

Earlier today new GDP data were released for Scotland. These showed growth in 2019 Q1 of 0.5%, the same as the UK over the same period.

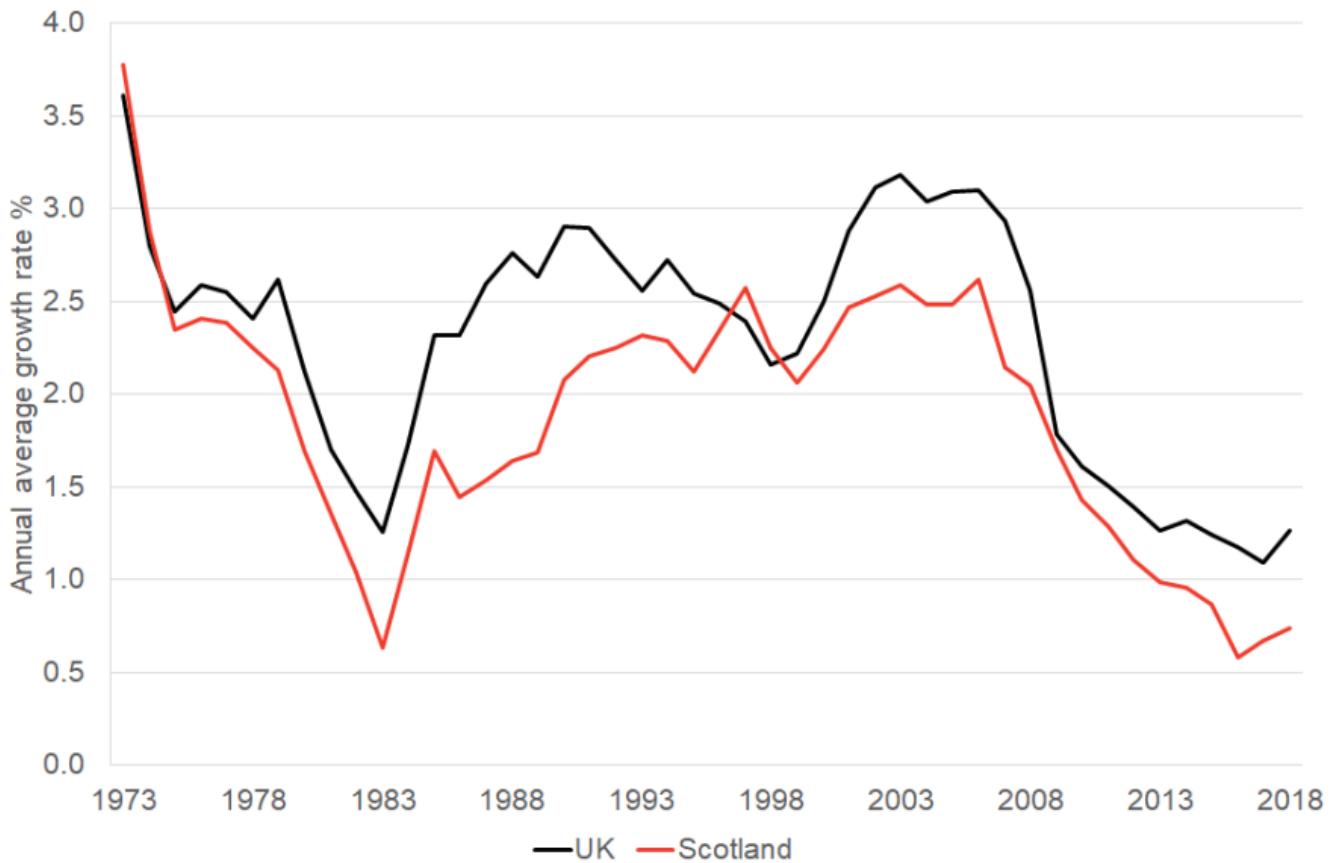
Much is always made about short-term fluctuations in GDP growth, but as we try to emphasise, much more important is the longer term growth experience.

In this blog we look at trends in the longer term - for this purpose 10 year - growth performance of the UK and Scottish economies, and the important role that population change plays in overall growth.

The chart below shows 10 year rolling average GDP growth in Scotland and the UK since the early 1970s. The Scottish data series come from the Scottish Government, [Table 1.4 of today's GDP publication](#), and we've added the UK data using [ONS data](#).

We can see that through much of the 1980s and early 2000s the UK economy as a whole grew much more quickly than the Scottish economy.

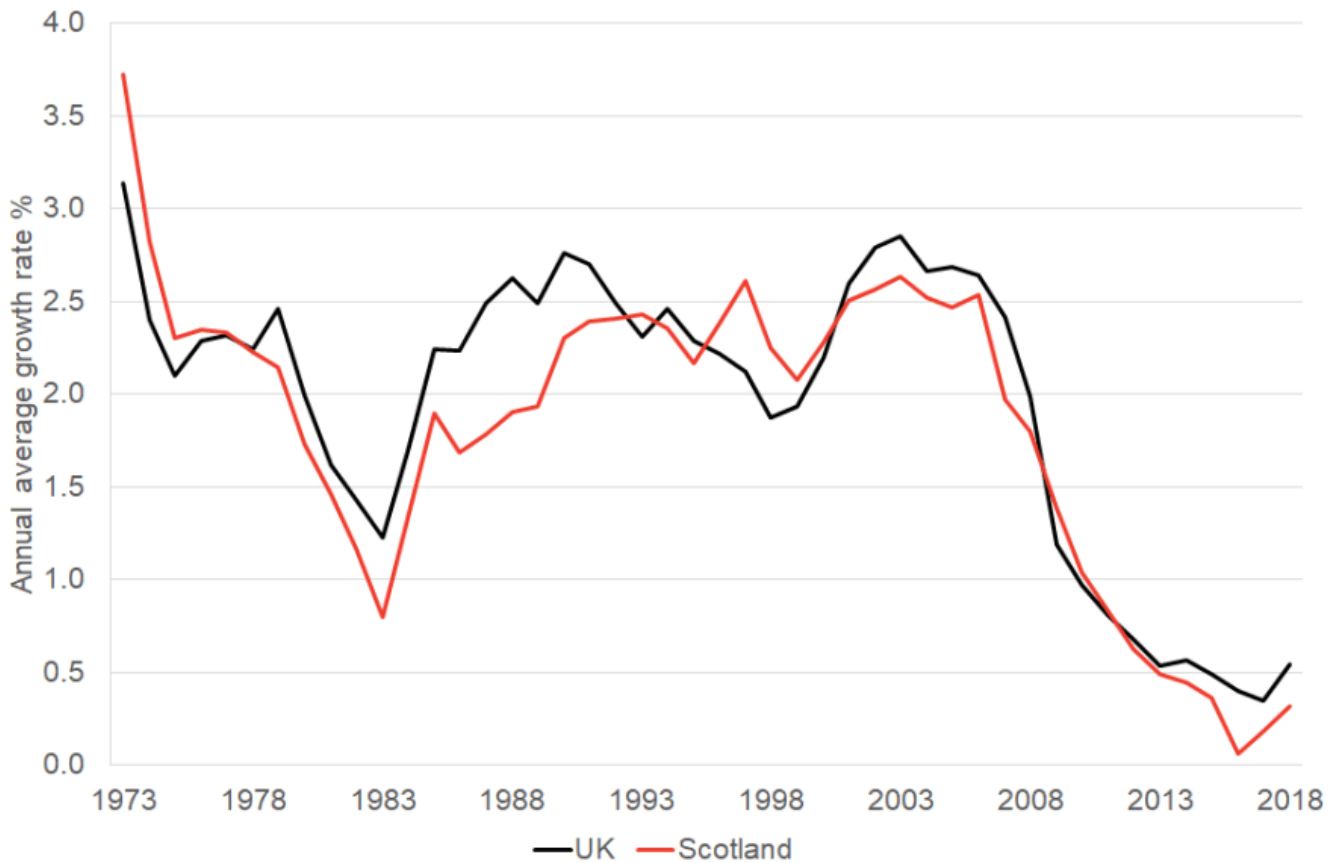
### **Chart 1: Average annual growth rate (over 10 years) of GDP**



One of the key drivers of economic growth is growth in the size of the population. The bigger your population, the more that you can produce.

The chart below shows these same growth data, but accounting for differences in the growth of the population, i.e. GDP per person.

**Chart 2: Average annual growth rate (over 10 years) of GDP per capita**



We can see that accounting for differences in population growth has an important impact on our understanding of the relative economic performance of Scotland and the rest of the UK.

The periods where the UK has seen the fastest growth relative to Scotland, are periods in which the UK population has also been growing more quickly. This is why the two lines in the second chart are closer than in the first chart.

Indeed, the effect of accounting for differences in population growth means that through much of the period from the early 2000s through to 2013, the 10 year average growth rate of the two series was very similar.

This is one of the reasons why population growth and migration issues are so central in discussions about the Scottish economy, and why attracting more people to live and work in Scotland is so important for long-term prosperity.

It is one reason why economists are particularly concerned about the potential negative impacts for Scotland of a post-Brexit world where migration to the UK (and therefore

Scotland) is made more difficult. As has been well documented, much of the growth in Scotland's population since the early 2000s has come from EU migrants.

It is also the reason why the Scottish Government were so strong in the negotiations over the fiscal framework to protect Scotland's public finances from differences in population when benchmarking relative economic and fiscal performance.