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## Discussion Papers

No. 179.

**The low-paid worker and the low-paying employer: characterisations using WERS98**

*by John Forth and Neil Millward*

Low pay is concentrated in lower-skilled occupations but the factors that affect pay levels in these occupations are different from those that affect the pay of the higher skilled. The authors use the 1998 Workplace Employee Relations Survey to examine the determinants of pay in lower-skilled jobs, finding a wide range of employer and workplace characteristics that depress pay levels. Human capital and individual characteristics are seen to be less important than features of the job and employer.

No. 180.

**Disaggregate wealth and aggregate consumption: an investigation of empirical relationships for the G7**

*by Joseph Byrne and E. Philip Davis*

To date, testing for wealth effects in consumption has used mainly aggregate wealth definitions, and/or is on a single-country basis. This study breaks new ground by analysing disaggregated wealth in consumption functions for G7 countries. In contrast with other empirical work, illiquid financial wealth (securities, pensions and mortgage debt), tends to be a more significant long-run determinant of consumption than liquid financial wealth. We suggest that this pattern reflects a shift from liquidity constrained to life-cycle behaviour following financial liberalisation. Results were robust in SURE analysis, tested in a nested manner, using varying definition of liquid assets and non-property income instead of personal disposable income. Wald tests indicate similar long-run behaviour for all EU countries including the UK.

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No. 181

**Quantification of qualitative firm-level survey data**  
*by James Mitchell, Richard J. Smith and Martin R. Weale*

Survey data are widely used to provide indicators of economic activity ahead of the publication of official data. This paper proposes an indicator based on a theoretically consistent procedure for quantifying firm-level survey responses that are ordered and categorical. Firms' survey responses are assumed to be triggered by a latent continuous random variable as it crosses thresholds. Breaking tradition, these thresholds are not assumed time invariant. An application to firm-level survey data from the Confederation of British Industry shows that the proposed indicator of manufacturing output growth outperforms traditional indicators that assume time-invariant thresholds.

## Improving Primary Mathematics

Since 1995, researchers at the National Institute and inspectors at the London Borough of Barking and Dagenham have collaborated to improve standards of mathematics among primary school pupils of all levels of ability. As a result, the LBBD has been the fastest improving borough during the last four years, and standards in mathematics have improved significantly. As part of the project, the partnership has developed teaching materials and teaching methods based on successful practice observed in primary schools in Switzerland. Teaching materials for use with pupils in Key Stage 1 have now been published and are available for purchase. The teachers' manuals include detailed lesson plans and accompanying resources. Individual workbooks are provided for pupils. Further materials for pupils in Key Stage 2 will be published in 2002/3.

Further information on the IPM scheme may be obtained from Dr Julia Whitburn at NIESR (020 7654 1943) or from David Rosenthal in the London Borough of Barking & Dagenham (020 8270 6400). Teaching materials may be inspected at NIESR or obtained from Improving Primary Mathematics, Sentinel House, Poundwell, Devon PL21 0XX (01548 830950). Sample materials are shown on the IPM website on [www.ipmaths.co.uk](http://www.ipmaths.co.uk).



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### Aims and Scope

The *Review* is the quarterly publication of the National Institute of Economic and Social Research – one of Britain's oldest and most prestigious independent research organisations. The Institute's objective is to promote, through quantitative research, a deeper understanding of the interaction of economic and social forces that affect people's lives so that they may be improved. It has no political affiliation, and receives no core funding from government. Its research programme is organised under the headings of Economics, Modelling and Analysis; Productivity; Education and Training and the International Economy.

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