The Autumn Statement: It's not what it used to be

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The University of Birmingham asked leading academics from across the campus for their expert opinions on this week's Autumn Statement and the likely impact it could have on everything from taxes to local service provision, the high street to personal wealth.

Professor John Bryson discusses economic growth.

The 2013 Autumn Statement was delayed to avoid a clash with a trade mission to China led by David Cameron. The success of these trade missions is critical for the long-term competitiveness of the UK economy. The Autumn statement is one of the two most important moments in the political year. The Prime Minister should be in attendance, but the timing of the trade mission highlights the emphasis that the Coalition is placing on export-driven growth.

The 2013 Autumn Statement has a very different context to that of the 2011 and 2012 Statements given the recent upturn in the economic performance of the UK. We can expect upward revisions in growth forecasts for the years 2013 to 2015 with perhaps reductions in the forecast for 2016-17. Unemployment figures will be revised downwards and inflation is likely to move towards the 2% target. The context for the 2013 Autumn Statement is one of sustained and increased economic growth. Stronger growth improves public finances and reduces the deficit. Continued strong growth may remove the 'structural deficit'; the period between 2008 and 2014 will perhaps be one in which the UK was too preoccupied with political discussions regarding the existence of a structural deficit.

The revised forecasts suggest that there is some space for an increase in expenditure, but there will be no major tax cuts or spending increases yet; the UK still has one of the largest budget deficits among developed market economies. The 2014 Budget and Autumn Statement will be much more exciting. In terms of economic growth, the Autumn Statement may include a continued freeze on fuel duty and further reductions in corporation tax to encourage corporate investment. Initiatives to improve the country's skill base would be welcome as one way of supporting longer term sustainable growth. Skill shortages in key sectors are a key constraint on economic growth and are perhaps even more important than problems concerning access to loan finance from the mainstream banks.

The Government must continue to reduce red tape and bureaucratic complexity and a clear focus must be placed on supporting long-term sustainable economic growth. The key message should be business as usual but in a context of an economic upturn. An important question concerns the sustainability of this economic upturn. Thus, investments to enhance economic performance would be welcome and these include infrastructure investments, targeted reductions in business rates and corporation tax and policies intended to support exports. For local economies continued support for Local Enterprise Partnerships is important as is some devolution of powers from Whitehall to local areas.

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