, De Montfort University; Dr Adam Jowett, University of Law; and Dr Jackie Abell, Coventry University – Rethinking economic growth: The impact of media narratives on inequality, wealth, and growth
- Professor Simon Collinson FAcSS, Zhejiang University and University of Birmingham – A more inclusive variety of capitalism is needed for good growth
- Professor Sarah Hall FAcSS, University of Cambridge and UK In a Changing Europe – Good growth and UK financial services through the UK–EU reset
- Lord Hutton, Cornwall and Isles of Scilly Economic Forum and Professor Janet Dwyer, University of Gloucestershire – Good growth in a rural economy – the experience and potential of Cornwall
- Professor Paul Johnson FAcSS, Institute for Fiscal Studies – The essential and urgent need for growth
- Jack Jeffrey, Fairness Foundation – From unequal gains to shared wealth: Crafting an economy that works for everyone

- Dr Ed Jones, Bangor University – What we measure matters
- Dr Rasha Kassem, Aston University – Fraud: A hidden barrier to economic growth
- Professor Michael Kenny FAcSS and Owen Garling, University of Cambridge – The role of infrastructure in good growth
- Stewart Lansley FAcSS, University of Bristol – Wealth accumulation: Good or bad?
- Dr Anandadeep Mandal, University of Birmingham – Good growth: Prosperity with purpose – a blueprint for a fairer future
- Paul Ormerod FAcSS, University of Manchester – Targeting growth policy and investment where it matters most
- John Penrose, Conservative Policy Forum and Centre for Small-State Conservatives – Knowing 'what works' will help good growth
- Professor Andy Pike FAcSS, Newcastle University; Professor Danny MacKinnon FAcSS, Newcastle University; Professor John Tomaney FAcSS, UCL; and Dr Sanne Velthuis, University of Southampton – What kind of 'growth' for 'left-behind places'?
- Dr Jack Reed; Dr Georgina Treloar; Professor Jane Wills FAcSS; Dr Joanie Willett; Professor Ian Bateman; and Professor Juliet Osborne, University of Exeter – Natural infrastructure of national importance: The role of rural regions in securing ecosystem services and natural capital
- Bridget Rosewell FAcSS; Sheer Khan; and Rob Towers, The National Wealth Fund – Growth begins at home - How retrofitting the UK's social housing can support economic growth
- Joe Rossiter, Institute of Welsh Affairs – What does 'good growth' mean in devolved Wales? Lifting wellbeing for the long-term

Additional material from Academy of Social Sciences

- Event: Mariana Mazzucato lecture on mission-led government and growth
- Podcast: Harnessing creative destruction with Philippe Aghion
- Podcast: Solving the productivity puzzle with Ed Balls, Anna Stansbury and Dan Turner
- Podcast: Torsten Bell: The UK is a stagnation nation
- Podcast: Sir Cary Cooper: It's not about bean bags, ping pong, and sushi at your desk
- Podcast: Levelling up isn't a pick and mix with Andy Haldane
- Podcast: We can't let our high streets fail with Ed Jones
- Podcast: Should the 9 to 5 be a thing of the past? With Clare Kelliher and Brendan Burchell
- Podcast: How to get work working for everyone with Gavin Kelly
- Podcast: Why Britain should back more innovators with Saul Klein
- Podcast: Taking entrepreneurship beyond business with Eleanor Shaw