

No. 171  
January 2000

niesr

National Institute Economic Review

1 / 2000

# National Institute of Economic and Social Research

## Discussion Papers

No. 158.

**Graduate utilisation and the quality of higher education in the UK**  
*by Geoff Mason*

The rapid transition to mass higher education in Britain has led to concerns as to whether or not the skills and knowledge of the increased supply of graduates are being fully utilised in employment. This paper argues that assessments of graduate utilisation need to take account of recent changes in the quality distribution of higher education output. A detailed investigation of university chemistry departments also found that, due to both the growing diversity of student intakes and cuts in government funding per student, many departments are poorly placed to ensure that all graduates possess the skills and knowledge required in employment. Such limitations may in turn reduce employers' willingness to upgrade traditionally non-graduate jobs in order to take advantage of the increased graduate supply.

No. 159.

**Productivity, technology and skills in banking: commercial lending in Britain, the United States and Germany**  
*by Geoff Mason, Brent Keltner and Karin Wagner*

This paper reports on a detailed comparison of labour productivity in bank lending to 'middle market' or 'mid-corporate' business customers in Britain, the US and Germany, based on data collected from matched samples of bank lending offices in the three countries. After standardising for average loan size, average lending output per employee-hour in the German sample is found to be some 23% higher than in the US and almost two-thirds higher than in Britain. In the US sample, relatively high productivity in the volume-oriented low end of the market is offset by a very labour-intensive approach to servicing credit requests from larger mid-corporate clients. The British-German productivity gap seems to derive mainly from differences in efficiency in processing business credit requests and from greater use of support staff in Britain than in Germany.

Price £4 each or on subscription at £30 for 10 discussion papers.

## Occasional Papers

No. 53.

**Modern budgeting in the public sector: Treasury rules in a comparative context**  
*Edited by Ray Barrell and Florence Hubert*

Treasury Rules on capital spending have kept public investment low in the UK for much of the last 20 years. Recent reforms to public sector budgeting, including the introduction of 3-year planning, should change this. However, this new report argues that these reforms are not radical enough. In addition, the government should consider using French-style audit courts and greater parliamentary scrutiny of public services.

The book compares the situation in the UK with that in other countries, particularly the US and France, where reforms have significantly improved the state of public sector services. New York exemplifies a city where investment in transport has greatly improved efficiency. Although the UK has already undertaken radical public sector reforms, it needs to learn from the US, France, Germany, Holland and New Zealand. The UK has the advantage of being able to avoid the pitfalls of public sector reform and benefit from the success stories.

Edited by Ray Barrell and Florence Hubert, with contributions from Andrew Britton and Dirk Willem te Velde, *Modern Budgeting in the Public Sector* is the culmination of a two-year NIESR research project. It gives a comprehensive account of experiences and recommends strategies for the UK. Its publication in late-1999 makes it highly topical and relevant to the current-policy debate.

Price £18.50

The National Institute Annual Report and a list of Diary Dates is available free on request from the Publications Office and on our website at [www.niesr.ac.uk](http://www.niesr.ac.uk).

All publications are available from the NIESR Publications Office, 2 Dean Trench Street, Smith Square, London SW1P 3HE.

## National Institute of Economic and Social Research

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 has no political affiliation, and receives no core funding from government. Its research programme is organised under the headings of Economic Modelling and Analysis, Productivity, Education and Training and the International Economy.

Reflecting its aim to combine high quality academic research with the needs of business and policy, the Institute's Council of Management includes senior figures from each of these spheres. Membership is as follows:

Sir Brian Corby (President)  
JS Flemming (Chairman)  
Professor Charles Bean  
Ian Byatt  
Sir Dominic Cadbury  
Frances Cairncross  
Sir John Craven  
Professor Charles Goodhart  
Sir Stanley Kalms  
Ruth Kelly MP  
HH Liesner  
Sir Peter Middleton  
John Monks  
Professor Nicholas Stern  
Dr Sushil Wadhvani  
Professor Ken Wallis  
MR Weale (Director)

Comments on all areas of the Institute's work are welcome, and should be addressed to the Secretary:

Mr Francis Terry  
National Institute of Economic and Social Research  
2 Dean Trench Street, Smith Square  
London, SW1P 3HE  
Tel no. 020 7654 1920  
Fax no. 020 7654 1900  
E-mail [f.terry@niesr.ac.uk](mailto:f.terry@niesr.ac.uk)  
Web site <http://www.niesr.ac.uk>

## Information for contributors and subscribers

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*.

Current annual subscription rates are £105 (UK and EU), or £198 for two years, and £115 (non-EU). Postage is included inside Europe, 1st class or Air Mail, and outside Europe at printed paper rate unless additional payment is made for Air Mail. Special rates are available for individuals and schools. Single copies are available at £27.50 each. Further information on subscriptions is available from *Annie Stewart*.

ISSN: 0027-9501

## EDITORIAL BOARD

The Editorial Board takes responsibility for ensuring that contributions to the *Review* are of a suitable standard, but the views expressed in articles are those of named authors, and do not necessarily represent those of the Institute.

The Editorial Board membership is as follows:

Ray Barrell, Geoff Mason, Hilary Metcalf, Nigel Pain, SJ Prais, Francis Terry, Martin Weale, Garry Young.

Printed by DIRECT IMAGE, LONDON