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Discussion Papers

No. 187.

Some evidence on financial factors in the determination of aggregate business investment for the G7 countries
by Paul Ashworth and E. Philip Davis

Standard theories of investment behaviour have concentrated on the neoclassical and Tobin's Q approaches. A separate literature on monetary transmission, centred on the credit channel and financial accelerator effects, has highlighted the potential impact of credit market imperfections in constraining the investment behaviour of firms. Evidence presented here shows that a broad range of financial variables are relevant determinants of business fixed investment above those normally included in macroeconomic investment functions. Results indicate a wider incidence of these effects on investment than the existing literature would otherwise indicate.

No. 188.

A 'timeless perspective' on optimality in forward-looking rational expectations models
by Andrew P. Blake

This paper discusses the 'timeless perspective' optimisation concept with reference to a much-studied forward-looking rational expectations model. It is established that this policy, as usually described, is not always superior to a time consistent alternative on the basis of the stochastic equilibrium. An alternative 'timelessly optimal' rule which is globally optimal is derived with respect to the unconditional variance and is therefore more supportable as a time consistent equilibrium.

No. 189.

Knowledge infrastructure, technical problem-solving and industrial performance: electronics in Britain and France
by Geoff Mason, Jean-Paul Beltramo and Jean-Jacques Paul

This paper reports on a detailed comparison of matched samples of electronics establishments in Britain and France to assess how cross-country differences in external research interactions and knowledge

sourcing affect relative industrial performance. Recent improvements in Britain have been associated with a more market-driven pattern of research interactions and exchange of ideas with customers as well as faster relationship-building with universities than was found in France. Knowledge transfer in Britain is stimulated by the regular recruitment of experienced personnel. However, French establishments may benefit from their close relationships with public sector laboratories.

No. 190.

The effect of tuition fees on students' demands and expectations: evidence from case studies of four universities
by Heather Rolfe

Qualitative data from interviews with university lecturers are used to examine the effect of tuition fees on students' demands and expectations. Lecturers identified four main changes: a higher proportion of students now enter higher education for career reasons; students are less interested in the intellectual content of their subject than in vocational aspects; students are less willing to study independently and more demanding of teaching staff's time. A further change was identified in the extent of part-time working by students which has a detrimental effect on learning. These changes had adverse effects on university lecturers and have implications for job satisfaction and for recruitment and retention.

No. 191

University strategy in an age of uncertainty: the effect of higher education funding on old and new universities
by Heather Rolfe

This paper explores the effects of changes in funding arrangements, particularly fees, on universities, and their strategic responses to these changes. Using data from interviews with senior managers in four universities, it finds the most prestigious, pre-1992, university largely unaffected by tuition fees and others responding to changes in application patterns and intake. A second major concern was quality both of inputs such as students and staff, and outputs, in degree results and ratings in employability, research, teaching and other activities. Marketing was assuming a position of increasing importance, with universities striving to develop a 'brand' to attract students, staff and funding.

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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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