

# National Institute Economic Review

## 4/98

*"The recent drop in equity prices, combined with pressures on the banking system, will slow world growth significantly over the next 18 months"*

*"Much of the private sector is going to face recessionary conditions"*

### COMMENTARY

- The UK and the world economic situation

### THE UK ECONOMY

- How much of a slowdown?

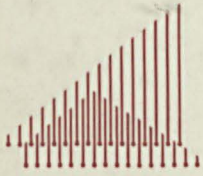
### THE WORLD OUTLOOK

- Lower economic growth
- Analysis of financial market turmoil

### RESEARCH ARTICLES

#### Inequality and employment

- The Working Families Tax Credit
- Trade and inequality in the USA
- Inequality and returns to education
- Pension finance and income distribution



... from the National Institute

### NIESR Discussion Papers

No. 139 *Job generation in the UK corporate sector, 1986–95* by Peter E. Hart and Nicholas Oulton

This paper studies the growth of company level employment between 1986–95 using a database of 31,000 company accounts. Results find that smaller and younger companies' growth was greatest. This does not necessarily mean that smaller companies create more jobs. The largest companies (over 131,000 employees) did shed employment on a large scale but despite this over half the net new jobs created in survivors were in companies with more than 500 employees.

No. 140 *A tale of two cycles: closure, downsizing and productivity growth in UK manufacturing, 1973–89* by Nicholas Oulton

Contrary to a commonly held view, closures did not play a major role in accounting for productivity growth in 1979–89. Establishments which exited had lower productivity than survivors but the exits were replaced by entrants which also had low productivity. Most of productivity growth was due to growth within survivors. The greatest gains occurred in the 36 establishments employing 7,500 or more in 1979; these accounted for a third of productivity growth amongst survivors. Most productivity growth occurred in establishments which downsized employment. But despite an overall fall of a quarter in employment, 16% of productivity growth occurred in establishments which expanded employment. The main difference between 1973–79 and 1979–89 was in the productivity growth rate amongst survivors. In 1973–79, it was negative overall and over half of employment was initially in establishments where productivity fell.

No. 141 *Investment, capital and foreign ownership in UK manufacturing* by Nicholas Oulton

Physical investment in UK manufacturing is studied here from the viewpoint of the individual establishment, ie business or plant. Using the new longitudinal database of the Census of Production, the ARD, a sample of 1,752 establishments which survived over 1973–93 is constructed and their capital stocks estimated. These survivors accounted for about a third of manufacturing employment.

No. 142 *Measuring employment security using employers' attitudes* by Véronique Genre, Julian Morgan and Caroline Wilson

Based on survey evidence on European employers, this paper seeks to develop a cross-country measure of the strength of employment security. It identifies the factors that appear to determine firms' views of the strength of employment security in Europe, finding that firms' assessments appear to reflect the influence of legal restrictions, trade union strength and the prevalence of atypical employment.

**Institute Discussion Papers are available at £4 each, or on subscription at the discounted rate of £30 for 10 papers.**

**For further details of these and all National Institute Publications please contact Annie Stewart at NIESR on tel 0171 654 1923 or e-mail [a.stewart@niesr.ac.uk](mailto:a.stewart@niesr.ac.uk)**



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The *Review* welcomes the offer of high quality articles. Content should relate in some way to the explanation of economic performance (broadly defined) in the UK or internationally. There is some emphasis on quantitative research. Articles should normally be research based, and comprise 4–10,000 words, excluding tables. All articles are externally refereed, but the *Review* is able to organise quick publication in appropriate cases. Full notes for contributors are available from *Fran Robinson*.

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