

ESRC report examines the pathway to economic recovery

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Authored by Economics writer Romesh Vaitilingam, *Recovery Britain: research evidence to underpin a productive, fair and sustainable return to growth* examines some of the challenges the UK faces after the longest and deepest downturn since full records began. The report provides 20 key challenge areas and a number of policy solutions. It draws on analysis of a broad range of data sources and the work of numerous researchers and research institutions, including centres and programmes, funded by the ESRC.

The report also includes a foreword to the research findings by Professor Nick Crafts, Professor of Economic History and Director of ESRC Competitive Advantage in the [Global Economy](#) Research Centre, University of Warwick. Professor Crafts evaluates the analysis and suggests how it could be extended to other areas of economic research.

Professor Paul Boyle, Chief Executive of the ESRC said: "Although Britain is officially out of recession, there remain searching questions about how the economy can be nursed back to full health. This report demonstrates that quality social science research generates knowledge and ideas which identify key drivers of [economic prosperity](#) and social wellbeing of the UK."

Some of the key topics covered in the report include:

Innovation policy: Innovation is a key driver of growth. When public money is tight, policy should focus more on direct spending on

innovation, and rather less on tax incentives, such as the R&D tax credit to companies.

Trade: The deep, rapid trade collapse following the financial crisis reflected the steep drop in global demand rather than a sudden increase in protectionist measures. But continued global trade integration remains key to economic growth.

Finance for small business: Support for start-ups through R&D grants, creating a EU-wide patent, strengthening universities and removing bureaucracy would all help improve the environment for the growth of small businesses.

Management practices: Firms with better management are more productive, more profitable and more likely to survive. Management practices – and hence productivity growth – can be improved by increasing skills, promoting competition and tax reform.

Exports: For Britain's recovery both short- and long-term, the key trade issue is seeking to encourage an expansion of exports relative to imports. There is a tendency for the economy to pull in more imports than it generates in exports as it grows.

Financial regulation: The financial sector is going to be essential to sustaining the recovery. Policy must improve the financial sector's resilience without damaging competition or competitiveness.

Professor Boyle comments, "Recovery Britain presents findings from economic and social research and provides a snapshot of what we know about our current economic situation. By examining the possible policy responses to the challenges it looks forward to offer a view of what may happen as a consequence of what government, business and civil society do now."

More information: Recovery Britain is available to download from the new ESRC web portal: [www.esrc.ac.uk/ images/Recover ... itain_tcm8-14391.pdf](http://www.esrc.ac.uk/images/RecoveryBritain_tcm8-14391.pdf)

Provided by Economic & Social Research Council

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