

## B: Economic stability and competitiveness

Since 1999, inflation has been relatively stable, remaining within 1.4 to 3.1 per cent. The current rate for 2003 is 2.6 per cent.

Borrowing rose to 8 per cent of GDP in the early 1990s, became negative in 1998 and rose slightly in 2002 to around 1 per cent of GDP.

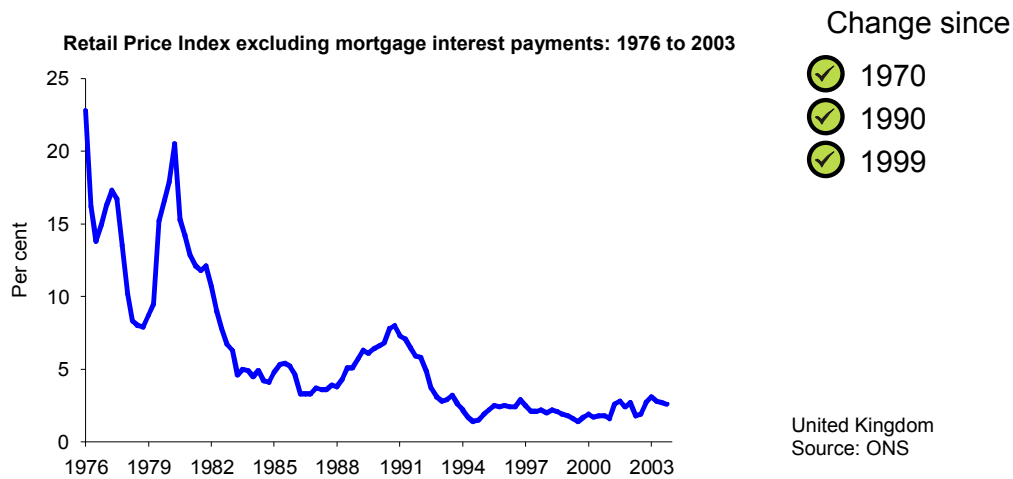
Labour productivity in other G7 countries was on average 14 per cent higher than the UK in 2001. Labour productivity in the UK has improved since 1992 in comparison with France, the United States and Japan, but worsened compared with Germany. UK exports and imports both grew strongly in almost every year between 1970 and 2002, even though exports fell slightly in real terms in 2002.

Social investment (railways, hospitals, schools etc.) at current prices was around 2.0 per cent of GDP in 1990 and was 1.7 per cent of GDP in 2002.

Ref. no.	Indicator	QoLC 1999		QoLC Updated Assessment		
		Change since		Change since		
		1970	1990	1970	1990	Strategy
H1	Economic Output: GDP and GDP per head (headline)	✓	✓	✓	✓	✓
B1	Rate of inflation	✓	✓	✓	✓	✓
B2	Public sector net borrowing	≈	≈	≈	≈	≈
	Net debt	✓	✗	✓	≈	✓
B3	Labour productivity	✓	✓	✓	✓	≈
B4	UK imports, exports and trade balance	✓	✓	✓	✓	≈
	Balance of payments	✓	✓	✗	✗	✗
H2	Investment: Total and social investment relative to GDP (headline)	✗	✗	≈	≈	≈
B5	Social investment as a per cent of GDP	✗	✗	✗	✗	✗

**Indicator: Rate of inflation**

**B1**

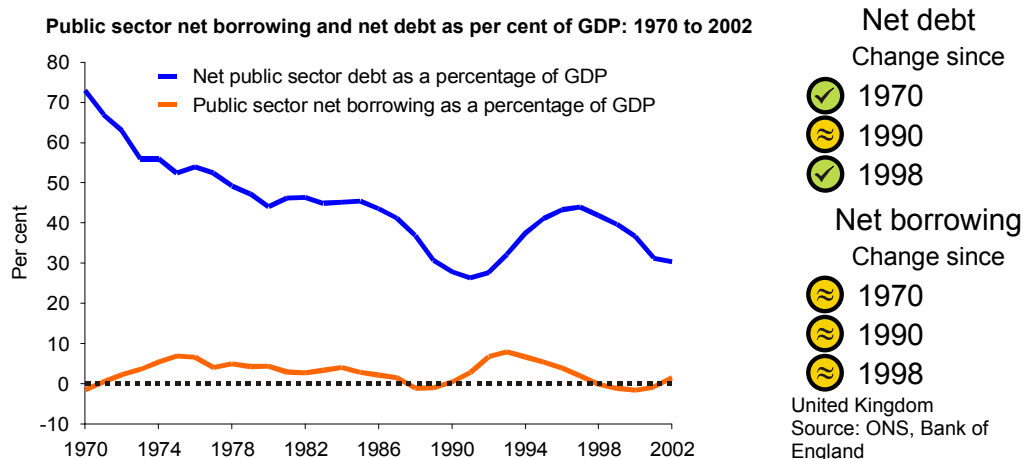


Objective: Deliver low inflation

- After periods of high, volatile inflation in the 1970s and early 1980s, when inflation topped 20 per cent, the Retail Price Index has since remained in single figures.
- Since 1999, inflation has remained low, within 1.4 to 3.1 per cent.
- The current rate for 2003 is 2.6 per cent.

**Indicator: Public sector net borrowing and debt**

**B2**

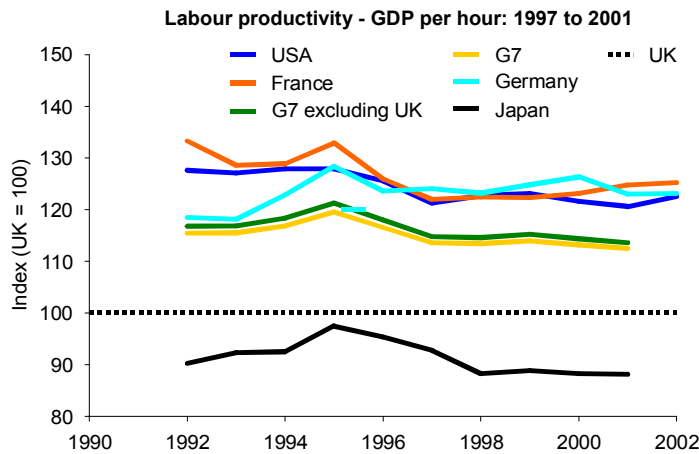
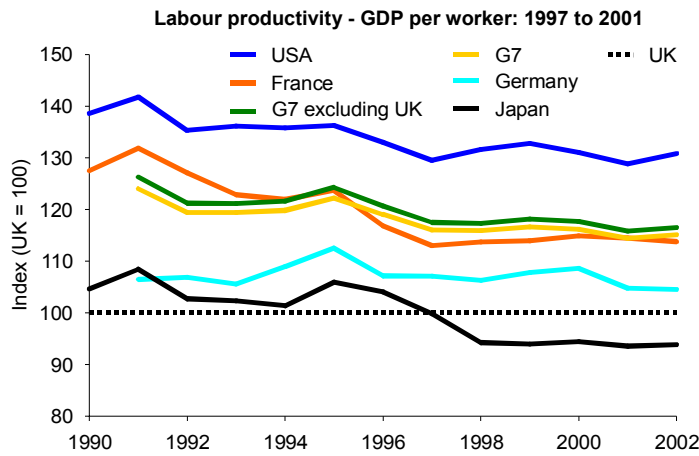


Objective: Government borrowing at stable and prudent level

- Borrowing and debt, relative to GDP in current market prices, have both fluctuated substantially over the last 30 years.
- Borrowing rose to 8 per cent of GDP in the early 1990s, became negative in 1998 and rose slightly in 2002 to around 1 per cent of GDP.
- Net debt fell from 73 per cent of GDP in 1970 to 26 per cent in 1991, rose to 44 per cent in 1997 and has since declined to 30 per cent of GDP in 2002.

**Indicator: Labour productivity**

**B3**

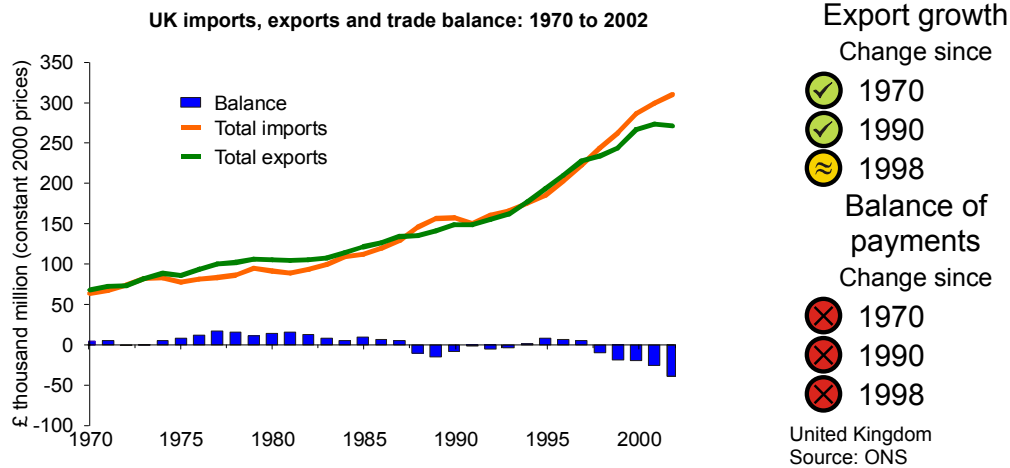


**Objective: Promote UK competitiveness**

- In 2001, labour productivity in the other G7 countries was on average about 14 per cent higher than in the UK, based on output per hour worked. It was 15 per cent higher in 1997 and 17 per cent higher in 1992.
- Labour productivity in the UK has improved since 1992 in comparison with France, the United States and Japan, but worsened compared with Germany.

**Indicator: UK imports, exports and trade balance**

**B4**

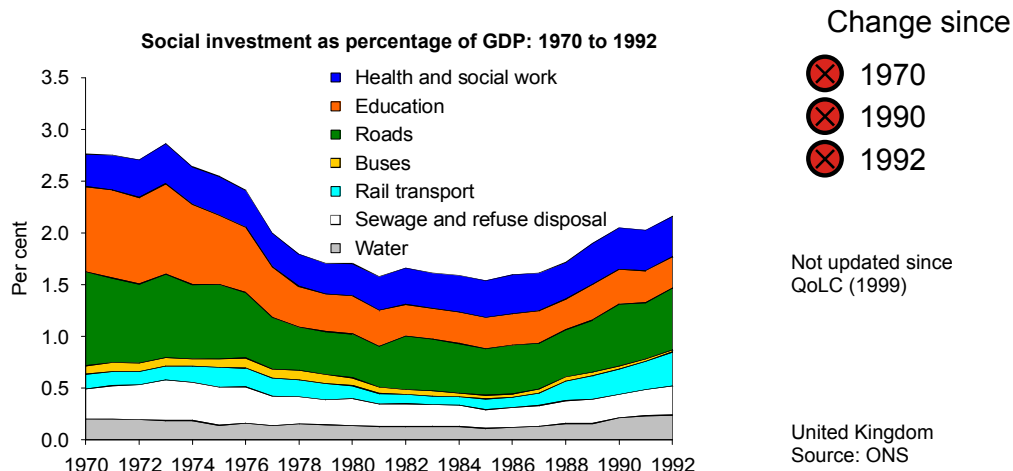


Objective: Promote UK competitiveness

- UK exports and imports both grew strongly in almost every year between 1970 and 2002, even though exports fell slightly in real terms in 2002.
- There was an increasingly negative trade balance between 1998 and 2002, reaching the equivalent of over 10 per cent of imports for the first time in 2002.

**Indicator: Social investment as a per cent of GDP**

**B5**



Objective: Investment (in modern plant and machinery, as well as research and development) is vital to our future prosperity

- Social investment (railways, hospitals, schools etc.) at current prices was around 2.0 per cent of GDP in 1990, decreasing to 1.7 per cent of GDP in 2002 (see Headline indicator H2).
- Estimates of social investment disaggregated by asset type for 1993 and later years are not available, so this chart has not been updated since the last publication.