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Discussion Papers

No. 199.

Financial liberalisation, alliance capitalism and the changing structure of financial markets

by Nigel Pain and Desirée van Welsum

For much of the postwar period financial institutions operated in highly regulated markets, with controls that affected both the scope and the location of their activities. However the past two decades have seen rapid growth in international capital markets, with deregulation stimulating consolidation within national markets as well as the rapid expansion of cross-border linkages between firms. This paper surveys some of the forces causing financial institutions to change their corporate strategies and discusses the wider impact of deeper financial market integration on the major industrialised economies.

No. 200.

Playing the generation game: a re-examination of saving behaviour around retirement

by Tatiana Kirsanova, James Sefton and Martin Weale

The paper explores how men's hourly wages and the consumption and income patterns of households headed by men aged 53–67 evolve as the men age towards retirement and cross the retirement threshold. It uses cross-section data from the Family Expenditure Survey and Family Resource Survey, and checks for sample selection bias in the estimates of hourly wage movements using data from the British Household Panel Survey. It finds that households including men entitled to occupational pensions, particularly those headed by men who stayed at school beyond 16, are largely able to smooth their consumption across the retirement threshold. Relevant households with no access to occupational pensions show sharp falls in consumption on retirement.

No. 201.

Do intangible investments affect companies' productivity performance?

by Mary O'Mahony and Michela Vecchi

This paper uses company account data for five countries

(US, UK, Japan, France and Germany) to analyse the relationship between intangibles and productivity. The company data is integrated with industry information on tangible and intangible investments and skill composition of the labour force. The industry data are summarised in two different taxonomies, factor and skill intensive groups, obtained using cluster analysis. These are included in the econometric specification in the form of shift and interactive dummies. The results provide evidence of higher productivity in R&D and intensive industries. This is interpreted as evidence of the presence of spillover effects.

No. 202.

Absorptive capacity and frontier technology: evidence from OECD manufacturing industries

by Richard Kneller and Philip Andrew Stevens

This paper investigates whether differences in absorptive capacity help to explain cross-country differences in the level of productivity. We utilise stochastic frontier analysis to investigate two potential sources of this inefficiency: differences in human capital and R&D for nine industries in twelve OECD countries over the period 1973–92. We find that inefficiency in production does indeed exist and it depends upon the level of human capital of the country's workforce. Evidence that the amount of R&D an industry undertakes is also important is less robust.

No. 203.

London's unemployment in the 1990s: tests of demand-side explanations for its relative growth

by John Forth, Hilary Metcalf and Neil Millward

The recession of the early 1990s saw London shift from being one of the best performing regions in terms of unemployment to one of the worst. This paper takes employing units (workplaces) as the primary unit of labour demand and uses evidence from them to test potential explanations for London's less favourable unemployment record in the 1990s. The paper finds evidence that differences in both the quantity and the nature of labour demand contributed to London's deteriorating unemployment record and that the relatively poor growth of skills amongst Londoners exacerbated this.

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Fax: +44 (0)1650 511712
email: f.robinson@niesr.ac.uk
website: <http://www.niesr.ac.uk>

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